



Annual report and
financial statements
2014/15

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Vice-Chancellor's and Chair of Council's statement



Professor Hugh Brady, Vice-Chancellor and President



Denis Burn, Chair, University Council

The new arrangement introduced in 2012/13 for the financing and regulation of home undergraduate student numbers is now in its fourth year of operation and an increasingly competitive approach to student recruitment remains very evident. Our successful growth of home undergraduate student numbers of approximately 15% between 2012/13 and 2014/15 underlines the academic reputation and attractiveness of the University.

The outcome of the recent Research Excellence Framework (REF) review was very positive for the University.

Whilst league table rankings need to be considered in context, the University's position of 37th worldwide and 9th in the UK in the prestigious QS world rankings is pleasing.

Financial performance during 2014/15 was strong, exceeding budget assumptions and an improvement on the 2013/14 position. The operating surplus of £35.7m was boosted by the recognition of £9m from Research and Development Expenditure Credit (RDEC).

Looking ahead, the Higher Education sector continues to face significant challenges and uncertainty including further HEFCE funding cuts, together with the continuing capping of the home undergraduate tuition fee at £9,000, with no inflation linked uplift to date.

We are continuing to invest in a major capital programme. Flagship projects including our new Life Sciences Building and the refurbishment of the Richmond Building (home of the Student Union) are complete. A number of further major projects are now in construction or development with planned completion over the next two years.

We have commenced a review of the University's strategy and will report the outcome of this in next year's report.

Our objective of continuing to deliver our academic vision, investing in our academic and residential estate, whilst ensuring that we operate in a financially responsible and sustainable manner remains unchanged.

Professor Sir Eric Thomas retired at the end of August after some 14 years as Vice-Chancellor. During that time he successfully led the University through a period of great change and challenge. His legacy is a University that has grown, enhanced its national and international academic reputation, invested for the future, and improved its financial position. This provides a great base on which to continue to build.

Professor Hugh Brady
Vice-Chancellor

Denis Burn
Chair, University Council

Operating & financial review 2014/15

Mission and strategy

Details of the University's strategy are set out in our **Vision & Strategy 2009-16**, which is available on our website. In summary:

Our **mission** is to pursue and share knowledge and understanding for their own sake and to help individuals and society fulfil their potential.

Our **vision** is – The University is an international powerhouse of learning, discovery and enterprise. Its vision is of a University whose excellence is acknowledged locally, nationally and globally and that is:

- Dedicated to academic achievement across a broad range of disciplines, and to continuous innovation and improvement
- Research intensive, supporting both individual scholarship and interdisciplinary or thematic research of the highest quality
- A centre for intellectually demanding, research informed education that nurtures independence of mind and helps students achieve their personal goals and service society's needs, both during and after their time here
- An inclusive and collaborative community of scholarship that attracts and retains people with outstanding talent and potential from all walks of life and all parts of the world
- A stimulating and supportive environment for all students and staff, distinguished by a commitment to high standards, respect for the individual and a strong sense of collegiality
- Committed to operating in a sustainable manner
- Engaged with society's interests, concerns, priorities and aspirations
- A major contributor culturally, environmentally and economically to Bristol and the South West
- Well led and responsibly run, with an emphasis on consultative decision making and open communication as well as personal responsibility and accountability

A comprehensive review of the University's strategy is currently in progress and we are intending to finalise this for May 2016. Once finalised details of the revised strategy will be available on our website.

Organisation

The University is organised into six faculties, each led by a Dean:

- Arts
- Biomedical Sciences
- Engineering
- Health Sciences
- Science
- Social Sciences and Law

Responsibility for overall day-to-day management of the University is through the Vice-Chancellor, supported by a senior team which for 2015/16 onwards will include the Deputy Vice-Chancellor, five Pro Vice-Chancellors, the Registrar and Chief Operating Officer and the Finance Director.

Further details of the governance structure of the University are set out on pages 14 to 18.

Key facts – students, research and staff

	2014/15	2013/14	2012/13
Students (ftes)			
Undergraduate			
– Home	13,754	12,722	11,934
– Overseas	1,736	1,727	1,648
Postgraduate Taught			
– Home	1,198	1,193	1,186
– Overseas	1,409	1,168	1,212
Postgraduate Research			
– Home	1,425	1,450	1,492
– Overseas	488	456	434
Total student numbers	20,010	18,716	17,906
National Student Survey results			
Overall satisfaction levels	84%	84%	87%
Research grants and contracts (excluding Research and Development Expenditure Credit)			
Income in year	£139m	£132m	£120m
Awards in year	£126m	£152m	£139m
Staff (average full time equivalents)			
Academic	2,639	2,511	2,363
Technical	523	479	473
Administrative and operational support	2,377	2,309	2,250
Total	5,539	5,299	5,086
Total staff costs	£269m	£255m	£246m

Operating & financial review 2014/15 continued

Financial strategy and future prospects

Strategy

The fundamental changes to the financial structure of higher education provision in England initiated in 2012/13 together with wider economic pressures and uncertainty are continuing to have a significant impact on both financial strategy and future prospects for the HE sector.

Our financial strategy is based on the generation of operating surpluses, and therefore operating cash flows which together with any available capital grants and the use of borrowing facilities are sufficient to finance a capital programme that enables the long term sustainability of the University's estate and infrastructure.

The University has identified a number of key financial ratios which it monitors as part of its financial strategy. Performance over the last 3 years shows:

Key financial ratios – as a % of income

	2014/15	2013/14	2012/13
Operating surplus	6.7%	3.6%	2.7%
Cash flow (post financing costs) generation	8.7%	10.1%	7.0%
Staff costs	51%	53%	54%

Financial prospects

Since 2012/13 the financing and regulation of home undergraduate student numbers has changed radically:

- The introduction of a maximum tuition fee cap of £9,000
- The removal of most controls on home undergraduate student numbers for higher performing students

The University's standard home undergraduate fee is £9,000 but after taking into account fee waivers for students from lower income families our average fee level is substantially lower at £8,441 in 2014/15.

The Government have announced that the cap on home undergraduate fees will remain unchanged at £9,000 through to 2016/17. This, together with the cash limited nature of HEFCE funding means that a very significant proportion of our income does not currently move in line with inflation. This inevitably creates financial pressure in an inflationary environment, and means that the continued control of both staff numbers and pay levels over the next few years will be critical. The government has announced that the fee cap will increase in line with inflation from 2017/18 for institutions that can demonstrate delivery of high quality teaching.

The level of government funding through HEFCE recurrent and capital grants has continued to reduce as the final cohorts of students move to the new £9,000 fee structure. Sector wide concerns remain about the longer term prospects for HEFCE funding and further government changes are expected to be announced in the Autumn Comprehensive Spending Review.

Pensions remain a very important factor and are considered in more detail in this review. We have successfully implemented major changes to our local UBPAS scheme, and a package of major changes to the national USS scheme have been agreed for implementation from April 2016.

Over the past few years we have successfully implemented a number of initiatives to strengthen the University's financial base, both to deal with existing pressures and to put the University into the best possible position to deal with the rapidly changing, uncertain and challenging financial environment.

These have included:

- The expansion of home undergraduate student numbers
- Significant increases in overseas undergraduate and postgraduate student numbers
- A fundamental restructuring of the way in which support services and processes are delivered across the University
- Review and challenge of the efficiency of our academic activities
- Restructuring of our local UBPAS pension scheme arrangements

The results of these initiatives have been demonstrated in the progressive strengthening of our financial performance.

Capital Investment Programme

We need to continue to make substantial investments to both maintain and enhance the academic and student facilities across the University. We have increased our current core capital investment programme net of specific grants for the 10 years to 2019/20 to approximately £525m at current prices in total. Of this, around £20m a year is required to maintain the estate, equipment and IT systems.

Key projects within the current core programme include:

- A £56m project to create a major new Life Sciences building at the heart of the University precinct; the project was completed during 2014.
- A major refurbishment of the Richmond Building, home of the University's Students Union. This £31m project was completed during 2014.
- A £21m project for a new 320 bed student residence located at our Stoke Bishop site, which was completed for first occupation in September 2014.
- A major refurbishment of the Fry Building. This will provide a long awaited single home for our School of Mathematics. We are now in the construction phase of the c£30m project with a target completion date of spring 2017.
- The strategic acquisition and redevelopment of Beacon House. This is a prominent building that will help join our main precinct through to the other key University sites including the Richmond Building. Our plans are for a landmark student facing social and study hub. Building work is underway with planned completion for Spring 2016. Including the initial acquisition this is a £12m project.
- The extension of the Queens Building to provide for a substantial expansion of our Engineering faculty. This is a c£13m project.

In addition to the core capital programme we have a substantial investment programme at our National Composites Centre (NCC) based at the Bristol and Bath Science Park. The first £25m phase, funded by a combination of BIS, SWRDA and ERDF grants, was completed in 2011. The £28m phase 2, funded by TSB Catapult grants, was completed in July 2014.

Changes to Accounting Policies and Presentation

From 2015/16 the University's accounts will be prepared in line with the requirements of the new Higher Education Statement of Recommended Practice under FRS102. This will make some very substantial changes to the way in which the accounts are presented.

Key financial facts

	2014/15 £m	2013/14 £m	2012/13 £m
Income and expenditure			
Total income	530.9	485.5	459.2
Total expenditure	(496.7)	(467.3)	(446.6)
Exceptional items	1.8	(0.1)	0.5
Transfer to endowment funds	(0.3)	(0.6)	(0.6)
Surplus after transfers to endowments	35.7	17.5	12.5
Cash flow generated			
From operations	58.2	59.5	40.6
Post financing costs	46.4	49.0	32.2
Capital investment	54.0	108.8	100.6
Treasury – borrowings and cash at year end			
Gross debt	250.0	250.0	250.0
Cash, deposits and investments	134.3	116.3	138.8
Net debt	115.7	133.7	111.2
Net assets at year end	719.4	643.7	587.8

Operating & financial review 2014/15 continued

Financial performance 2014/15

Financial performance during the year was very positive with an operating surplus after transfers to endowments of £35.7m (2014: £17.5m). This performance was better than budget and an improvement on 2013/14.

The surplus includes a gain of £9m in respect of Research and Development Expenditure Credit (RDEC) for the period from March 2013 to July 2015. The government announced in the July 2015 budget that Universities would not be entitled to RDECs for periods from August 2015.

Total income for the year was £530.9m (2014: £485.5m) – a £45.4m (9.4%) increase, which included:

- Funding body grants – decrease of £9.5m (9.1%), mainly reflecting funding reductions by HEFCE including the impact of the third cohort of home undergraduates subject to the new fee regime
- Tuition fees and support grants – increase of £32.9m (21.0%), mainly due to the introduction of the £9,000 fee for the third cohort of home undergraduate students together with an increase in the number of home and overseas undergraduates and postgraduate taught students
- Research grants and contracts – increase of £16.9m (12.9%), this includes a £5.4m increase from Research Councils, together with Research and Development Expenditure Credit (RDEC) recognition of £9m

Total expenditure was £496.7m (2014: £467.3m) – a £29.4m (6.3%) increase included:

- Staff costs – an increase of £14.4m (5.6%) reflecting additional staff related to the increase in student numbers, increases in the volume of research and other services rendered activities during the year, and a 2% general pay award from 1 August 2014
- Other operating expenses – an increase of £10.2m (6.7%), reflecting increases in the volume of research activity and the continuing increase in activity at the National Composites Centre
- Depreciation – increase of £4.0m (8.9%), reflecting the impact of the continuing capital investment programme

Income £530.9m

Funding body grants
£95.0m (18%)

Endowment and other financing income
£3.1m (1%)

Tuition fees and support grants
£189.7m (35%)

Other income
£94.7m (18%)

Research grants and contracts
£148.4m (28%)

Expenditure £496.7m

Depreciation
£49.1m (10%)

Interest and other financing costs
£15.0m (3%)

Staff costs
£269.3m (54%)

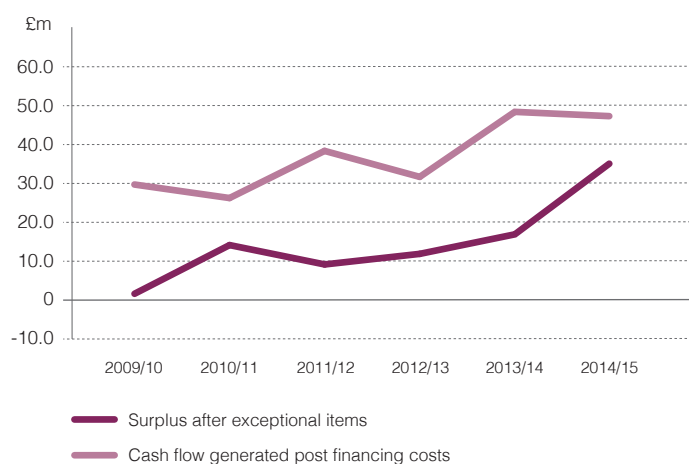
Other operating expenses
£163.3m (33%)

Capital investment

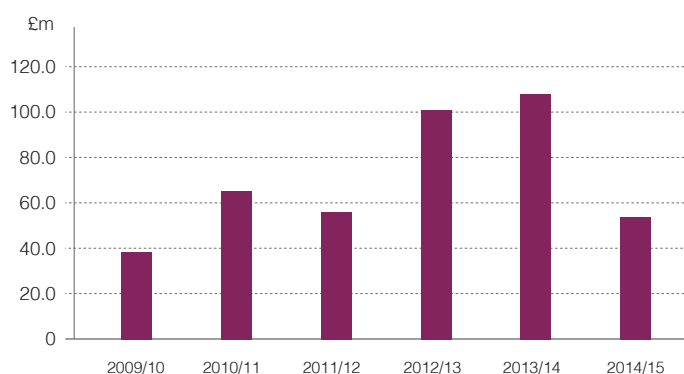
Capital investment in the year was £54m (2014: £108.8m). Expenditure covered a large number of projects, including:

- New Life Sciences building – final phases of the project £4m
- Richmond Building (home of the University's Students Union) final phase of the refurbishment project £3m
- Fry Building renovation project – design and enabling works £3m
- Hiatt Baker – final phases of the new 320 bed student residence at our Stoke Bishop residential location £3m
- National Composites Centre – grant funded expenditure £4m

Operating surplus and cash flow generation



Capital investment



Cash flow, treasury strategy and management

Cash flow from operations for the year was £58.2m (2014: £59.5m). After receipts from capital grants of £24.0m, cash outflows in respect of capital expenditure of £54.0m and other items, net cash inflow before management of liquid resources was £18.0m (2014: outflow of £22.5m).

The University has long-term bank loan facilities for a total value of £250m, which have been fully drawn down. The loans mature in March 2038 (£100m) and October 2047 (£150m) and are at fixed interest rates. The two long-term loans are subject to a common set of conditions and financial covenants; the University complied with these requirements during the year.

The University also has a 5 year term £50m Revolving Credit facility entered into in 2014. At 31 July 2015 no drawings had been made under the facility.

Total gross debt at 31 July 2015 was therefore £250m (2014: £250m). At the year end, the University had cash/money market and financial instrument balances totalling £134.3m (2014: £116.3m), bringing net debt to £115.7m (2014: £133.7m).

HEFCE sets limits through its Memorandum of assurance and accountability process for borrowing by universities. Under this the University currently has a borrowing limit of £310m.

The University currently holds substantial cash balances; it invests these balances in a variety of instruments with UK banks, UK subsidiaries of overseas banks, building societies, and in UK government securities and corporate bonds. The University operates to an agreed schedule of investment counterparties based on credit ratings and other relevant factors.

In the current uncertain financial climate, the counterparty policy has been monitored closely and amended to achieve an appropriate balance of counterparty risk and diversification. The maximum term at 31 July was less than 5 years. With short-term interest rates at historically low levels, the University is now earning lower interest on balances than the interest rates payable on its long-term loans.

Operating & financial review 2014/15 continued

Net assets

Net assets have increased to £719.4m (2014: £643.7m). This reflects the operating surplus for the year, revaluation of fixed asset properties and increases in the value of endowment funds.

Endowments

The value of endowment funds increased by 10.7% during the year to £61.2m (2014: £55.3m), this reflects strong investment performance together with new endowments.

Pensions

Pensions for the majority of the University's staff are currently provided through one of three pension arrangements:

- The University of Bristol Pension and Assurance Scheme (UBPAS)
- The Universities Superannuation Scheme (USS)
- The University of Bristol General Pension Plan (UBGPP)

The ongoing costs and risks associated with both UBPAS and USS schemes remain a very important factor for the future financial sustainability of the University.

In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

From April 2016 the 'contracted out' status of both UBPAS and USS for National Insurance purposes will cease. This will result in an increase for the University in National Insurance costs of approximately £3m pa.

UBPAS

UBPAS is a final salary defined benefit scheme for University of Bristol employees only. To reduce the costs and risks of the scheme, UBPAS was closed to new members in October 2010.

On an FRS17 basis, at 31 July the scheme had assets of £252.5m and liabilities of £323.5m giving a deficit of 71.0m (2014: £67.0m).

A summary of the decrease in the FRS17 deficit since July 2014 for UBPAS shows:

	£m
July 2014 deficit	67.0
Actuarial loss – effect of latest assumptions	9.8
Deficit related contribution by University	(6.9)
Other net changes	1.1
July 2015 deficit	71.0

The last triennial actuarial valuation for UBPAS was as at 31 July 2012. On a Trustee's funding basis, UBPAS had a deficit of £82.6m at that date. A deficit recovery plan was agreed with the trustees and requires the University to pay £6.9m pa until 2030. However in recognition of prepayments under the previous deficit recovery plan, the first contribution required is £1.9m in 2014/15, followed by £6.9m in subsequent years. During the year the University prepaid £6.9m and as at July 2015 the total amount prepaid was £11.9m.

In light of the outcome of the actuarial valuation and after consultation with both union representatives and active members of UBPAS, in November 2013 the University implemented changes to UBPAS that will reduce the cost to the University of the Scheme. Under the new arrangements active members have been offered a choice for future benefit accrual of:

- Continuing to accrue benefits on a 1/80 pension 3/80 lump sum basis with an increase in member contributions from 9% to 17% of pensionable pay
- A reduced accrual rate of 1/100 pension 3/100 lump sum with an increase in member contributions from 9% to 11%
- A reduced accrual rate of 1/110 pension, 3/110 lump sum with no change in the current member contribution rate of 9%

The triennial actuarial valuation as at 31 July 2015 is currently in progress.

USS

USS is also a defined benefit scheme. It is a national multi-employer scheme providing pensions for the UK higher education sector. As USS is a multi-employer scheme, in common with other employers, the University does not currently reflect a share of the assets and liabilities of the scheme on its own balance sheet. From 2015/16 onwards under the new Higher Education SORP the discounted value of deficit recovery commitments will be shown as a liability on the balance sheet.

University of Bristol employees represent around 2% of the total active membership of USS.

On an FRS17 basis at March 2015, the last accounting date for the scheme, the actuary has calculated that the scheme was 72% funded and had a deficit of £18.6bn.

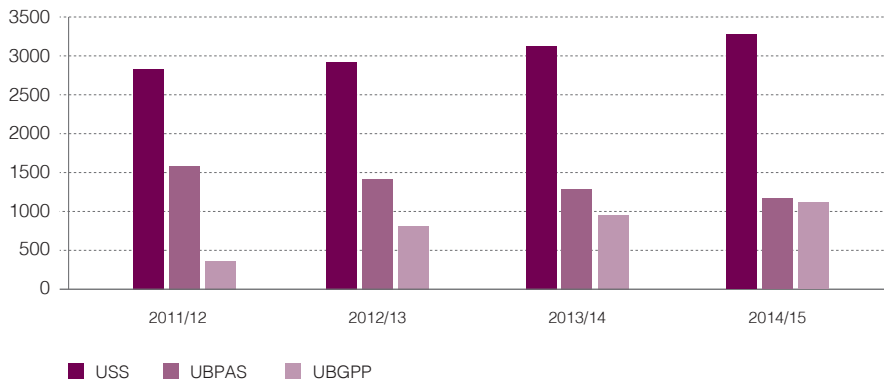
The latest available valuation of USS was at March 2014. This showed a deficit of £5.3bn at that date and is currently being audited by the scheme auditor. In parallel with the valuation, a major review of the benefit and contribution structure was undertaken and agreement reached to implement a package of changes from April 2016. The nature of the changes meant that the deficit was lower than would otherwise have been the case.

From April 2016 employers' contributions to USS will increase from the current 16% of pensionable pay to 18%

UBGPP

The defined contribution scheme that we established in 2010 had approximately 1,150 active members at 31 July 2015 and will continue to grow rapidly.

Pension scheme membership



Public benefit statement

The University of Bristol is an exempt charity under the terms of the Charities Act of 2011. The trustees of the charity are the members of Council, the governing body of the University.

In setting and reviewing the University's objectives and activities, Council has had due regard to the Charity Commission's guidance on Public Benefit and particularly to its supplementary public benefit guidance on reporting and on the advancement of education. This statement has been included in compliance with the formal reporting requirement introduced by HEFCE as the principal regulator of English higher education institutions.

Aims and objectives

The overall aim of the University is that set out in the 1909 Charter, namely "the promotion of Arts, Sciences and Learning".

The University mission also illustrates our commitment to public benefit, providing that we will "pursue and share knowledge and understanding, both for their own sake and to help individuals and society fulfil their potential." This is expanded further in our Vision & Strategy 2009-16, which includes the following key areas of activity that lead to public benefit:

- Education and the student experience
- Research
- Our students and staff
- The engaged University.

The University and Council take care to consider the beneficiaries of these activities.

Activities

Education and the student experience

The University of Bristol attracts and retains academically gifted and highly motivated students from a wide range of backgrounds, creating a diverse and international University community. In 2014/15, the University had over 22,000 registered students of which 74% are studying at undergraduate level. In 2014/15 the University had over 2,300 students undertaking research degrees and over 3,400 students studying for other postgraduate awards. Over 4,000 of the students registered were from overseas (non EU) countries and more than 1,000 were from countries which form part of the European Union. Together with our UK students, this makes up a vibrant and diverse student body with a global outlook.

The University is committed to encouraging applicants from non-traditional backgrounds and a variety of progression routes. We are working to ensure that no student has legitimate reason to be deterred from applying to Bristol because of the costs of living and studying here. During 2014/15, the University spent more than £14m in financial support through scholarships, bursaries and other awards to over 3,000 students, including those from low-income backgrounds, together with a wide range of outreach activities.

Students who attend the University benefit directly from the high quality of education and student experience at the University of Bristol. By ensuring that our students have a fulfilling, demanding and intellectually stimulating experience while at University, we prepare them for employment and worldwide opportunities when they leave. In turn, graduate employability offers significant advantages to employers and to the economy generally.

Research

The University of Bristol was ranked among the top five institutions in the UK for its research by research intensity (which takes into account the percentage of staff submitted), according to the Research Excellence Framework (REF) 2014. A new element of the assessment in this exercise was a requirement to demonstrate impact. Impact for the REF was defined as change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia. Bristol did particularly well in this category with 58% of impact stories achieving the top 4* rating, deemed to be 'outstanding impacts in terms of their reach and significance'. Notably, 100% of the case studies submitted to the Clinical Medicine Unit of Assessment were 4*.

In 2014/15 Professor Paul Bates and his team were runners up in NERC's prestigious impact awards for developing a blueprint for flood-risk management. The computer model has served as a blueprint for the flood-risk management industry worldwide and the technology cloned by numerous risk-management consultancies. This has not only saved commercial developers' time but also improved the predictive capability of models used in a multimillion-pound global industry that affects tens of millions of people each year. The model is now being used to make flood-hazard information available to the general public via Google Earth through a start-up company.

People with disabilities in the UK face a variety of barriers to equality including poverty, poor access to health services, unequal access to the law and poor support services in everyday, family and higher educational settings. Dr Val Williams was awarded £1.4m from ESRC to investigate which theoretical ideas about disability have practical worth, with the aim of developing and sustaining improved practices that are on the terms of disabled people themselves.

Professor Stephen Sparks, a geologist whose work has improved understanding of how volcanoes work and our ability to forecast deadly volcanic eruptions, won the 2015 Vetlesen Prize, an award considered to be the Nobel Prize of the earth sciences. His methodical, collaborative approach has produced a long list of discoveries that have improved understanding of volcanoes and volcanic hazards globally.

Bristol Is Open was established in 2015. This a joint venture between the University of Bristol and Bristol City Council. It is delivering research and development initiatives that contribute to the development of a smart city and the 'Internet of Things' and gives citizens more ways to participate in and contribute to the way their city works. It will give technology companies, research organisations and small and medium-sized enterprises the opportunity to experiment, learn and develop innovative solutions to many challenges of modern urban life.

Our students and staff

In addition to ensuring an excellent teaching and learning experience, the University offers a range of opportunities that enable students to develop as individuals. In particular, the Careers Service provides guidance, information and skills training to our students and graduates (up to three years after graduation).

The University also provides an environment that promotes a proactive approach to the health and well-being of its students. We offer a wide range of welfare services and continue to be one of the very few UK universities to provide a full-service NHS GP surgery for its students (at which more than 15,000 students are registered). In 2014/15, the University arranged a pilot for our students to be able to access Big White Wall (BWW) free of charge. The BWW service provides around the clock peer and professional support (with trained counsellors online at all times), plus a range of well-being tools to help people self-manage. 95% of members reported feeling better as a result of joining BWW, and 73% shared something for the first time.

By providing these opportunities and support, the University prepares our students to contribute fully to society. Our diverse student body means that a significant number of the University's graduates go on to serve as inspiring leaders in their home communities: public benefit on a global scale.

Our staff benefit from the University's positive working environment. We work to foster a community that is productive, rewarding, enjoyable and healthy within a culture that positively embraces diversity and equality of opportunity. To this end, in 2014/15 four of the University's Schools were awarded Athena SWAN Bronze Level Awards – an initiative that recognises commitment to advancing women's careers in science, technology, maths and medicine (STEMM) employment in higher education.

The engaged University

We continue to play a positive role in the affairs of the city, region and nation. In 2014/15 the University was proud to be part of a city-wide initiative working to make Bristol a world leader in sustainability as part of its designation as European Green Capital 2015. Contributing to the collective efforts of 800+ organisations, the University held a series of events, seminars and public debates that built on its long-standing ambition to generate knowledge that will shape a future we all want to live in. Also in 2015, the University was a co-founding signatory of a city-wide pledge of zero-tolerance to gender-based violence and abuse. Signatories to the pledge will work together to tackle all forms of gender-based violence, support those affected and encourage bystanders to report violence and abuse.

The University is proud of its relationship with the Merchants Academy, a comprehensive school in Withywood, South Bristol, and is committed to supporting the aspirations and attainment of its pupils.

The University is committed to engaging the public with our research and teaching, as described in our Vision and Strategy. We run over 20 public events every month, sharing our research and teaching by providing information in an accessible way to the general public and encouraging contribution to public debate. Events in 2014/15 included *Bristol Bright Night* – a collaboration between the University of Bristol, University of the West of England and Bristol Natural History Consortium (BNHC) to celebrate the diversity of research being done across the city, in which over one hundred researchers took part delivering talks and interactive activities; and participation in Bristol's *Festival of Nature* – the UK's largest celebration of the natural world, at which the University showcased the best of its nature-based research and had a wealth of hands-on activities for visitors to enjoy.

The University and The Brunel Institute will complete the first five years of its long term collaboration in 2015. The institute has hosted the University's Brunel special collection, led the Future Brunel school outreach initiative into the city and hosted PhD scholars in both maritime and colonial history.

Environmental sustainability policy

The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. We have a duty to satisfy ourselves that all our operations and activities are conducted with proper regard for the environment. We are committed to maintaining and, wherever possible, improving the quality of the environment, both for the people who live and work in the University and for the wider community, now and in the future. We seek to make the most effective and efficient use of all resources, encouraging all members of the University community to develop a sustainable approach to their work.

Our aims are to:

- Reduce the environmental impact of the University through better management of our resources
- Integrate environmental and sustainable principles into the University's operational procedures, educational activities and research endeavours, promoting best practice at every level
- Meet the requirements of all relevant legislation and other requirements and exceed these requirements where they best support the University's other objectives
- Adopt best practice to ensure the prevention of pollution
- Monitor and regularly review our environmental performance, and set objectives and targets to ensure continual improvement
- Communicate both internally and externally about our environmental performance, including training and awareness for staff and students

To achieve these aims the University has devised and is implementing strategies to reduce environmental impact and enhance management of resources, including energy, water and waste management, sustainable purchasing, sustainable construction, transport and biodiversity. We have set ourselves targets, which include:

- Placing the University's building stock on a path consistent with Government targets for a reduction in carbon emissions of 80% by 2050 – currently at a 1% reduction and on target within our carbon plan
- Cutting the amount of waste sent to landfill to 30% by 2016 from the 2007/08 baseline figure, currently only 6% of waste is sent to landfill
- Ensuring that under the University's capital investment programme we build and refurbish buildings to high environmental standards as set out by Building Research Establishment criteria (BREEAM), so far 17 buildings have been built to this standard including 9 achieving the 'Excellent' standard
- Developing a framework to support sustainable modes of transport to work and study at the University, currently 81% of staff and 95% of students travel to work and study sustainably

Ethical investment policy

Council in its own right and as trustee of the University's endowment funds is expected to act in the best interests of the beneficiaries of the funds for which it is responsible. The beneficiaries include the University itself, staff and students. Council's policy is to aim for the best possible financial return from investments consistent with an appropriate risk profile, and Council may exclude investments from the University's investment portfolios if the aims of the bodies concerned are directly contrary to the objectives of their trusts. To this end, Council has approved investment and banking policies which encompass:

- Not investing the University's endowment assets in the stocks, shares, bonds or units of companies, trusts, governments or other institutions, if the aims of the bodies concerned are contrary to the research, education, and wider aims or objectives of the University or their activities are illegal under UK law
- Not investing in the stocks, shares, bonds or units of companies, trusts, governments or other institutions, if, by so doing, the wider interests of the University, in particular its ability to raise funds or obtain grants, are likely to be materially harmed
- Not entering banking arrangements with institutions if the aims of the institutions concerned are contrary to the research, education or wider aims or objectives of the University or if, by so doing, the wider interests of the University, in particular its ability to raise funds or obtain grants, are likely to be materially harmed

Responsibilities of Council

In accordance with the Royal Charter of Incorporation 1909, the Council of the University of Bristol is responsible for the administration and management of the affairs of the University of Bristol and is required to present audited financial statements for each financial year.

The University is an exempt charity under the terms of the Charities Act 2011.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University of Bristol to enable it to ensure that the Annual Report and the financial statements are prepared in accordance with the University of Bristol Acts 1909, 1960 and 1974, the Statement of Recommended Practice: Accounting for Further and Higher Education, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Council has taken reasonable steps to ensure that:

- suitable accounting policies have been selected and applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of Bristol will continue in operation.

In addition, within the terms and conditions of the Memorandum of assurance and accountability which sets out the conditions of funding from HEFCE, Council, through its designated officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Bristol and of the surplus or deficit and cash flows for that year.

Council has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of assurance and accountability with HEFCE and any other conditions which they may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- Safeguard the assets of the University of Bristol and prevent and detect fraud; and
- Secure the economic, efficient and effective management of the University of Bristol's resources and expenditure

Council recognises its responsibility for the maintenance and integrity of the University's website when publishing the financial statements through this medium and notes that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The following corporate governance statement provides information about the University's governance and legal structure during the year ended 31 July 2015 and up to the date of signing these Financial Statements.

Principles

The University is committed to best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, namely selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. In the year ending 31 July 2015, the University has complied with the guidance to universities provided by the Committee of University Chairs (CUC), in particular the CUC Governance Codes of Practice issued in March 2009 (the "2009 Code") and December 2014 (the "2014 Code") (as applicable), save that:

- The University Council has 32 members (which differs from the guidance of the 2009 Code that governing bodies should have a maximum of 25 members). Council considered that it worked effectively with a membership of 32 members, whilst acknowledging the CUC guidance, and is now taking steps to reduce its membership (see below)
- Lay members' appointments to Council are managed by a Nominations Committee of Court (rather than of Council) and approved by Court rather than by Council (which differs from the guidance of both the 2009 and the 2014 Codes). In accordance with the University's Charter, any changes to this position would require the consent of Court, which has not been obtained

Court, rather than Council, has the power to remove members of Council (other than *ex officio* members and members of academic staff) (which differs from the guidance of the 2014 Code).

Legal status of the University

The University is a chartered corporation, whose legal status derives from a Royal Charter granted in 1909. The University's objects, powers and framework of governance are set out in the Charter and supporting Statutes and Ordinances.

The Charter and Statutes require the University to have four separate bodies: Court, Council, Senate, and Convocation, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The University is an exempt charity under the terms of The Charities Act 2011 and is therefore not required to register with the Charity Commission. Since June 2010, Universities in England have been regulated on behalf of the Charity Commission by HEFCE.

Court

There are some 620 members of Court, who include officers of the University, members of Council and Senate, emeritus professors, benefactors, members of the Society of Merchant Venturers, representatives of local authorities, persons appointed by the Privy Council, persons appointed by the Chancellor of the University, representatives of other universities, local Members of Parliament, representatives of local and national bodies, and members elected by Convocation.

Court receives annual reports from Council and an annual audited statement of accounts. Court may comment on the affairs of the University, advise Council on any matter and invite Council to review a decision.

Council reports to Court and is required to take into consideration any views expressed by Court. The constitution of Court is defined by statute.

Court appoints the Chancellor and the Pro Chancellors on the nomination of Council and elects 15 lay members of Council.

Court normally meets once a year in December, but may hold special meetings at the request of members. The Chancellor presides.

Corporate governance continued

Council

There are 32 members of Council (subject to current vacancies), with a lay majority. The members are the Vice-Chancellor and President, the Deputy Vice-Chancellor, 2 Pro Vice-Chancellors, the Treasurer, 15 lay members appointed by Court, a lay member appointed by Bristol City Council, a lay member appointed by the Society of Merchant Venturers, a lay member appointed by Convocation, 4 elected members of the academic staff, 2 elected members of the non-academic staff, and 3 elected students. Elected and appointed members serve for renewable three-year terms, except the Treasurer and students who are appointed annually. All members are charity trustees of the University. The lay members do not receive any payment for the work they do for the University, apart from the reimbursement of expenses. All new members of Council are given appropriate induction and training sessions.

Council is the governing body of the University, responsible for financial affairs, borrowings, investments, buying, selling, leasing and mortgaging property, contracts and the general business of the University. In consultation with Senate and on the recommendation of the Vice-Chancellor and President, Council sets the strategic direction of the institution. Council appoints the Vice-Chancellor and President, the Deputy Vice-Chancellor and Pro Vice-Chancellors after consultation with Senate. Council may make, amend or repeal statutes subject to the approval of the Privy Council.

Council normally meets five or six times a year. Council committees advise Council in a wide range of areas, including Audit, Estates, Finance, Human Resources, Remuneration, and Student Affairs. These committees have written terms of reference and include a significant proportion of lay members of Council and in some cases external lay members.

In 2014/15, Council undertook a comprehensive review of its own effectiveness, with the support of an experienced external consultant (the "Review"). The Review concluded that the overall standard of governance was sound, but made a number of recommendations for improvement. Foremost among these was the need to review the size and composition of Council, as well as the processes by which its members are appointed. Specific recommendations included:

- The size of Council should be reduced
- Council should be responsible for the appointment of its own members, and thus the direct appointment of members by other bodies should cease
- Council should be solely responsible for the appointment of the Treasurer, the external auditors and members of the Audit Committee (instead of these being wholly or partly the responsibility of Court)

Audit Committee

Council's Audit Committee meets four times a year, it is chaired by the Treasurer and its membership includes lay members of Council and lay members appointed by Council. Senior officers and the external and internal auditors are in attendance at all meetings. The committee has a risk based approach and considers detailed reports from the auditors, which include recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. This covers both operational and compliance as well as financial risk. The committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to regulatory requirements. The committee meets the auditors without the University officers present at least once a year.

Senate

There are just over 100 members of Senate, comprising the Vice-Chancellor and President, the Deputy Vice-Chancellor, Pro Vice-Chancellors, academic staff and students. Senate is responsible to Council for teaching, examinations and research. Senate advises Council on changes to Ordinances and Regulations. Academic Ordinances may be made only with Senate's consent. Senate may declare an opinion on any matter relating to the University and Council must take Senate's views into consideration. Senate normally meets five times a year. Its chair is the Vice-Chancellor and President.

Convocation

The members of Convocation are the Chancellor, Pro Chancellors, the Vice-Chancellor and President, the Deputy Vice-Chancellor, Pro Vice-Chancellors, honorary fellows, members of Senate, academic staff, University officers, graduates, honorary graduates and such other former students as Convocation determines – currently those who have received academic awards requiring at least nine months of full-time study or an equivalent period of part-time study. There are also associate members, including all the academic-related staff of the University.

Convocation may give an opinion on any matter relating to the University and may communicate directly with Court, Council, or Senate. The Annual General Meeting of Convocation is held in July each year. The Chancellor presides if present, but normally the Chair of Convocation takes the chair.

Vice-Chancellor and President

The chief executive and academic leader of the University is the Vice-Chancellor and President. He has a general responsibility for ensuring that all public funds are properly used and that in its activities the University achieves value for money.

Under the terms of the formal Memorandum of assurance and accountability between the University and HEFCE the Vice-Chancellor and President is the Designated Officer of the University. In that capacity he is required to advise Council on the discharge of all its responsibilities under the Memorandum and the Audit Code of Practice and is required, jointly with Council, to ensure that all such responsibilities are discharged. He is required to advise Council if, at any time, any action or policy under consideration by Council appears to him to be incompatible with the terms of the Memorandum. He is required to inform the Accounting Officer of HEFCE in writing forthwith should Council decide nevertheless to proceed with such an action or policy. The Vice-Chancellor and President may be summoned to appear before the Public Accounts Committee of the House of Commons.

Internal control

Council has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives, and it can therefore provide only a reasonable and not an absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's goals, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

In order to implement the risk management strategy, Council has adopted a risk management policy in line with advice from the internal auditors. The University conducts a risk review each year which sets out the University's most significant risks for the coming year, together with actions currently being taken to control the risks and a future action plan. The risk process feeds into the University's Vision & Strategy and is the basis of the work of internal audit.

The University has internal auditors who submit regular reports which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Council, including by reference to these reports, concluded that overall the University has adequate and effective arrangements for risk management, control and governance.

Register of Interests

The University maintains a Register of Interests of members of Council, Council Committees and senior officers. The register is available for inspection under the Freedom of Information Act 2000.

During the year a total of £11,400 (2013/14: £7,600) was reimbursed to, or paid on behalf of, lay members of Council in respect of travelling and other expenses. Staff and student members are not remunerated for their Council services.

Further information

Any enquiries about the constitution and governance of the University or request to inspect the Register of Interests should be addressed to the Registrar and Chief Operating Officer, who is Secretary to Court, Council and Convocation.

Members of Council

For year to 31 July 2015

Class I: Lay Members

Treasurer, appointed by Court:

Mr Andrew Poolman (Chair of Audit Committee)

Appointed by Bristol City Council:

Councillor Brenda Massey (until 10 March 2015)

Vacant (from 11 March 2015)

Appointed by Society of Merchant Venturers:

Dr Andrew Garrad

Appointed by Convocation:

Mr Bill Ray

Appointed by Court:

Mr Denis Burn (Chairman and Chair of Remuneration Committee)

Mr Roy Cowap (Chair of Estates Committee)

Mr Colin Green C.B.E. (Chair of Finance Committee)

Dr Moira Hamlin (Chair of IT Committee)

Mr Paul Hand

Dame Denise Holt

Sir Ronald Kerr

Mr John Manley

Mr Bob Morton (Vice Chair and Chair of HR Committee)

Mrs Cindy Peck (Chair of Student Affairs Committee)

Mr Mohammed Saddiq

Ms Victoria Stace

Ms Anne Stephenson

Mr James Wetz

Class II: University Staff

Ex officio:

Professor Sir Eric Thomas (Chair of Honorary Degrees Committee)

Professor Guy Orpen

Professor Nick Lieven (Chair of Ethics of Research Committee)

Professor Judith Squires

Elected members of the academic staff:

Dr Esther Crawley

Dr Sally-Ann Kitts

Professor Stephen Mann

Professor Roger Middleton

Elected members of the non-academic staff:

Ms Pru Lawrence-Archer

Mr Tony MacDonald

Class III: Students

Ms Sorana Vieru (Sabbatical Officer, Bristol Students' Union)
(until 30 June 2015)

Ms Alice Phillips (Sabbatical Officer, Bristol Students' Union)
(until 30 June 2015)

Mr Tom Phipps (Sabbatical Officer, Bristol Students' Union)

Ms Stephanie Harris (Sabbatical Officer, Bristol Students' Union)
(from 1 July 2015)

Ms Laura Ho (Sabbatical Officer, Bristol Students' Union)
(from 1 July 2015)

Independent auditors' report to Council of the University of Bristol (the "institution")

Report on the financial statements

Our opinion

In our opinion, the University of Bristol's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

What we have audited

The financial statements comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Cash Flow Statement for the year then ended;
- the consolidated Statement of Historical Cost Surpluses and Deficits for the year then ended;
- the Principle Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of the financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to Council of the University of Bristol (the "institution")

continued

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's statutes; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and audit

Respective responsibilities of the Council and auditors

As explained more fully in the Responsibilities of Council set out on page 14 the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Heather Ancient (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

6 November 2015

Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and land and buildings, and in accordance with both the Statement of Recommended Practice – Accounting for Further and Higher Education 2007 (SORP) and applicable Accounting Standards in the United Kingdom. The accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the financial statements across the group.

From 2015/16 the University's accounts will be prepared in line with the requirements of the new Higher Education SORP under FRS102. This will make some very substantial changes to the way in which the accounts are presented.

Basis of consolidation

The consolidated financial statements include the results of the University and all subsidiary undertakings for the financial year to 31 July, all prepared on a going concern basis.

The consolidated financial statements do not include those of Bristol SU (the Students' Union of the University), as the University does not have dominant influence over the Union's policy decisions.

Recognition of income

Income from the Funding Council (HEFCE) is recognised in the period in which it is receivable.

Income from Research Grants and Contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards indirect costs. Services rendered income is included to the extent of the completion of the contract or service concerned.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred for specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Operating leases

Rental costs under operating leases are charged to expenditure in equal amounts over the duration of the lease.

Capital grants and donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the expected useful life of the respective assets in line with the depreciation policy.

Freehold land and buildings

Land and buildings are stated at valuation or cost. Annually the University, assisted by external professional advisers, carries out a review of the underlying value of its portfolio of properties and carries out revaluation when and where appropriate. The basis of valuation is a combination of depreciated replacement cost, existing use and open market value depending on the nature of the property. Where the depreciated replacement cost basis is used, an element of irrecoverable VAT has been added to the valuation to reflect the full cost to the University. For the year ended 31 July 2015, in excess of 25% of the properties were revalued. Valuations were carried out by external professional chartered surveyors, with specific regard to the requirements of the Royal Institution of Chartered Surveyors Valuation Standards.

No depreciation is provided on freehold land or assets in construction. Buildings are depreciated over their average expected useful life of 50 years.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

The cost of buildings includes the original purchase price of the asset, the costs attributed to bringing the asset to its working condition for its intended use and the cost of interest capitalised during the course of construction.

Principal accounting policies *continued*

Leasehold and laboratory refurbishments

Leasehold and laboratory refurbishments are identified and capitalised separately from the main land and building costs. They are depreciated over the shorter of the lease periods or their expected useful life of 10 years.

Where the capitalised refurbishments are funded with the aid of specific grants, these grants are treated as deferred capital grants. They are released to income over the same period.

Maintenance of premises

The University has a long-term maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. The University also plans in its capital programme to meet the cost of major upgrade expenditure which occurs on an irregular basis; such expenditure is treated either as additions to land and buildings or laboratory refurbishments and depreciated over its expected useful lives.

Equipment

Equipment costing less than £5,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life of 5 years. Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use. Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above, except that the minimum value is £25,000 and the useful life is 3 years. The related grant is released to income over the expected useful life of the equipment.

Heritage assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Such heritage assets acquired before 1 August 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 August 2010 will be capitalised at cost or, in the case of donated assets, if practical and on a cost-benefit basis, at expert valuation on receipt. The threshold for capitalising heritage assets is £25,000. Heritage assets are not depreciated.

Intangible assets

The value of internally generated patents, licences, and other similar rights over assets is recognised on the balance sheet by capitalising the costs of registering such rights and amortising over a period of 3 years.

Fixed asset investments

Fixed asset investments are included in the balance sheet at market value.

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Current asset investments

Current asset investments are included in the balance sheet at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand.

Liquid resources comprise assets, which in normal practice are generally convertible into cash. They include term deposits, government securities and loan stocks held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

Provisions

Provisions are recognised in the financial statements when the Institution has a present obligation (legal or constructive) as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial instruments

The University uses derivative financial instruments such as interest rate swaps to reduce exposure to interest rate movements on its loans. Such derivative financial instruments are not held for speculative purposes and relate to actual liabilities, changing the nature of the interest rate by converting a variable rate to a fixed rate. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. Any resulting translation differences are dealt with in the determination of income and expenditure for the financial year.

Pension schemes

The University participates in the University of Bristol Pension and Assurance Scheme (UBPAS), the University of Bristol Group Personal Pension Plan (UBGPP), the Universities Superannuation Scheme (USS), and the National Health Service Pension Scheme (NHSPS).

UBPAS, USS and NHSPS are defined benefit schemes and are contracted out of the State Earnings Related Pension Scheme until April 2016. USS and UBPAS have assets held in separate trustee administered funds, whilst NHSPS is a non-funded occupational scheme backed by the Government. The costs are financed by contributions from the University and its staff.

For USS, because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

NHSPS is an unfunded occupational scheme backed by the UK Government. The University accounts as if the scheme were a defined contribution scheme.

For UBPAS, the assets of the scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit credit method and discounted at an appropriate rate of return. The surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. The net of the expected return on assets, being the actuarial forecast of the total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities, is accounted for as interest receivable or payable. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

UBGPP is a defined contribution scheme established by the University during 2010.

The costs of pension increases paid to some former employees under the Federated Superannuation Scheme for Universities (FSSU) and the University of Bristol Superannuation Scheme for non-academic staff, are also met by the University and charged to the Income and Expenditure account as pension costs.

Taxation status

The University is an exempt charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Consolidated income & expenditure account

for the year ended 31 July 2015

	Notes	2014/15 £m	2013/14 £m
Income			
Funding body grants	1	95.0	104.5
Tuition fees and support grants	2	189.7	156.8
Research grants and contracts	3	148.4	131.5
Other income	4	94.7	88.9
Endowment and other financing income	5	3.1	3.8
Total income		530.9	485.5
Expenditure			
Staff Costs	6	(269.3)	(254.9)
Other operating expenses	8	(163.3)	(153.1)
Depreciation	10	(49.1)	(45.1)
Interest and other financing costs	7	(15.0)	(14.2)
Total expenditure	8	(496.7)	(467.3)
Surplus before exceptional items		34.2	18.2
Exceptional items: continuing operations			
Profit/(Loss) on disposal of shares and fixed assets	9	1.8	(0.1)
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and exceptional items		36.0	18.1
Transfer to accumulated income within endowment funds	19	(0.3)	(0.6)
Surplus for the year retained within general reserves	21	35.7	17.5

The income and expenditure account is in respect of continuing activities.

Consolidated statement of historical cost surpluses & deficits

for the year ended 31 July 2015

	Notes	2014/15 £m	2013/14 £m
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and exceptional items		36.0	18.1
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	20	5.2	3.7
Historical cost surplus for the year		41.2	21.8

Consolidated statement of total recognised gains & losses

for the year ended 31 July 2015

	Notes	2014/15 £m	2013/14 £m
Surplus on continuing operation after depreciation of tangible fixed assets at valuation, disposal of assets and exceptional items		36.0	18.1
New endowments	19	2.5	1.3
Increase in market value of endowment asset investments	19	3.1	0.6
Net unrealised gains on revaluation of properties	10	26.4	8.2
Depreciation written back on revaluation of properties	10	12.2	18.2
Unrealised gains on revaluation of other investments	20	0.1	–
Actuarial losses in respect of pension scheme	24	(9.8)	(5.5)
Total recognised gains relating to the year		70.5	40.9
Reconciliation			
Opening reserves and endowments		435.6	394.7
Total recognised gains for the year		70.5	40.9
Closing reserves and endowments		506.1	435.6
Opening deferred capital grants			
Opening deferred capital grants	18	208.1	193.1
Net increase in the year		5.2	15.0
Closing deferred capital grants		213.3	208.1
Net funds as at 31 July		719.4	643.7

Balance sheets

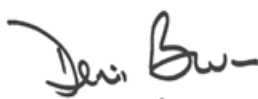
as at 31 July 2015

	Notes	Consolidated		University	
		2015 £m	2014 £m	2015 £m	2014 £m
Fixed assets					
Tangible assets	10	904.7	859.5	881.0	838.0
Intangible assets	11	0.3	0.3	0.3	0.3
Investments	12	0.4	0.4	23.1	24.9
		905.4	860.2	904.4	863.2
Endowment assets	13	61.2	55.3	61.2	55.3
Current assets					
Stocks		1.3	1.4	1.1	1.1
Debtors	14	62.0	51.0	67.4	53.8
Investments	15	62.4	52.6	62.4	52.6
Cash at bank and in hand		71.9	63.7	67.6	60.1
		197.6	168.7	198.5	167.6
Creditors – amounts falling due within one year	16	(123.8)	(123.5)	(131.6)	(130.5)
Net current assets		73.8	45.2	66.9	37.1
Total assets less current liabilities		1,040.4	960.7	1,032.5	955.6
Less: Creditors – amounts falling due after more than one year	17	(250.0)	(250.0)	(250.0)	(250.0)
Net assets excluding net pension liability		790.4	710.7	782.5	705.6
Net pension liability	24	(71.0)	(67.0)	(71.0)	(67.0)
Net assets including net pension liability		719.4	643.7	711.5	638.6
Represented by:					
Deferred capital grants	18	213.3	208.1	213.3	208.1
Endowments					
Expendable	19	10.8	8.9	10.8	8.9
Permanent	19	50.4	46.4	50.4	46.4
Total endowments		61.2	55.3	61.2	55.3
Reserves					
Revaluation reserve	20	327.1	293.6	322.2	291.2
Income and expenditure reserve	21	188.8	153.7	185.8	151.0
Pension reserve	21, 24	(71.0)	(67.0)	(71.0)	(67.0)
Total reserves		444.9	380.3	437.0	375.2
Total funds		719.4	643.7	711.5	638.6

The financial statements on pages 21 to 47 were approved by Council on 6 November 2015, and signed on its behalf by:



Professor Hugh Brady
Vice-Chancellor



Denis Burn
Chair, University Council

Consolidated cash flow statement

for the year ended 31 July 2015

	Notes	2014/15 £m	2013/14 £m
Net cash inflow from operating activities	22	58.2	59.5
Net cash outflow from return on investments and servicing of finance			
Income from endowments	19	1.7	1.7
Interest received	5	1.4	2.1
Interest and finance costs paid	7	(14.9)	(14.3)
		(11.8)	(10.5)
Net cash outflow from capital expenditure and financial investments			
Payments to acquire tangible assets	10	(54.0)	(108.8)
Payments to acquire intangible assets	11	(0.2)	(0.3)
Endowment assets movement		(2.8)	(1.8)
Deferred capital grants received	18	24.0	34.5
Proceeds from disposal of fixed assets		2.1	3.6
New endowments received	19	2.5	1.3
		(28.4)	(71.5)
Net cash inflow/(outflow) before management of liquid resources		18.0	(22.5)
Management of liquid resources – current asset investments	23	(9.8)	(21.3)
Cash inflow/(outflow) before financing		8.2	(43.8)
Increase/(Decrease) cash in the year	23	8.2	(43.8)
Reconciliation of net cash flow to movements in net debt			
Increase/(Decrease) in cash in the year	23	8.2	(43.8)
Increase in liquid resources – current asset investments	23	9.8	21.3
Change in net debt		18.0	(22.5)
Net debt at 1 August	23	(133.7)	(111.2)
Net debt at 31 July	23	(115.7)	(133.7)

Notes to the accounts

1. Funding body grants

	Notes	2014/15 £m	2013/14 £m
Recurrent grants			
Higher Education Funding Council for England		81.2	89.1
Specific grants			
Joint Information Systems Committee		0.1	0.1
Higher Education Innovation Fund		2.8	3.4
Other		2.1	1.4
		5.0	4.9
Deferred capital grants released in the year			
Buildings	18	8.8	10.3
Equipment	18	–	0.2
		8.8	10.5
		95.0	104.5

2. Tuition fees and support grants

	2014/15 £m	2013/14 £m
Full-time students charged home fees	114.6	91.3
Full-time students charged overseas fees	62.3	53.7
Part-time students	3.1	2.9
Research training support grant	5.7	5.0
Short course fees	4.0	3.9
	189.7	156.8

3. Research grants and contracts

	2014/15 £m	2013/14 £m
Research councils	57.3	51.9
UK-based charities	18.5	18.5
European Commission and other Euro-denominated contracts	19.3	19.2
Other grants and contracts	44.3	41.9
Research Development Expenditure Credit	9.0	–
	148.4	131.5

Income from research grants and contracts includes the release of deferred capital grants for equipment amounting to £2.8m (2013/14: £1.7m).

4. Other income

	2014/15 £m	2013/14 £m
Residences, catering and conferences	34.8	30.2
Other services rendered	16.5	17.3
Contracts with health and hospital authorities	5.2	5.9
Funded teaching and general research	11.4	12.3
Departmental and other income	15.3	14.2
Donations	2.4	1.7
Deferred capital grants released	9.1	7.3
	94.7	88.9

5. Endowment and other financing income

	2014/15 £m	2013/14 £m
Income from expendable endowments	0.3	0.3
Income from permanent endowments	1.4	1.4
Interest from deposits and other cash investments	1.4	2.1
	3.1	3.8

6. Staff

	Notes	2014/15 £m	2013/14 £m
Staff costs			
Wages and salaries		217.9	203.6
Social security costs		17.4	16.6
Pension costs	24	34.0	34.7
		269.3	254.9

	2014/15 £000	2013/14 £000
Emoluments of the Vice-Chancellor		
Remuneration (including benefits in kind £2,300 (2013/14: £2,300))	303	283
Payment in lieu of pension contributions	41	38
	344	321

The emoluments of the Vice-Chancellor relate exclusively to Professor Sir Eric Thomas who retired from the University on 31 August 2015.

The benefits in kind were in respect of the Vice-Chancellor's official residence, which is a requirement under the terms and conditions of his employment contract and is used from time to time for the University's official functions.

During 2011/12 the Vice-Chancellor changed his membership of the USS pension scheme from full membership to 'fixed protection' (life assurance) only benefits. During the year he received a payment in lieu of the employers' pension contributions that the University would otherwise pay.

The Vice-Chancellor's payments to USS under the 'fixed protection' arrangements were paid under the 'Salary Sacrifice' arrangements open to all the University's active USS members.

Notes to the accounts *continued*

6. Staff (*continued*)

Remuneration of other higher paid members of staff, excluding employer's pension contributions and any compensation for loss of office (payments in respect of distinction awards and other payments under separate NHS contracts of employment are excluded from the University's income and expenditure account):

	Excluding distinction awards and other NHS payments		Including distinction awards and other NHS payments	
	2014/15 Number	2013/14 Number	2014/15 Number	2013/14 Number
£100,000 – £109,999	48	50	46	41
£110,000 – £119,999	25	27	13	20
£120,000 – £129,999	14	13	17	14
£130,000 – £139,999	2	1	10	10
£140,000 – £149,999	3	2	10	6
£150,000 – £159,999	1	1	8	9
£160,000 – £169,999	–	1	4	7
£170,000 – £179,999	3	2	5	4
£180,000 – £189,999	2	1	4	4
£190,000 – £199,999	–	–	1	2
£200,000 – £209,999	–	–	3	1

	2014/15 Number	2013/14 Number
Average full-time equivalent staff numbers by major category		
Academic/Clinical	2,639	2,511
Technical	523	479
Administrative and operational support	2,377	2,309
	5,539	5,299

7. Interest and other financing costs

	Notes	2014/15 £m	2013/14 £m
Interest on bank loans not wholly repayable within five years		14.0	13.4
Other bank charges and financing costs		0.9	0.9
		14.9	14.3
Net pension scheme financing charge/(income)	24	0.1	(0.1)
		15.0	14.2

Interest payable includes the amortisation of fees associated with long-term financing arrangements.

8. Analysis of expenditure by activity

	Staff costs £m	Other expenses £m	Depreciation £m	Financing costs £m	2014/15 Total £m	2013/14 Total £m
Academic departments	132.7	32.2	1.7	13.9	180.5	170.7
Academic services	16.9	12.0	2.8	–	31.7	30.4
Research grants	64.6	36.8	2.9	–	104.3	98.9
Services rendered	7.0	5.8	0.2	–	13.0	13.9
Residences, catering and conferences	6.5	17.5	4.5	0.9	29.4	27.0
Premises	12.9	14.9	36.8	–	64.6	64.1
Administration	18.4	24.4	0.2	0.2	43.2	36.9
Other including general endowment expenditure	10.3	19.7	–	–	30.0	25.4
Total per income and expenditure account	269.3	163.3	49.1	15.0	496.7	467.3

	2014/15 £000	2013/14 £000
Other operating expenses included		
Audit fees payable to the University's external auditors for University main audit	47	46
Audit fees payable to the University's external auditors for audit of subsidiaries	28	27
Other fees payable to the University's external auditors	109	21
Audit fees payable to other auditors for audit of individual grants	70	50
	£m	£m
Other operating lease rentals	8.5	7.8

9. Exceptional items

	2014/15 £m	2013/14 £m
Profit/ (Loss) on disposal of shares and fixed assets	1.8	(0.1)
Total per income and expenditure account	1.8	(0.1)

Notes to the accounts continued

10. Tangible assets

	Freehold land & buildings £m	Assets in construction £m	Leasehold & Laboratory refurbishment £m	Equipment £m	2015 Total £m	2014 Total £m
Consolidated						
Cost or valuation						
At 1 August	777.3	17.2	123.1	66.0	983.6	898.9
Additions at cost	25.4	3.1	3.0	22.5	54.0	108.8
Acquired in year	2.0	–	–	–	2.0	–
Re-categorisation	19.6	(19.6)	–	–	–	–
Disposals	(0.3)	–	–	(0.3)	(0.6)	(3.9)
Elimination of fully depreciated items	(0.5)	–	(18.1)	(9.8)	(28.4)	(28.4)
Revaluations in year	25.7	0.7	–	–	26.4	8.2
At 31 July	849.2	1.4	108.0	78.4	1,037.0	983.6
Accumulated depreciation						
At 1 August	18.0	–	76.4	29.7	124.1	125.8
Charge for year	18.2	–	12.7	18.2	49.1	45.1
Disposals	–	–	–	(0.3)	(0.3)	(0.2)
Elimination of fully depreciated items	(0.5)	–	(18.1)	(9.8)	(28.4)	(28.4)
Written back on revaluation	(12.2)	–	–	–	(12.2)	(18.2)
At 31 July	23.5	–	71.0	37.8	132.3	124.1
Net book value						
At 31 July	825.7	1.4	37.0	40.6	904.7	859.5
At 1 August	759.3	17.2	46.7	36.3	859.5	773.1
University						
Cost or valuation						
At 1 August	757.4	17.3	123.0	61.2	958.9	866.0
Additions at costs	25.3	3.1	3.1	22.2	53.7	111.0
Acquired in year	2.0	–	–	–	2.0	–
Re-categorisation	19.7	(19.7)	–	–	–	–
Disposals	(0.3)	–	–	–	(0.3)	(3.8)
Elimination of fully depreciated items	(0.5)	–	(18.1)	(9.8)	(28.4)	(28.4)
Revaluations in year	24.6	0.7	–	–	25.3	14.1
At 31 July	828.2	1.4	108.0	73.6	1,011.2	958.9
Accumulated depreciation						
At 1 August	17.1	–	76.3	27.5	120.9	123.0
Charge for year	17.9	–	12.6	18.0	48.5	44.3
Disposals	–	–	–	–	–	(0.1)
Elimination of fully depreciated items	(0.5)	–	(18.1)	(9.8)	(28.4)	(28.4)
Written back on revaluation	(10.8)	–	–	–	(10.8)	(17.9)
At 31 July	23.7	–	70.8	35.7	130.2	120.9
Net book value						
At 31 July	804.5	1.4	37.2	37.9	881.0	838.0
At 1 August	740.3	17.3	46.7	33.7	838.0	743.0

10. Tangible fixed assets (continued)

Annually the University undertakes a review of the underlying value of its portfolio of freehold land and buildings and carries out revaluation when and where appropriate. As at 31 July 2015, in excess of 25% (2014: 25%) of the estate was revalued by an external professional firm of Chartered Surveyors, on the basis of either market value or existing use value using the Depreciated Replacement Cost methodology. All properties are subject to a full valuation at least once every four years. Freehold land and buildings at 31 July 2015 consisted of:

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
At valuation	843.9	774.0	822.8	754.1
At cost	5.3	3.3	5.4	3.3
Total freehold land and buildings	849.2	777.3	828.2	757.4

Freehold land and buildings include land totalling £187.2m (2014: £174.1m) which is not depreciated.

No interest cost has been capitalised in construction costs in the year (2013/14: £nil).

Leasehold and laboratory refurbishments include £8.2m cost and £5.0m accumulated depreciation (2013/14: £8.5m and £4.5m) of leasehold land and buildings.

Contracted capital commitments as at 31 July 2015 were £16.8m (2014: £15.8m).

Heritage assets: The University holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed in the University's nationally accredited museums and collections and in its libraries, providing a valuable research and educational resource locally, nationally and internationally. Other collections are held in academic departments or are on display as public art. Major collections include those held by the University Library, the Botanic Garden and the Theatre Collection.

In respect of its major collections, the University's practice, in accordance with the national accreditation standards, is; to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable wide access to and engagement with the collections by members of the public.

As noted in the statement of principal accounting policies, heritage assets costing more than £25,000 acquired since 1 August 2010 would be capitalised where practicable and on a cost-benefit basis. The majority of heritage assets held in the University's collections were acquired before 1 August 2010 and they are not recognised in the balance sheet.

There were no material heritage assets acquired during the year (2013/14: none).

Notes to the accounts continued

11. Intangible assets

	Consolidated & University	
	2015 £m	2014 £m
Cost		
At 1 August	0.5	0.4
Additions at cost	0.2	0.3
Eliminations at cost	(0.2)	(0.2)
At 31 July	0.5	0.5
Accumulated amortisation		
At 1 August	0.2	0.2
Charge for year	0.2	0.2
Eliminations	(0.2)	(0.2)
At 31 July	0.2	0.2
Net book value		
At 31 July	0.3	0.3

12. Fixed asset investments

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
Shares in University's subsidiary companies	–	–	22.7	24.5
Shares in listed and unlisted companies	0.4	0.4	0.4	0.4
Total fixed asset investments	0.4	0.4	23.1	24.9

Council believe that the carrying value of the investments is supported by their underlying net assets.

13. Endowment asset investments

	Note	Consolidated & University	
		2015 £m	2014 £m
Market value at 1 August		55.3	52.8
New endowments	19	2.5	1.3
Increase in market value of investments		3.1	0.6
Increase in cash balances held for endowment funds		0.3	0.6
Market value at 31 July		61.2	55.3
Investments		55.6	49.9
Cash		5.6	5.4
Total endowment asset investments		61.2	55.3

14. Debtors

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
Amounts falling due within one year				
Research grants recoverable	28.9	19.9	28.9	19.9
Other debtors	33.1	31.1	30.2	28.0
Amounts owed by subsidiary undertakings	–	–	8.3	5.9
	62.0	51.0	67.4	53.8

15. Current asset investments

	Consolidated & University	
	2015 £m	2014 £m
Liquid resources – including certificates of deposit and corporate bonds	62.3	52.5
Shares in listed companies	0.1	0.1
	62.4	52.6

At the year end, the certificates of deposit and corporate bonds had a market value of not less than £62.3m (2014: £52.5m).

16. Creditors – amounts falling due within one year

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
Research grants received in advance	40.8	44.8	40.8	44.8
Other creditors	47.4	47.7	47.4	47.7
Social security and other taxation payable	3.3	3.2	3.3	3.2
Accruals and other deferred income	32.3	27.8	28.4	24.3
Amounts owed to subsidiary undertakings	–	–	11.7	10.5
	123.8	123.5	131.6	130.5

Notes to the accounts continued

17. Creditors – amounts falling due after more than one year

	Consolidated & University	
	2015 £m	2014 £m
Unsecured loans due in five years or more	250.0	250.0

In 2007/08, the University arranged fixed term loans totalling £250m. They now have an effective fixed interest rate of approximately 5.6% (2014: 5.4%). These fixed term loans are in two parts. The first part of £150m is repayable in October 2047 and the second part of £100m is repayable in March 2038.

18. Deferred capital grants

	Funding Council £m	Other grants & benefactors £m	Consolidated & University	
			2015 Total £m	2014 Total £m
At 1 August				
Buildings	121.2	70.9	192.1	181.1
Equipment	–	16.0	16.0	12.0
	121.2	86.9	208.1	193.1
Cash received				
Buildings	5.7	2.5	8.2	23.4
Equipment	–	15.8	15.8	11.1
	5.7	18.3	24.0	34.5
Released to income and expenditure account				
Buildings	(8.8)	(2.1)	(10.9)	(12.4)
Equipment	–	(9.8)	(9.8)	(7.1)
	(8.8)	(11.9)	(20.7)	(19.5)
Acquired in year				
Buildings	–	1.9	1.9	–
Equipment	–	–	–	–
	–	1.9	1.9	–
At 31 July				
Buildings	118.1	73.2	191.3	192.1
Equipment	–	22.0	22.0	16.0
Total	118.1	95.2	213.3	208.1

19. Endowment funds

	Consolidated & University					2014 Total £m
	Unrestricted Permanent £m	Restricted Permanent £m	Total Permanent £m	Restricted Expendable £m	2015 Total £m	
At 1 August						
Capital	2.4	38.4	40.8	6.9	47.7	48.3
Accumulated income	0.2	5.4	5.6	2.0	7.6	4.5
	2.6	43.8	46.4	8.9	55.3	52.8
New endowments	–	0.9	0.9	1.6	2.5	1.3
Investment income	0.1	1.3	1.4	0.3	1.7	1.7
Expenditure	–	(0.9)	(0.9)	(0.5)	(1.4)	(1.1)
Transfer from income & expenditure account	0.1	0.4	0.5	(0.2)	0.3	0.6
Increase in market value of investments	0.1	2.5	2.6	0.5	3.1	0.6
At 31 July	2.8	47.6	50.4	10.8	61.2	55.3
Capital	2.6	43.4	46.0	7.3	53.3	47.7
Accumulated income	0.2	4.2	4.4	3.5	7.9	7.6
At 31 July	2.8	47.6	50.4	10.8	61.2	55.3

HEFCE is the principal regulator of English Higher Education Institutions (HEI) that are exempt charities including the University. HEFCE's remit extends to any exempt charities or charitable organisations administered by or on behalf of the University and are established for the general or any special purpose of the University. For such linked charities, the University is required to consolidate their accounts within the University's group financial statements. The University does not have such charitable organisations apart from endowment funds which the University administers and of which it is deemed to be a trustee. All of the University's endowment funds are consolidated within the financial statements of the University, and the details are as follows:

	Consolidated & University					At 31 July 2015 £m
	At 1 August 2014 £m	Reclassification </> £100k pa Income £m	Investment income & donations £m	Expenditure £m	Increase in market value £m	
Funds with income greater than £100k pa						
Dame Emily Smyth endowment trust						
– support of agricultural research	12.2	0.0	0.4	(0.3)	0.7	13.0
William P Coldrick – chair in Genomics	0.0	3.6	0.1	(0.2)	0.2	3.7
Funds with income less than £100k pa						
Endowment funds, trusts and special funds for:						
– professorships, readerships and lectureships	9.6	(3.6)	1.4	(0.2)	0.4	7.6
– research support funds	5.2	0.0	0.3	(0.2)	0.3	5.6
– bursary and scholarship funds	15.1	0.0	1.6	(0.4)	0.8	17.1
– prize funds	0.6	0.0	0.0	0.0	0.0	0.6
– other	6.0	0.0	0.2	(0.1)	0.3	6.4
General endowments	6.6	0.0	0.2	(0.0)	0.4	7.2
	55.3	0.0	4.2	(1.4)	3.1	61.2

Notes to the accounts continued

20. Revaluation reserve

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
At 1 August	293.6	270.9	291.2	262.8
Revaluation of properties	26.4	8.2	25.3	14.1
Cumulative depreciation of properties written back on revaluation	12.2	18.2	10.8	17.9
Revaluation of investments	0.1	–	0.1	–
Transfer to income and expenditure reserve in respect of:				
– Depreciation on revalued assets	(5.2)	(3.7)	(5.2)	(3.6)
At 31 July	327.1	293.6	322.2	291.2

21. Movement on reserves

	Consolidated		University	
	2015 £m	2014 £m	2015 £m	2014 £m
Income and expenditure reserve				
At 1 August	153.7	138.4	151.0	137.3
Surplus for year retained within reserves	35.7	17.5	35.4	16.0
Pension contributions to UBPAS greater than FRS17 accounting charge	(5.8)	(5.9)	(5.8)	(5.9)
Transfer to income and expenditure reserve in respect of:				
– Depreciation on revalued assets	5.2	3.7	5.2	3.6
At 31 July	188.8	153.7	185.8	151.0

	Note	Consolidated & University	
		2015 £m	2014 £m
Pension reserve			
At 1 August		(67.0)	(67.4)
Pension contributions to UBPAS greater than FRS17 accounting charge		5.8	5.9
Actuarial losses in year	24	(9.8)	(5.5)
At 31 July		(71.0)	(67.0)

22. Reconciliation of consolidated operating surplus to net cash from operating activities

	Note	2015 £m	Consolidated 2014 £m
Surplus after depreciation of assets at valuation, disposal of assets and exceptional items		36.0	18.1
Adjustments for non cash items in Income and Expenditure Account:			
Depreciation	10	49.1	45.1
Amortisation of intangible assets	11	0.2	0.2
Deferred capital grants released to income	18	(20.7)	(19.5)
Pension contributions to UBPAS greater than FRS17 accounting charge	21	(5.8)	(5.9)
Working capital movements:			
Decrease in stock		0.0	0.1
Increase in debtors	14	(11.0)	(0.6)
Increase in creditors due within one year	16	0.3	11.4
Non operating activity items:			
Endowment and other financing income	5	(3.1)	(3.8)
Revaluation of Investments	20	0.1	–
Interest payable	7	14.9	14.3
Profit/(Loss) on disposal of shares and fixed assets	9	(1.8)	0.1
Net cash inflow from operating activities		58.2	59.5

23. Analysis of changes in net debt

	Consolidated & University		
	At 1 August 2014 £m	Cash flow in year £m	At 31 July 2015 £m
Cash at bank and in hand	63.7	8.2	71.9
Liquid resources – including certificates of deposit and corporate bonds	52.6	9.8	62.4
	116.3	18.0	134.3
Debts due after one year	(250.0)	–	(250.0)
Total net debt	(133.7)	18.0	(115.7)

Notes to the accounts *continued*

24. Pension schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Bristol Pension and Assurance Scheme (UBPAS) and the University of Bristol Group Personal Pension Plan (UBGPP). In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

The total pension costs for the University and its subsidiaries recognised within the consolidated income and expenditure account were:

	Note	2014/15 £m	2013/14 £m
Employer's cost for USS		24.8	25.5
Employer's cost for UBPAS		7.0	7.5
Employer's cost for UBGPP		1.6	1.2
Employer's cost for NHSPS		0.6	0.5
Total pension costs in staff costs	6	34.0	34.7
Net financing charge/(income) in respect of deficit in UBPAS	7	0.1	(0.1)
Total pension costs		34.1	34.6

Employer's costs shown above include amounts payable under salary sacrifice arrangements. All pension contributions were fully paid at the year end.

USS

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P) until April 2016. The assets of the scheme are held in a fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £24.8m (2014: £25.5m) as shown above. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount Rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigations' (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – no age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme Assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

In parallel with the preparation of the Actuarial Valuation as at March 2014, a package of changes to future USS benefits and contributions have been agreed for implementation during 2016.

The key features of the changes are:

- Closure of the current final salary benefit section of USS to future accrual with effect from April 2016
- From April 2016 active members to accrue future benefits, in the Career Revalued Benefit (CRB) section of USS, on salary up to a threshold of £55,000 initially, indexed by inflation. Accrual rates to be based on a 1/75th pension accrual and 3/75th lump sum basis
- For salary in excess of the threshold, members will also participate in a new defined contribution pension arrangement. This is likely to be effective from October 2016 and from April to October 2016 CRB benefits would be accrued on total pensionable salary
- Employer's contributions to USS to increase to 18% (currently 16%) of pensionable pay

Notes to the accounts *continued*

24. Pension schemes (continued)

UBPAS

UBPAS is a defined benefit pension scheme that the University operates in-house and until 30 September 2010 was offered to all staff who were not eligible to join the USS or NHSPS. UBPAS is contracted-out of the State Second Pension (S2P) and is now closed to new members. The assets of the scheme are held in a separate fund administered by a board of seven trustees. UBPAS currently has around 1,200 active members.

The trustees, acting separately from the University, hold and manage UBPAS assets for the members of the scheme. Of the seven trustees, three are members of the scheme, nominated by all members of the Scheme for a six-year term; and three are appointed by Council of the University to represent the University. The Chairman is an independent person recommended by the University for appointment by the other trustees. Under the Scheme trust deed and rules, the employer contribution rate is determined by agreement between the trustees and the University, acting on actuarial advice.

Actuarial valuation:

The last actuarial valuation of the scheme was as at 31 July 2012. Based on the Pensions Act 2004, the valuation is performed under the scheme-specific funding regime, adopting a statutory funding objective, which is to have sufficient and appropriate assets to cover the scheme's technical provisions.

The valuation was carried out using the projected unit method. The key assumptions and other data relevant to the determination of the contribution levels of the scheme were as follows:

Discount rate	
Pre-Retirement	5.4%
Post-Retirement	3.4%
Rate of increase to RPI	2.9%
Rate of increase to CPI	2.3%
Rate of increase to salaries	3.6%
Expected asset return during the recovery period	6.0%

Standard mortality tables were used for both pre and post retirement as follows:

- Base table 119.5%/105.5% Male/Female SAPs Pensioner tables for all retirements
- Future improvements: CMI 2011 core projections from 2012 with a 1.5% long term rate

Use of these mortality tables reasonably reflects the actual UBPAS experience but also provides an element of conservatism to allow for further improvements in mortality rates.

At the valuation date, the value of the assets of the scheme was £181.0m and the value of the scheme's technical provisions was £263.6m resulting in a deficit of £82.6m. The assets therefore were sufficient to cover 69% of the benefits which had accrued to members after allowing for expected future increases in earnings.

A new deficit recovery plan was agreed which requires the University to pay £6.9m pa until 2030, however, in recognition of prepayments under the previous deficit recovery plan, the first contribution required is £1.9m in 2014/15, followed by £6.9m in subsequent years.

During the year the University paid deficit contributions of £6.9m (2014: £6.9m) and as at 31 July 2015 had prepaid a total of £11.9m.

As required by law, the actuary also made an estimate of the amount the University would have to pay to secure all members' benefits with an insurance company; in the event that the Trustees were to decide that the scheme should be wound up. (This measure is sometimes referred to as "full solvency"). The shortfall in funding under this "full solvency" measure was approximately £194.1m.

The University undertook a formal consultation with active members of UBPAS about fundamental changes to the contribution and benefit structure of UBPAS. Following the consultation, from 1 November 2013, active members have 3 contribution/benefit options to choose from for future service after that date. These changes are designed to reduce the future risk and cost of the scheme to the University.

FRS17 valuation:

UBPAS has been accounted for within these financial statements in accordance with FRS 17. The 2012 full actuarial valuation was used by the actuary, using appropriate assumptions agreed by the University. For this purpose the discount rate used is based on the rate of return of an AA rated corporate bond and the investments have been valued at mid market value.

Mortality rates have been assumed to be consistent with those used for the 2012 valuation. In particular, using the amounts-based SAPs Series 1 "Pensioner" tables for normal retirements with multiples of 119.5% (males) and 105.5% (females), and an allowance for improvements in mortality using the CMI 2011 core projections from 2002 with a 1.5% long term rate. The resulting assumptions are that a member who is currently aged 65 and retires will live on average for a further 21.6 years if they are male and for a further 24.9 years if they are female.

Other major assumptions used for this FRS 17 actuarial review were:

	31 July 2015 %	31 July 2014 %
Discount rate	3.7	4.2
Inflation – Retail Price Index (RPI)	3.2	3.3
Inflation – Consumer Price Index (CPI)	2.2	2.3
Salary increases	3.9	4.0
Increases to non-GMP pension in deferment (RPI capped at 5% pa)	3.1	3.3
Increases to non-GMP pension in payment (CPI)	2.2	2.3
Increases to Post 88 GMP in payment (CPI capped at 3% pa)	2.0	2.3
Expected return on scheme assets	4.5	5.4

The fund value in UBPAS was based on average bid prices. The expected rates of return (net of the costs charged by investment managers) were as chosen by the University based on advice received from its own actuaries. The sustainable long-term future return from UK equities is a highly subjective and uncertain assumption.

	31 July 2015		31 July 2014
	Fund value £m	Expected rate of return %	Fund value £m
Equities/Diversified growth funds	114.8	7.1	117.5
Bonds – gilts	–	3.1	42.4
Bonds – corporate	–	4.3	34.6
Liability Driven Investments	77.3	3.1	0.9
Absolute return bond fund	39.9	–	–
Property	20.5	5.2	17.9
Other net assets (including cash)	–	0.5	10.1
Total market value of assets	252.5		223.4
Present value of scheme liabilities	(323.5)		(290.4)
Net FRS 17 pension liability	(71.0)		(67.0)

Notes to the accounts *continued*

24. Pension schemes (continued)

	2015 £m	2014 £m
Analysis of the amount charged to staff costs within operating surplus		
Current service cost	7.0	7.5
Analysis of amount that is charged to other finance income		
Expected return on pension scheme assets	12.0	12.4
Interest on pension scheme liabilities	(12.1)	(12.3)
Net (charge)/return	(0.1)	0.1
Actuarial losses recognised in STRGL	(9.8)	(5.5)
Movement in deficit during the year		
Deficit in scheme at the beginning of the year	(67.0)	(67.4)
Movement in the year:		
– Current service cost	(7.0)	(7.5)
– Contributions by University (including additional deficit recovery contributions)	12.9	13.3
	5.9	5.8
– Net finance (charge)/return	(0.1)	0.1
– Actuarial losses	(9.8)	(5.5)
Deficit in scheme at the end of the year	(71.0)	(67.0)
	2015 £m	2014 £m
Analysis of the movement in the present value of the scheme liabilities		
At beginning of the year	290.4	275.2
Current service cost	7.0	7.5
Liabilities arising from contributions by members	0.3	0.3
Interest on scheme liabilities	12.1	12.3
Actuarial losses	24.2	5.5
Benefits and expenses paid from scheme assets	(10.5)	(10.4)
At end of year	323.5	290.4
Analysis of the movement in the fund value of the scheme assets		
At beginning of the year	223.4	207.8
Return on pension scheme assets	26.4	12.4
Contributions by the University (including additional deficit recovery contributions)	12.9	13.3
Contributions by members	0.3	0.3
Benefits and other expenses paid (including adjustments)	(10.5)	(10.4)
At end of year	252.5	223.4

The contributions by the University included an additional contribution of £6.9m (2013/14: £6.9m) made by the University in respect of deficit recovery contributions.

	2015	2014	2013	2012	2011
History of experience gains and losses					
Difference between the expected and actual return on scheme assets					
Amount (£m)	14.4	–	12.0	0.1	8.2
Percentage of scheme assets	5.7%	0.0%	5.8%	0.1%	4.9%
Experience gains on scheme liabilities					
Amount (£m)	4.0	0.8	15.5	0.6	2.3
Percentage of present value of scheme liabilities	1.2%	0.3%	5.6%	0.2%	1.0%
Total (losses)/gains recognised in STRGL					
Amount (£m)	(9.8)	(5.5)	23.6	(31.8)	19.7
Percentage of present value of scheme liabilities	(3.0)%	(1.9)%	8.6%	(11.6)%	8.5%
History of scheme assets and liabilities					
Liabilities £m	323.5	290.4	275.2	274.8	231.1
Assets £m	252.5	223.4	207.8	181.0	167.6

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £75.6m (2014: £65.8m). The UBPAS assets do not include any of the University's own financial instruments, or any property occupied by the University.

At 31 July 2015, UBPAS had 1,169 (2014: 1,282) active members participating in the scheme.

UBGPP

Following the closure of UBPAS to new members on 1 October 2010, the University, working with trade unions representatives launched a new retirement saving plan for all new members of University staff Grade A to I and staff who have previously opted not to join UBPAS.

In addition to matching contributions by the University to members' pension savings, the University has also paid for other benefits. These included a Lump Sum Death In Service Benefit of 6 x basic salary and an Income Protection Benefit of 50% of basic salary plus a further 10% of salary in respect of University pension contributions to UBGPP payable normally from after 26 weeks absence and could be payable to age 65.

UBGPP is managed by Legal & General Pension Management Limited. On 31 July 2015, there are a total of 1,149 members (2014: 950).

NHSPS

The NHSPS is a non-funded occupational scheme backed by the Government, which is restricted to some clinical staff. Under the definitions set out in FRS 17, the NHSPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has applied the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Notes to the accounts *continued*

25. Operating Leases

Annual Commitments under operating leases in respect of land and buildings are as follows:

	2015 £m	2014 £m
Expiry date:		
Less than 1 year	12.0	8.4
Between 2 and 5 years	–	–
	12.0	8.4

26. Access funds and teacher training salaries

	2015 £m	2014 £m
Access funds		
Funding council grants (including interest earned)	–	0.2
Disbursed to students	–	(0.2)
Balance at 31 July	–	–

Access funds were provided by the Higher Education Funding Council for England and were used to pay supplementary grants to students.

During the year, £2.1m (2013/14: £1.6m) was provided by the National College for Teaching and Leadership and paid as salaries to trainee teachers.

For these funds, the University acts as a paying agency only and therefore the receipts and payments are excluded from the University's income and expenditure account.

27. Subsidiary undertakings

The University holds ordinary shares in the following companies, all of which have been incorporated in England, and consolidated into the University's accounts.

Company	Class of share	% Holding	Nature of business
Bristol Innovations Ltd	Ordinary	100%	Development and commercial exploitation of intellectual property
Langford Veterinary Services Ltd	Ordinary	100%	Provision of clinical veterinary services
NCC Operations Ltd	Ordinary	100%	Operations relating to the national research centre for composites materials
Park Row Ltd	Ordinary	100%	Property and project management
The Science Research Foundation Ltd	N/A – company limited by guarantee	100%	Promotion of new research companies
University of Bristol Services Ltd	Ordinary	100%	Property management services
Combe Dingle Sports Trust	N/A – company limited by guarantee	100%	Dormant
Bristol is Open Ltd	Ordinary	100%	High speed communication networks

28. Related party transactions

During the year, the University of Bristol made a block grant payment of £1.6m (2013/14: £1.5m) to Bristol SU (the Students' Union of the University). On 31 July 2015, the current account due to the Union was £8,000 (2014: £31,000), which was paid in full in August 2015. In addition to the provision of services (portering, housekeeping, etc), the University provides the building in which Bristol SU operates, and meets all utility costs.

Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The University maintains a Register of Interests of members of Council. The register is available for inspection under the Freedom of Information Act 2000.

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