

# 2016–17

Annual Report and  
Financial Statements

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*Sonia Mills*

**Sonia Mills**  
Chair of Board of Governors

*Steve West*

**Professor Steve West**  
Vice-Chancellor

## Vice-Chancellor's and Chair of Board of Governors' statement

2017 has been a year of great achievements. We've started seeing the fruits of our labour, with all the elements of our Strategy 2020 coming together. We're shaping and positioning the University for the future and working to provide the best experience and opportunities for our students.

We've spent more than £300m on new and improved facilities across our campuses that will enable our students, research and enterprise to flourish. A real highlight has been the opening of the new Bristol Business School, which will provide an inspiring business culture experience for our students. Work has also been completed on a new £9m building at Bower Ashton on our City Campus. The new building will provide an integrated learning environment where students will work on pioneering projects alongside industry.

In a challenging national climate for universities, including a backdrop of a 2% reduction in the number of students applying to university, UWE Bristol has yet again managed to buck the trend, seeing an overall increase in our number of applications.

We've seen fantastic results in the annual National Student Survey, with student satisfaction rising for the third consecutive year to 88% - making us top of all the universities in the South

West. We have the sixth largest student intake of any university within the University Alliance Mission Group, and we're proud that our students come from a diverse range of backgrounds. Our graduates are going on to have successful careers, making a real impact on the world. This year's employment statistics have maintained a strong performance, with over 95% of our graduates in employment or further study within six months.

In this first year of the new Teaching Excellence Framework – introduced by the Government to reward excellent learning and teaching in Higher Education - we were delighted to be awarded silver. We significantly and consistently exceeded the baseline quality threshold expected of a UK university. We're committed to achieving the gold award, because that's what our students deserve and that's what we're capable of delivering.

There has been a strong focus this year on students' mental health. As a university, it's vitally important that

we're equipped to respond to mental health illness and provide our students with the support and skills they need to become resilient adults. UWE Bristol is chairing a national piece of work on behalf of Universities UK that will look at how best to improve the mental health and wellbeing of students. In addition, we've volunteered to be one of three pilot universities that will look at creating a new framework for the way we address mental health across the industry.

We're extremely proud of what we've achieved and are hugely optimistic about where we're headed. With Strategy 2020 on track to be delivered, we can now begin to look beyond 2020, towards 2030. For the future, we want to continue to be bold and innovative, ensuring we differentiate ourselves from others. We'll do this by focusing on our key strengths – our outstanding learning, our ready and able graduates, our research with impact, and our strategic partnerships. We're in a great position to take UWE Bristol forward with confidence.

# UWE Bristol in numbers

## £300m

investment in new and improved facilities across our campuses.

## 3,000

staff help power our University forward.

## 88%

an excellent score in the National Student Survey means we are the top university in the South West for student satisfaction.

## 1,000

national and international employers and professional bodies help ensure our courses are current and relevant.

## £23m

build of our Wallscourt Park accommodation recently completed with a further 561 rooms in four, five and six storey buildings.

# 28,000

students study at  
UWE Bristol.

# +6,000

positions advertised for UWE  
Bristol students and graduates  
by over 2,000 organisations  
looking for talent to fill  
placements, jobs or internships.

# 78.1%

of graduates in professional  
or managerial roles, compared  
to the national average of 71%.

# +95%

of graduates in work or  
further study six months  
after graduating.

# 250,000

alumni continue to support  
and engage with us.

# Operating and financial review 2016-17

## Financial strategy and future prospect

Our financial strategy is to support the University to reach its potential and its ambition. Our financial priorities, in support of the long-term viability and sustainability of the University, are to:

- Continue to maintain and build on the successful financial management in meeting the challenges and opportunities of an increasingly changeable higher education operating and economic environment. To do this, we will generate the cash required to support our strategic programme of investment in both our academic enterprises and maintaining and enhancing our infrastructure. We make strategic decisions on activities that are either not financially sustainable or are not in alignment with the University Strategic Plan.
- Ensure financial sustainability of the University by borrowing for investment at a level that will not put the University at risk. We will maintain a sustainable recurrent investment in the academic, corporate and support operations and dispose of properties surplus to requirement. We will control costs by establishing and funding agreed staffing levels throughout the University, with regular critical review, investing in creating adaptive capacity.
- Enable the financial management of the University by continuing our ongoing programme of process reviews, investment in information systems development and business processes and improving efficiencies, all of which contributes to the enhancement of our student and staff experiences.

In short, our financial strategy is to maintain operating surpluses that generate sufficient operating cash flows. This together with proceeds from the sale of excess properties, donations and the use of borrowing facilities to finance our strategic programmes enables the long-term sustainability of the University and the potential to deliver our Strategy 2020.

## Prospects

Government funding through the Higher Education Funding Council for England (HEFCE) recurrent and capital grants has reduced significantly and will continue to be so in place of the new home undergraduate fee arrangements. With the continuing Government's austerity programme, concerns remain in the sector about further direct funding cuts and reduction of other grants such as Disability Student Allowances and Student Opportunity Funds. The standard fee of £9,000 capped by the Government since its introduction in 2012/13 was worth in real terms £8,275 in 2016/17 (Source: Office of Budget Responsibility). Effectively, the sector has provided at least 8.0% efficiency gain for the Government over the period with most, including this University, having delivered more. It is worth noting that, after taking into account a range of scholarships and bursaries for students from lower income families, our average actual fee level is substantially lower.

From 2017/18, as the University has gained a silver award under the new Teaching Excellence Framework, we are able to uplift the standard tuition fees by an inflationary factor to £9,250. To protect our current students, we are planning only to apply the new fee level to new intakes from academic year 2017/18 onwards. For our financial forecasts and planning purposes, we

have assumed a modest increase in home undergraduate fees level from 2018/19. Together with the cash limited nature of HEFCE funding and potential impact of BREXIT, this means that a very significant proportion of our income will not move in line with inflation. This inevitably creates financial pressure in an inflationary environment; against assumptions of pay awards on top of incremental drift arising from scale increases and promotions, rising pension costs, additional apprenticeship levy, inflation on energy costs and increasing depreciation charges; making it increasingly challenging to maintain the University's financial surplus strategy. As staff costs constitute 59% of income, continued control of both staff numbers and pay levels over the next few years will be critical.

Following the general election results in June 2017 and as the negotiation of the UK exiting EU membership continues, we face a degree of political and economic uncertainty about the future as the UK Government think and work through how best to respond to its constitution, how to negotiate the best outcome for the UK and review the current tuition fees regime. It is important that we remain focused on the long-term ambitions and aspirations of the University. We are a people organisation and our values and purpose support us to deliver opportunities for our staff and students as global citizens in a global knowledge economy. We are playing, and will continue to play, the long game - delivering inclusive and inspirational research, learning and teaching to the diverse and talented communities we serve. We will support each other to achieve the best we can for our students and staff and we will engage with policy makers to shape our future as an international university.

Over the past few years we have been working on a number of initiatives to strengthen the University's financial base, both to deal with existing and known pressures and to put the University into the best possible position to deal with the rapidly changing and uncertain financial environment. These have included:

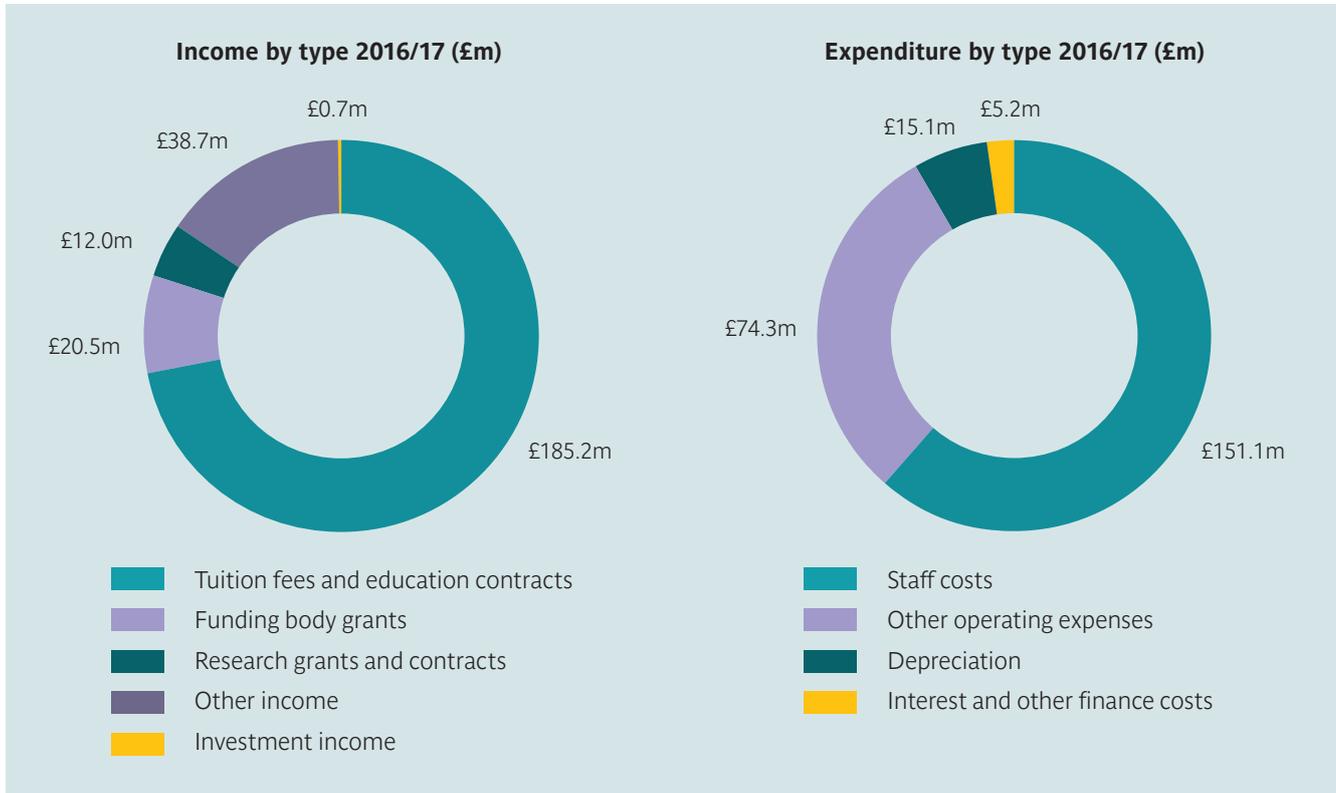
- A fundamental restructuring of the way in which support services and processes are delivered across the University and continuously seeking further improvement and efficiency.
- A number of strategic programmes are now in place to ensure the delivery of the ambitions set out in the University Strategy Plan 2020 and associated key performance targets, including enhancing student experience and learning environment.
- Review and challenge of the portfolio of our academic programmes.

## Key financial ratios

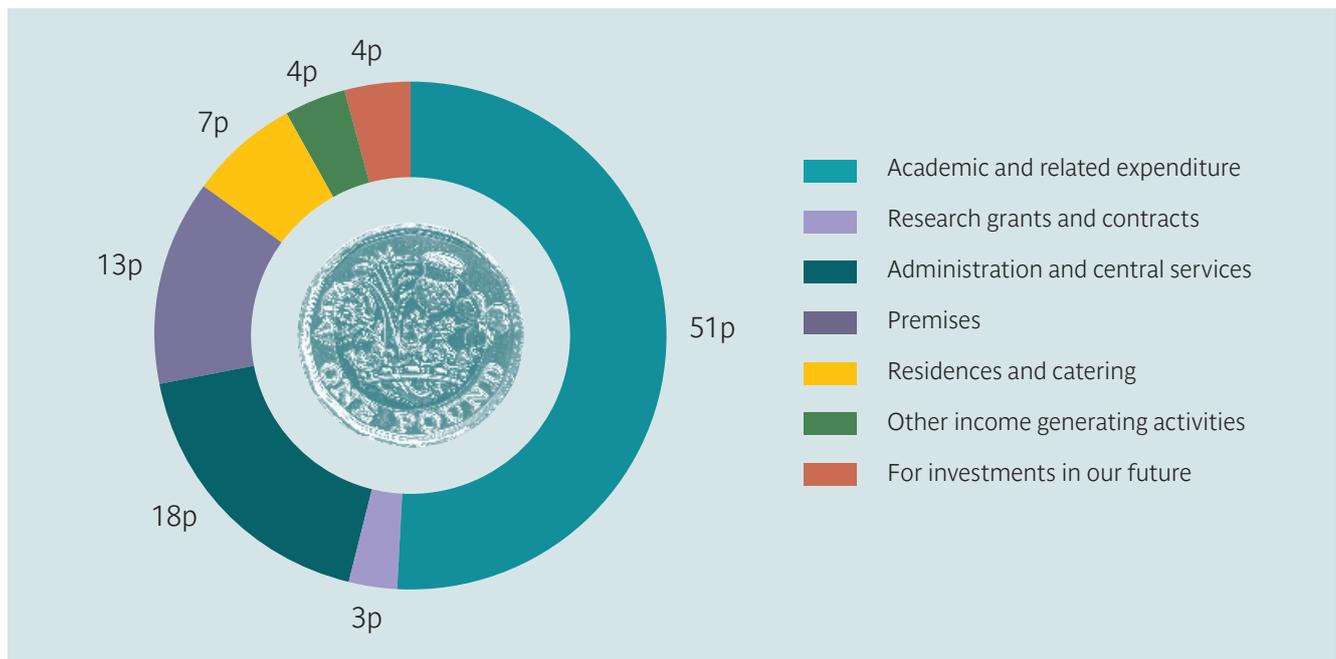
The University has identified a number of key financial ratios which it monitors as part of its financial strategy. Performance over the last three years is shown below.

Key financial ratios as a % of income	2016/17	2015/16	2014/15
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	14.2%	14.9%	11.1%
Cashflow generation (net of financing costs)	9.7%	12.1%	12.6%
Staff costs	59%	55%	57%
<b>Key financial values (£m)</b>			
Total income	257.1	258.3	243.4
Total expenditure	245.7	238.0	232.1
Surplus from operations	11.4	20.3	11.3
<b>Cashflow generated from operations</b>	<b>25.0</b>	<b>31.2</b>	<b>29.7</b>
Borrowings and cash at year end:			
Gross debt	121.7	68.1	72.2
Cash, deposits and short term investments	121.4	86.1	111.3
Net (debt)/cash	(0.3)	18.0	39.1
<b>Net assets at year end</b>	<b>441.5</b>	<b>419.7</b>	<b>449.3</b>

**Financial statistics:  
Income and Expenditure in 2016/17**



**Financial statistics:  
How did we spend our £ in 2016/17**



## Financial performance 2016/17

The University has had a good year with solid performance in UK undergraduate student recruitment, enhancement of our academic partnerships in the UK and across the globe, investing in our student's experience, academic endeavours and capital infrastructure, including people, systems and estate. Together with robust costs control, we have mitigated the freezing of UK tuition fees and rising staff costs, and in particular pension charges. Financial performance during the year was positive with an operating surplus of £11.4m (2016: £20.3m) before actuarial gains in respect of pension scheme. The results included £3.0m (2016: £9.5m) of capital grants received during the year.

Total income for the year was £257.1m (2016: £258.3m) – a £ 1.2m decrease (0.5%) due to:

- Capital grants received in the year of £3.0m against the previous year of £9.5m mainly in respect of the University Enterprise Zone, offset by
- An increase of £5.6m (3.1%) from tuition fees and education contracts, due to successes in recruiting additional home and international undergraduates.

Total expenditure was £245.7m (2016: £238.0m) – a £ 7.7m (3.2%) increase due to:

- Staff costs increasing by £8.7m (6.1%), which reflected cost of living and incremental pay awards, increasing academic staff numbers and additional employer's pension contributions and apprenticeship scheme levy.

## Capital investment

Our Masterplan programme, originally at £250m ending 2018 has now been extended to £300m to 2020, is well underway with a number of projects during the year, including:

- The refurbishment of Bush House to enhance our City Campus for Faculty of Arts, Creative Industries and Education.
- Construction of a new building for Faculty of Arts, Creative Industries and Education in the Bower Ashton Campus.
- The continuing strategic academic space refurbishments in Faculties of Environment and Technology and Health and Applied Sciences.
- Phase 2 of new student accommodation, Wallscourt Park Residences complex.
- Completion of our Bristol Business School building for Faculty of Business and Law, and
- Creation of Future Space, one of four University Enterprise Zones in the country.

Total capital investment in the year amounted to £48.0m (2016: £64.3m). We are expecting to continue this level of investment in 2017/18. Sources of future capital expenditure will include:

- Completion of the Phase 2 new student accommodation.
- On-going strategic academic space refurbishments, particularly for the Faculty of Health and Applied Sciences.
- Another new building for the Bower Ashton Campus.

- Construction of a new Engineering building for Faculty of Environment and Technology, and
- Refurbishment of the Frenchay Campus.

## Cashflow and Treasury management

Cashflow generated from operations for the year was £25.0m (2016: £31.2m). After receipts from capital grants of £3.0m, cash outflows in respect of capital expenditure of £48.0m and other items, net cash inflow for the year was £4.6m (2016: outflow of £29.0m).

During the year, the University fully drew down the £60m loan facility from the European Investment Bank. Taking advantage of the low interest economic environment, a decision was taken to fix the interest rate at an all-in rate of 1.677% for the 20 year duration of the loan to September 2036. Together with the existing loan from another lender which matures in March 2034, at an all-in rate of 1.807%, the total loan outstanding on 31 July was £121.7m (2016: £68.1m).

The University currently holds substantial cash balances; at the year end, the University had cash/money market and financial instrument balances totalling £121.4m (2016: £86.1m). Our treasury strategy is determined in the context of expected future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis.

## Cash generated from operations

We adopt a prudent approach to investing surplus funds. In order to manage risk, cash deposits are spread amongst a range of counterparties. To protect capital sums invested, we make full use of reports compiled by leading Credit Rating Agencies and only institutions carrying at least short-term ratings of A1 (Standard & Poors) and F1 (Fitch IBCA) are considered sufficiently secure. In order to ensure adequate liquidity, deposits are placed to mature over a range of maturity dates.

Our counterparty policy is monitored closely to achieve an appropriate balance of counterparty risk and diversification. Due to its ambitious and imminent capital expenditure plans, the University has restricted its short-term deposits to no longer than one year. During the year the University achieved an average interest return that was higher than interest payable on its borrowings.

Cash generated from operations (£m)



## Student numbers

The total number of students enrolled during the year was 35,002 of which 27,482 are full-time students and 7,520 part-time students. Included in the headcount are 6,717 Trans National students who are students

studying overseas under partnership arrangements.

Student numbers represented as full-time equivalent for the last three years are as below.

Students Numbers (FTE)	2016/17	2015/16	2014/15
<b>Undergraduate</b>			
Home and EU	17,907	17,517	17,388
Overseas and Offshore	1,635	1,654	1,688
Trans National Education	5,757	5,420	4,981
<b>Postgraduate Taught</b>			
Home and EU	2,663	2,464	2,469
Overseas and Offshore	800	841	745
Trans National Education	611	525	187
<b>Postgraduate Research</b>			
Home and EU	189	201	197
Overseas and Offshore	73	79	74
<b>Total student numbers</b>	<b>29,635</b>	<b>28,701</b>	<b>27,729</b>

## Pensions

Pensions for the majority of the University's staff are currently provided either through the Teacher's Pension Scheme (TPS) or the Avon Pension Fund (APF). The ongoing costs and risks associated with both pension schemes are a very important element of the future financial sustainability of the University. A small number of staff are members of the Universities Superannuation Scheme (USS).

### Teacher Pension Scheme

The TPS is a non-funded occupational scheme backed by the Exchequer. It is a national multi-employer scheme providing pensions for the UK education sector and is restricted to our academic and research staff. The ongoing service costs are financed by contributions from the University and its staff. The University accounts for the scheme as if it were a defined contribution scheme.

### Avon Pension Fund

The APF is a Local Government Pension Scheme (LGPS) and is a funded defined benefit scheme, with assets held in separate trustee administered funds.

On an FRS102 basis, at 31 July the University's share of the scheme had assets of £240.6m (2016: £213.2m) and liabilities of £371.4m (2016: £345.9m) giving a deficit of £130.8m (2016: £132.7m). A summary of the decrease in the FRS102 deficit since July 2016 for Avon Pension Fund is shown in the table (above right).

At the last actuarial valuation as at 31 March 2016, on a Trustee's funding basis, APF is 86% funded with a deficit of £597m, of which, £38m is attributable to the University. To deal with the funding deficit the University agreed to continue the deficit recovery plan, which was set up in 2010 whereby

Avon Pension Fund	£m
July 2016 deficit	132.7
Actuarial gain – reducing inflation rate offset by discount rate and improvements in mortality assumptions	(10.4)
Shortfall of actual contributions to current service costs	5.1
Other finance charges	3.4
July 2017 deficit	130.8

aiming at a recovery period of 23 years, the University is required to make additional deficit related contributions. APF has confirmed that the recovery plan is ahead of schedule due primarily to market returns above expectation.

### Public benefit statement

The principal objectives of the University, in accordance with Section 124 of the Education Reform Act 1988, are concerned with the provision of higher education and the conduct of research. Supporting this, the University also undertakes other activities including knowledge exchange, consultancy and the provision of accommodation, catering and conference services.

As UWE Bristol is an exempt charity under the terms of the Charities Act 2011, the trustees of the charity are the members of the Board of Governors. HEFCE is the principal regulator of English higher education institutions covered within the act.

In setting and reviewing the University's strategy and activities, the Board of Governors takes into consideration the Charity Commission's guidance on the reporting of public benefit and the supplementary public benefit guidance on the advancement of education.

The Board of Governors has due regard to any detrimental harm that may arise from the University's activities and particularly to the impact of its campus

developments on its immediate locality. We aim to minimise this impact through extensive community discussion and consultation in addition to working closely with South Gloucestershire and Bristol City Councils.

The University does not currently incur private benefit from its activities undertaken in pursuance of its purposes. However, it is alert to the possibility of commercialising proprietary technology or intellectual property that may arise as part of its activities, as a means of increasing investment in pursuance of the primary objectives.

The Board of Governors recognise that students, both undergraduate and postgraduate, are the principal beneficiaries of the provision of higher education while the public at large are beneficiaries of the University's research and knowledge exchange and community engagement activities. The annual report and financial statements provide extensive information on the public benefit of the University's activities as described above. However, of particular relevance to public benefit is our commitment to widening participation, engagement with the community and wider public and our contributions to environmental sustainability and a healthy society.

## Widening participation

The University is proud of its focus on inclusivity, social justice and equality of opportunity. Our connections with the regional economy and communities allows us to be part of creating a confident and ambitious future for the Bristol city region.

Inclusivity is at the heart of our strategic developments and is represented in four commitments:

- Collaborate with partners across our city region to develop appropriate educational opportunities that enable strong economic development and social inclusion.
- Build on the University's successes to date in widening access from under-represented groups, to UWE Bristol but also to higher education in general.
- Ensure that the programmes and support we offer is appropriate and enables all of our learners to succeed.
- Support all of our graduates into successful and appropriate graduate outcomes; ensuring that under-represented groups are not less likely to gain a graduate level job or to continue to further study.

The University has a widening participation strategy that applies to the whole student life cycle; this strategy ensures that the needs of a diverse student body are addressed at every stage of the student journey. The direction set out within the University's strategy is further reflected within our Access Agreement where an inclusive student experience will remain paramount to the future direction of the University.

In order to deliver in these areas, the University will continue to commit in excess of £10m in additional funds for access and student success measures. This will represent over 23% of additional income above the basic fee and demonstrates our firm commitment to the recruitment, achievement and success of students who are identified as widening participation students.

Included within this commitment is £4m in financial support distributed through a bursary scheme that will provide the majority of bursaries to students based on low family residual income as well as providing in-year hardship funding to students based on low personal income.

## Regional Partnerships

UWE Bristol is part of the Mayor's Learning City Agenda and as such will be contributing to the action plan for 2020 that will set out how all of the partners will work together to ensure that the ambitious targets are met.

As part of HEFCE's National Collaborative Outreach Programme, UWE Bristol will be working in collaboration with 26 secondary schools, four post-16 centres, the University of Bristol, a range of third sector organisations and regional partnerships such as the West of England Local Enterprise Partnership and Learning City to develop and deliver Future Quest – a series of targeted interventions in areas of low participation in higher education.

We are extremely proud of our long history of strong and mutually beneficial partnerships with local schools. We were one of the first universities to sponsor an academy and, through the Cabot Learning Federation, are involved in sponsoring an important Multi-Academy Trust that has a strong national reputation.

As the lead for the local Children's University, we work with a wide range of schools, community organisations, businesses and others to develop an inspiring offer of learning destinations available to students. Providing accreditation for out of school learning opportunities in the city, the Children's University is recognised for raising children's attainment, aspirations and sense of adventure; critical factors in tackling the low numbers of young people progressing to university from some of the wards in the city region.



## Sustainability

The University is committed to supporting the global sustainability agenda for a strong, healthy and just society living within environmental limits in everything that it does. Central to this commitment is the ambition to create an environment and culture in which all student and staff members have the opportunity to develop and use the skills and understanding required to contribute to global sustainability and health both at the University and throughout their personal and private lives.

The strategic leadership for sustainability is guided by the University Senior Management Team. The Sustainability Board, chaired by the Assistant Vice-Chancellor for Environment and Sustainability, is responsible for the delivery of our ambitious and award winning Sustainability Plan 2013-2020. We follow a holistic approach to sustainability that covers all aspects of sustainability across all functions of the University. This enables continuous, innovative, genuine and embedded performance improvements which have been successful to date. The approach has enhanced the University's reputation externally, and encouraged faculties, services, students and wider stakeholders to work in partnership. UWE Bristol's Sustainability Plan was further enhanced over the last year, encompassing sections on climate change adaptation and sustainable food.

The University's commitment to continuous improvement in environmental sustainability is verified through certification to the ISO14001 environmental management system standard. UWE Bristol is now certified under the more robust 2015 version of this standard: one of only a handful

of universities that have transitioned from ISO14001:2004 to ISO14001:2015. A critical component of this refreshed standard is that the University has to demonstrate continual improvement in its environmental performance. Some of our key initiatives are described below.

- Our large solar photovoltaic array installed in 2016 has generated 340 MWh electricity in its first year, avoiding 120 tonnes of carbon emissions and saving the University £30,000. The district heating network is now in place, and the combined heat and power plant is on track for installation in 2018.
- Our ambitious Education for Sustainable Development (ESD) work reaches all departments and services of the University. Extending and deepening engagement with the UN Sustainable Development Goals (SDG) will be a focus for the coming year. Some 20 individual programmes across the University portfolio have already been mapped against the individual SDGs and UWE Bristol hosted a highly successful SDG roadshow in May as part of a series of events across the UK. The ESD team works closely with academic and professional staff across the institution and within the Students' Union to support initiatives and build capacity. UWE Bristol has achieved a 1st class Award in the People and Planet Green League, with ESD scoring 100% of available points and achieving a sector leading position.
- Following the full implementation of the Travelsmart programme, single occupancy car travel has reduced to approximately 25% of staff and student commute. This represents around 1,000 less vehicles per day - a major shift towards our sustainable

travel ambitions. The University now also reinvests over £300,000 of car parking revenue per year into sustainable travel initiatives. Delivered projects include the expansion of the fleet of electric vehicles, state-of-the-art secure cycle facilities, electric vehicle charging points, new travel information facilities and creation of greenways and car free routes through our sites.

- Our resource management programme has delivered a recycling and reuse rate of approximately 75%, while the UWE Bristol reuse scheme has continued to serve the University well, with reallocation of furniture and equipment leading to an estimated annual saving to UWE Bristol of £113,000 in avoided procurement and waste disposal costs. UWE Bristol continues to support the British Heart Foundation (BHF) through the annual Bristol Big Give campaign, whereby students can donate unwanted items for sale in local charity shops. This year UWE Bristol led the city-wide campaign, which saw 13,500 bags of material (approximately 95 tonnes) diverted for resale in charity shops, with a potential resale value to the BHF of £189,000.
- The University and the Student Union continue to support and promote ethical procurement, winning four awards in the 2016 South West Fairtrade Business Awards.
- In addition, the University is renowned for its commitment to promoting health and wellbeing with clear impacts for staff and student health, wellbeing and experience. This year's Feel Good February event attracted 6,200 staff and students to participate in over 200 events and the Healthy University Group facilitated 16 student placements

which resulted in student-led projects focused on sustainable food initiatives, sugar smart awareness campaigns which were featured on the local news and better engagement in active travel.

UWE Bristol's sector leadership in sustainability was demonstrated in November 2016 when we won four Environmental Association of Universities and Colleges (EAUC) Green Gown awards and were highly commended in two more categories. Further details on our progress towards meeting our sustainability ambitions can be found in the University's annual sustainability report which is published on our website.

## Equality, Diversity and Inclusivity

UWE Bristol launched its new four year Single Equality Scheme, Inclusivity 2020, in November 2016. It contains specific equality objectives and actions to ensure that we are making measurable progress towards our 2020 ambition of becoming known nationally and internationally as an inclusive university. These objectives are being delivered and amongst the many achievements of the last two years we have:

- Continued to support outreach and access to higher education activity with local schools and colleges.
- Focused on reducing persistent gaps in attainment rates for specific groups of students.
- Ensured that the programmes and support we offer are appropriate and enable all of our learners to succeed.
- Recertified as a Disability Confident Employer, the successor to the Two Ticks scheme launched a support service for disabled staff.

- Achieved an Athena SWAN Bronze departmental award and aspire for all departments to progress this gender equality agenda.
- Served as a main sponsor for Bristol Pride and a Stonewall Diversity Champion.
- Increased staff awareness of equality, diversity and inclusivity aims through multiple channels.
- Continued to support staff networks covering the range.
- Ensured all major programmes conduct robust equality analysis to ensure inclusivity of access and experience.
- Won the client of the year in the Constructing Excellence South West awards.

The University's Equality and Diversity Unit plays a pivotal role in communicating and promoting the culture of the inclusive university, monitoring delivery of the Single Equality Scheme and equality analysis, and leading on key inclusivity objectives. We work closely with the Student Inclusivity Team and the Students' Union at UWE Bristol.

## Student and Staff Involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. The University's developments are communicated regularly through a number of distinct channels, with opportunities for engagement and discussion.

A number of other initiatives have also been taken to further enhance the

employee voice, including the approval by the Academic Board and the Board of Governors of changes to the Academic Board structure to significantly increase both the space for the academic voice and the number of elected positions within the structure.

The University also has a number of mechanisms in place to facilitate communication with students and it makes extensive use of appropriate channels to disseminate information, receive, and act upon, feedback not least through partnership with the Students' Union to train and recognise the contribution made by over 1,000 student representatives on the University's programmes. The Students' Union President is an ex officio member of the Board of Governors of the University and a number of Student Union representatives are members of the Academic Board and other committees. There are regular formal and informal consultations with the Students' Union and a Student/Governor Forum is maintained by the Board of Governors under the leadership of the Students' Union President. Both the Student and Staff Governor Forums meet three times a year and provide the Board of Governors with an opportunity to engage with a wide audience of the University's most critical stakeholders.

## Health and Safety

The University's Safe Places, People and Practice Strategy (SPPP) has as its ambition to ensure that health and safety is inherent in all that UWE Bristol does. In 2016/17, continuing to galvanise its ambition, UWE Bristol achieved the following:

- A mid-point review of the SPPP Strategy. Overall the Strategy's priorities and associated aims remain 'fit for purpose'. Though the review identified that there is a need to more explicitly define what is meant by Health and Safety at UWE Bristol. In addition in terms of associated actions towards 2020, there is a need to shift focus towards student engagement and student health. The Strategy and UWE Bristol Health and Safety Action Plan have been updated to reflect this review.
- Campus 2020 developments and construction safety continues to remain at the forefront. As was reported in 2015-2016 a new process has been developed to provide evidence that suitable safeguards are in place when initiating new projects and assigning project periods at programme level, a process called 'Operational Readiness'. This has been robustly implemented by the MasterPlan Executive and is proving to be effective. Furthermore, the continued programme of audit has seen an improvement in the health and safety performance of contractors.

- Continual embedding of health and safety by Faculties and Services. The overall audit average score is 81%. There were however a number of areas for continual improvement these have been identified in the audit recommendations provided to each Faculty and Service.

For the main University health and safety risks, Ionising Radiation, Genetically Modified Organisms and Fire Safety Management there remains overall assurance that there are reasonable management processes in place that ensure compliance with all relevant legislation.

There has, however, been a near miss, the 'potential for release' of a biological agent. The nature of the near miss meant that it was reportable to the Health and Safety Executive, who subsequently investigated. The outcome was the serving of an Improvement Notice on the University in February 2017. This required improvements to the health and safety management arrangements for work with biological agents, by 30 June 2017.

The Notice requirements were fulfilled prior to the compliance date, the main outcome was the development of an overarching UWE Bristol Health and Safety Standard (HSS), 'Work with Biological Agents'. This new HSS sets out the management requirements for biological work at the University.

For the most visible indicators of health and safety management:

- Reported accidents has remained the same as for 2015-2016, 160.
- For the more serious accidents, RIDDOR, the numbers have continued to decrease, seven to four, some 43%.

There has been much that has been learnt this year from the Improvement Notice, the SPPP Review and from the Audit. Hence 2017-2018 will be a year of revitalisation. There will be further reinvigoration of the health and safety management system to ensure continual improvement in health and safety culture towards 2020 and beyond to 2030.

# Corporate governance and internal control

## Organisation

The University is organised into four faculties, each led by a Pro Vice-Chancellor and Executive Dean. They are:

- Arts, Creative Industries and Education
- Business and Law
- Environment and Technology
- Health and Applied Sciences

Responsibility for overall day-to-day management of the University is through the Vice-Chancellor, supported by a senior team which includes the Deputy Vice-Chancellors, Pro Vice-Chancellors, Directors and Heads of Professional Services.

The University is committed to best practice in all aspects of corporate governance and has adopted the Committee of University Chairs Governance Code of Practice with the exception that, the number of meetings held by the full Board of Governors are in line with the expectations of the Articles of Government and not the Code.

The University endeavours to conduct its business in accordance with, and with due regard to, the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' 'Guide for Members of Higher Education Governing Bodies in the UK'.

## Constitution and powers

The University is a statutory corporation, established as a Higher Education Corporation as defined by the Education Reform Act 1988 which also sets out its powers. The activities of the University are conducted in accordance with: the provisions of the Education Acts; orders or directions made by the Secretary of State; other enactments or regulations from time to time in force; and its Instrument and Articles of Government ("Articles") and internal rules and bye-laws.

The Articles set out the requirements, and define the responsibilities of, a Board of Governors and Academic Board alongside the responsibilities of the Vice-Chancellor.

## Board of Governors

### Independent Members

#### Jenny Body

Gillian Camm (to 16 November 2017)

#### Sandra Forbes

Deputy Chair of Governors  
Chair of Strategic Planning and Performance Committee

#### Rob Fraser

Chair of Finance, Estate and IT Committee

#### Dr Martin Hagen

Chair of Audit Committee

#### Richard Holmes

#### David Lamb

Clive Lewis (from 1 August 2016)

#### Mark Mason

#### Jocelyn McNulty

#### Sonia Mills

Chair of Governors  
Chair of Nominations and Governance Committee  
Chair of Remuneration Committee

Simon Moore (to 31 July 2017)

### Academic Board Nominees

#### Professor Steve Neill

Professor Donna Whitehead  
(from 1 August 2016)

### Student Nominee

Zain Choudhry (from 3 July 2017)

Ahmd Emara (to 3 July 2017)

### Co-opted Members

#### Professor John Craven

Graham van der Lely

### Ex-Officio

Professor Steve West

## The Board of Governors

The Board of Governors is responsible for determining the educational character and mission of the University, ensuring the efficient use of resources, and approving the macro budget for the institution.

The Board comprises independent, staff and student members appointed in accordance with the Instrument of Government. The majority of members are non-executive including the Chair and the Deputy Chair. The University's Chief Executive, the Vice-Chancellor, is an ex-officio member of the Board. Appointments to the Board of Governors are considered by the Nominations and Governance Committee which makes recommendations for the Board's approval. Induction training is given to all new Governors. In addition, a skills audit is conducted periodically by the Board members and appropriate training is provided on identified areas of shortfall.

The Board is entitled to establish committees for any purpose or function, other than those which are assigned elsewhere in the Articles to the Vice-Chancellor or to the Academic Board or designated as the sole responsibility of the Board of Governors. The main committees which operated during the year were: the Audit Committee; Finance, Estates and IT Committee; Strategic Planning and Performance Committee; Nominations and Governance Committee; and Remuneration Committee. All of these committees are formally constituted with written terms of reference, and comprise a majority of lay members one of which is designated the Chair. The decisions of the Committees are formally reported to the Board.

An Emergency Committee may, where a matter is urgent, exercise delegated powers not explicitly reserved by the Articles of Government between meetings of the Board of Governors. The University's Emergency Committee membership includes the Chair and Deputy Chair of Governors, and the Chairs of each sub-committee.

In accordance with the Articles, the Board has appointed a Clerk to the Governors who provides independent advice on matters of governance to all members of the Board.

## Academic Board

The Academic Board is responsible for the quality and standards of its awards and to provide advice to the Vice-Chancellor on the strategic direction of the University's academic activity. The Academic Board provides the Board of Governors with assurance that the University's academic strategy is fit for purpose and approves new additions and revisions to academic policy. It has oversight of all academic provision through the Academic Regulatory Framework and the quality management and enhancement framework.

During the year to 31 July 2017 the Academic Board was chaired by the Vice-Chancellor; its membership consisted of 50% Executive members and 50% non-Executive members elected from the academic and student community.

## Leadership and Management

The Vice-Chancellor is the Chief Executive Officer of the University and is accountable to the Board of Governors for the organisation, direction and management of the

University. The Vice-Chancellor is the Accountable Officer under the terms of the Memorandum of Assurance and Accountability between the University and HEFCE. The Vice-Chancellor is supported and advised by the Directorate.

The Directorate consists of the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Pro Vice-Chancellor (Student Experience), the Pro Vice-Chancellor (Research and Business Engagement), the Pro Vice-Chancellor (Commercial Director and Corporation Secretary) and the Director of Finance. This group is the senior leadership and executive decision-making group for the University; it oversees the University's long-term academic and financial sustainability and the implementation of medium and short-term strategies. The Directorate also manages corporate risk, makes business decisions on University development – including commercial and global – and progresses the business of the Board of Governors. Its work is supported by the University's Strategy 2020 Portfolio Board, which manages the prioritisation, delivery and alignment of the major programmes and projects to deliver the University's Strategy.

## Register of Interests

The University maintains a Register of Interests of members of the Board of Governors and key post holders, which may be requested from the Clerk to the Board of Governors.

## Expenses paid to or on behalf of Trustees

Members of the Board of Governors acting as the Trustees of the University do not receive any remuneration for their service on the Board. Those

Trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations. In 2016/17 a total of £2,462 (£3,358 in 2015/16) for expenses was paid to or on behalf of six Trustees. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events; subscriptions and costs of publications to inform them in carrying out their role and retirement gifts of £260.

## Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it has responsibility.

The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks, both financial and non-financial, in line with HEFCE requirements. The Risk Management Policy is linked to the University's Strategy and explicitly recognises that it is neither possible, nor in many cases desirable, to eliminate risk and can therefore only provide reasonable and not absolute assurance.

The Board of Governors regularly discusses risk and related reports from its Committees, in particular the Audit Committee. These discussions set the tone and influence the culture of risk management and determine the risk

appetite of the University, what types of risk are acceptable and set the standards and expectations of staff with regard to conduct and probity in relation to risk management.

The Board of Governors is advised and assisted in its review of internal control by the work of the internal auditors, Audit Committee and the Vice-Chancellor's Executive. Their agendas ensure regular monitoring of the risk and control processes and that these accord with the internal control guidance for directors as included in the Stock Exchange's 'Combined Code', as deemed applicable to higher education.

On behalf of the Board of Governors the Audit Committee considers reports, recommendations and reviews on the effectiveness of the University's arrangements for risk management, internal control and governance and it has expressed itself satisfied that they can provide reasonable though not absolute assurance that the systems and controls are effective. The Audit Committee also considers reports and updates from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.

The Audit Committee is required to report to the Board of Governors on internal controls and to alert it to any emerging issues. Amongst other responsibilities the Audit Committee is responsible for oversight of risk management and ensuring that the Risk Management Policy is applied.

A professional internal audit team undertakes an annual programme of work approved by the Audit Committee. The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based and accordingly it is informed by the institutions' risk

register. External auditors are appointed and other audit work conducted in accordance with the requirements of HEFCE.

The above policy and related procedures continue to be developed and the Board of Governors is satisfied that the University's internal control and risk management processes meet the requirements set out by HEFCE in their circular 19/2016 "HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements".

The financial statements include a statement on the University's position with regard to the implementation of the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange. The Board of Governors is required to express a view as to whether its processes are adequate in accordance with the direction from HEFCE for identifying, evaluating and managing the University's risks during the year. The appropriate committees of the Board of Governors have considered those processes and are of the view that they are adequate for the needs of the University.

## Modern slavery statement

Section 54 of the Modern Slavery Act requires all organisations which supplies goods or services, and carries on a business or part of a business in the UK, and is above a specified turnover<sup>1</sup>, to produce a slavery and human trafficking statement. This statement must set out steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

<sup>1</sup> As prescribed in regulations made by the Secretary of State, the total turnover threshold has been set at £36m.

UWE Bristol offers the following statement regarding its efforts to prevent slavery and human trafficking in its supply chains.

## About the University

UWE Bristol (and its subsidiary companies) is a provider of education, research and training in the Higher Education sector, with approximately 35,000 students and 3,500 staff.

The University's turnover is in excess of £250m per annum. Together with an ambitious investment programme, in 2016/2017 we spent some £300m on staff and other expenditure (including construction). This year we have used approximately 3,500 suppliers.

## Supply Chain Categories

We work with a wide range of different suppliers and partners. Some of our suppliers subcontract work or rely on recruitment agencies to supply temporary or permanent staff. By the nature of their businesses, some of our suppliers are potentially at higher risk than others, for example: maintenance, repairs and construction companies. All our suppliers are commodity coded, enabling us to identify those who are most high risk.

Our supply chains include:

- Estates goods and services (including cleaning and security).
- Professional services.
- Science, technical, engineering and medical goods and services.
- IT equipment and services (for which Government Procurement Frameworks are used when choosing and appointing suppliers).
- Library services.

## Due Diligence

The University takes a zero tolerance approach to slavery and human trafficking. We recognise however, the risk of both exists in any supply chain and are committed to taking steps to reduce this risk in our own supply chains through the numerous policies and procedures we have in place and the due diligence we undertake.

These include, but are not limited to:

- Appropriate human resources, recruitment and employment policies and procedures which comply with UK law and are designed to ensure that all prospective employees are legally entitled to work in the UK and to safeguard employees from any abuse or coercion once in our employment.
- Corporate and Social Responsibility in Procurement Policy.
- A due diligence review as part of our supplier tender assessment.
- Safeguarding Policy and Procedure to ensure vulnerable people are not placed at risk.
- Ethical Investment Policy, which includes the promotion of human rights.
- Health and Safety Policy, the aim of which is to provide an inherently safe and healthy working and learning environment that engages the entire University community.
- Public Interest Disclosure Policy (Whistleblowing).

The University's requirements and expectations with respect to human rights, employee health and safety and environmental performance are regularly communicated to our suppliers and are referenced in tender documentation and in contracts.

In particular, Tenderers responding to an EU tender are asked to comply with the International Labour Organisation (ILO), which is an internationally recognised code of labour practice, requiring that:

- Employment is freely chosen.
- Freedom of association and the right to collective bargaining are respected.
- Working conditions are safe and hygienic.
- Child labour shall not be used.
- Living wages are paid.
- Working hours are not excessive.
- No discrimination is practised.
- Regular employment is provided.
- No harsh or inhumane treatment is allowed.

## The work we have done and our plans for the future

As part of this reporting exercise now and in the coming years, UWE Bristol expresses its commitment to better understand its supply chains and to work towards greater transparency and responsibility towards the people working within them.

Over the past 12 months we have;

- Made our staff and suppliers aware of the Modern Slavery Act 2015, including the definitions of slavery and human trafficking and the University's responsibilities.
- Performed a risk assessment on our suppliers list:
  - Contacted those suppliers who provided us with temporary staff to ensure they comply with this Act and assess the evidence thereof.
  - Contacted suppliers in potentially higher risk

categories to check what assurance arrangements they have in place.

- Revised our procurement terms and conditions of purchase to include reference to modern slavery and human trafficking.
- Amended our Public Interest Disclosure (Whistleblowing) Policy to include the Modern Slavery Act.
- Included the Modern Slavery Act in our SME supplier training day.
- Contacted all suppliers with a spend over £36m and asked how they are complying with the Act.
- Provided procurement staff with additional training.

A similar range of activities will be ongoing in the coming year, and will include dissemination of awareness raising training material to appropriate teams and informing staff what to do if they suspect a case of slavery or human trafficking.

## Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board has adopted a Statement of Primary Responsibility, as recommended by the Committee of University Chairs, which is published on the University's website.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to

enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, the terms and conditions of Memorandum of Assurance and Accountability agreed between HEFCE and the Board of Governors require the University, through its Accountable Officer the Vice-Chancellor, to present financial statements for the financial year which give a true and fair account of the state of affairs of the University and the results and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies, selected and consistently applied.
- Judgements and estimates are reasonable and prudent.
- Applicable accounting standards have been applied, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- Fulfil its responsibilities under the Articles and to ensure that funds from HEFCE, the National College for Teaching and Leadership (NCTL) and other publicly funded bodies, including research councils, are used only for the purposes for which they have been granted and in accordance with the Memorandum of Assurance and Accountability issued by HEFCE and any other conditions which it may from time to time prescribe.

- Ensure that appropriate financial and management controls are in place to safeguard public and other funds.
- Safeguard the assets of the University and prevent and detect fraud and other irregularities.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control include:

- Board of Governors' approval of annual estimates of income and expenditure and monitoring of the financial performance of the University.
- A comprehensive set of internal financial regulations approved by the Board of Governors, which defines the responsibilities and delegated authority of management post holders, and detail financial controls, policies and guidelines.
- A comprehensive planning and budgeting process, which integrates the preparation of annual income, expenditure and capital budgets.
- Regular reviews of the performance of each of the University's Planning and Budgetary Units, including monthly reviews of financial results involving variance reporting and the updating of forecasts.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subjected to detailed appraisal and review.

# Independent Auditors' Report to the Board of Governors of the University of the West of England

## Opinion

We have audited the financial statements of the University of the West of England (the 'University') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheet, the Consolidated and University Statement of Changes in Reserves, the Consolidated Cash Flow and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" – United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the University's affairs as at 31 July 2017, and of the group's and University's surplus, comprehensive income and expenditure and changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our

report. We are independent of the group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The Board of Governors is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility

is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 19, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the group and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors intend to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Board of Governors as a body in accordance with paragraph 14(2) of the University's articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and University and the Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Other Required Reporting

### 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;
- 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; and
- the requirements of HEFCE's accounts direction have been met.

The logo for Mazars, featuring the word 'Mazars' in a stylized, handwritten-style font.

Mazars LLP  
Chartered Accountants  
and Statutory Auditors  
90 Victoria Street, Bristol

# Statement of Accounting Policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of fixed assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries are included in the Consolidated Statement of Comprehensive Income and Expenditure (CSCI). Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of The University of the West of England Students' Union, which is an autonomous body not under the control of the University or the Wallscourt Foundation which has charitable objectives primarily concerned with assisting the provision of higher education at UWE Bristol but is legally independent of the University and not under its control.

## 3. Income recognition

### Fee income and Health Education Contracts

Fee income including Health Education contracts is stated gross of any expenditure and credited to the CSCI over the period in which students are studying. Where the amount of the tuition fee is reduced

by a discount income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

### Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet (BS) and released to income as the conditions are met.

### Donations

Donations are recognised in income when the University is entitled to the funds.

### Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### Sale of goods and services

Income from the sale of goods or services is credited to the CSCI when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### Investment income

Investment income is credited to the CSCI on an accruals basis.

### Income received for disbursement

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the

University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## 4. Accounting for retirement benefits

Retirement benefits for employees of the University are provided by defined benefit schemes; the Teachers' Superannuation Scheme (TPS, an unfunded Government scheme), the Avon Pension Fund (Avon PF, a Local Government Pension Scheme administered by Bath and North East Somerset Council) and the Universities Superannuation Scheme (USS, a higher education sector wide mutual scheme). All these schemes are funded by contributions from the University and its employees. The financial positions of all these funds are disclosed in their respective audited financial statements.

TPS is accounted for as if it were a defined contribution scheme. As a result, the annual amount charged to the CSCI represents the contributions payable to the scheme in respect of the accounting period.

For Avon PF, where the University's share of the underlying assets and liabilities is identified, it is accounted for in accordance with FRS102. The University's share of the deficit is recognised as a liability in the BS. The current service cost, being the actuarially determined present value of the pension benefit earned by the employees in the current period and the past service cost, are included in staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return in the income and expenditure account. All changes in

the pension surplus or deficit due to changes in actuarial assumptions are reported in the Statement of Total Recognised Gains and Losses. The rate of employer's contribution on any relevant superannuation scheme is reviewed periodically on the basis of actuarial valuations.

The USS is a multi-employer scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the CSCI represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determined how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

## **5. Employment benefits**

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

## **6. Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## **7. Operating leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## **8. Foreign currency**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Any resulting

translation differences are dealt with in the determination of income and expenditure for the financial year.

## **9. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### **Intangible assets**

Intangible assets are amortised over the remaining estimated economic life of the asset.

### **Land and buildings**

Land and buildings are measured at cost. The University carried out a revaluation of its estate at 1 August 2014 and this fair value has been used as deemed cost. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis.

The economic life bands for building structure and depreciation rates applied are as follows:

Age Bands	Depreciation Rate
1-20 years	5%
21-36 years	3%
36-50 years	2%
Not less than 50 years	2%

The economic life for the mechanical and electrical components and depreciation rates applied are as follows:

Age	Depreciation Rate
5 years	20%
10 years	10%
15 years	7%
20 years	5%

No depreciation is charged on assets in the course of construction.

Income from the sale of property is recognised on completion of the contract.

### Equipment

Expenditure on items or groups of items of equipment, furniture and software costing more than £25,000 is capitalised, and then depreciated on a straight line basis over a three year period. Items or groups of items costing less than £25,000 are written off in the year of acquisition.

### 10. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### 11. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 12. Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

- The University has a present obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow

of resources will be required or the amount of the obligation cannot be measured reliably.

### 13. Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

### 14. Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. No provision for corporation tax or income tax (deferred or otherwise) is therefore considered necessary. The University receives no similar exemption in respect of Value Added Tax ("VAT"). As a result, the major part of VAT paid by the University is irrecoverable, since the provision of education is an 'exempt' activity for VAT purposes. The subsidiaries of the University are potentially liable to both corporation tax and VAT.

# Consolidated Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017

	Note	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Income</b>					
Tuition fees and education contracts	1	185.2	185.2	179.6	179.6
Funding body grants	2	20.5	20.5	26.3	26.3
Research grants and contracts	3	12.0	12.0	12.0	12.0
Other income	4	38.7	38.7	39.6	39.6
Investment income	5	0.7	0.7	0.8	0.8
<b>Total income</b>		<b>257.1</b>	<b>257.1</b>	258.3	258.3
<b>Expenditure</b>					
Staff costs	6	(151.1)	(151.1)	(142.4)	(142.4)
Other operating expenses		(74.3)	(74.5)	(79.6)	(79.9)
Depreciation	10	(15.1)	(14.8)	(12.4)	(12.1)
Interest and other finance costs	7	(5.2)	(5.2)	(3.6)	(3.6)
<b>Total expenditure</b>	8	<b>(245.7)</b>	<b>(245.6)</b>	(238.0)	(238.0)
<b>Surplus for the year</b>		<b>11.4</b>	<b>11.5</b>	20.3	20.3
Actuarial gain/(loss) in respect of pension schemes	20	10.4	10.4	(50.0)	(50.0)
<b>Total comprehensive income/(expenditure) for the year</b>		<b>21.8</b>	<b>21.9</b>	(29.7)	(29.7)
Represented by:					
Endowment income for the year		0.7	0.7	(0.4)	(0.4)
Unrestricted comprehensive (expenditure)/income for the year		21.1	21.2	(29.3)	(29.3)
		<b>21.8</b>	<b>21.9</b>	(29.7)	(29.7)
<b>Surplus/(Deficit) for the year attributable to the University</b>		21.8	21.9	(29.7)	(29.7)
<b>Total comprehensive income/(expenditure) for the year attributable to the University</b>		21.8	21.9	(29.7)	(29.7)

All items of income and expenditure relate to continuing activities.

# Consolidated and University Balance Sheet for the year ended 31 July 2017

	Note	As at 31 July 2017		As at 31 July 2016	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Non-current assets</b>					
Intangible assets	9	1.1	1.1	-	-
Fixed assets	10	614.1	605.1	582.5	573.2
Investments	11	-	12.7	-	12.7
		<b>615.2</b>	<b>618.9</b>	582.5	585.9
<b>Current assets</b>					
Stock		0.3	0.3	0.2	0.2
Trade and other receivables	12	17.5	17.5	21.2	21.3
Investments	13	93.7	90.1	63.0	60.9
Cash and cash equivalents		27.7	27.6	23.1	21.6
		139.2	135.5	107.5	104.0
Less: Creditors:					
Amounts falling due within one year	14	(66.3)	(66.2)	(72.3)	(72.2)
<b>Net current assets</b>		<b>72.9</b>	<b>69.3</b>	35.2	31.8
<b>Total assets less current liabilities</b>		<b>688.1</b>	<b>688.2</b>	617.7	617.7
Creditors:					
Amounts falling due after more than one year	15	(114.7)	(114.7)	(64.1)	(64.1)
<b>Provision for liabilities and charges</b>					
Other provisions	16	(1.1)	(1.1)	(1.2)	(1.2)
Pension liability	20	(130.8)	(130.8)	(132.7)	(132.7)
<b>Total net assets</b>		<b>441.5</b>	<b>441.6</b>	419.7	419.7
<b>Restricted reserves</b>					
Endowment and prize fund		3.2	3.2	3.9	3.9
<b>Unrestricted reserves</b>					
Income and expenditure reserve		142.6	142.7	116.5	116.5
Revaluation reserve		295.7	295.7	299.3	299.3
		438.3	438.4	415.8	415.8
<b>Total reserves</b>		<b>441.5</b>	<b>441.6</b>	419.7	419.7

The financial statements were approved by the Governing Body on 15 November 2017 and were signed on its behalf on that date by:



**Professor Steve West**  
Vice-Chancellor



**Sonia Mills**  
Chair of Board of Governors

# Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2017

Consolidated	Restricted reserves	Unrestricted reserves		Total £m
	Endowment and prize fund £m	Income and expenditure reserve £m	Revaluation reserve £m	
<b>Balance at 1 August 2015</b>	<b>4.3</b>	<b>142.1</b>	<b>302.9</b>	<b>449.3</b>
Surplus for the year	-	20.3	-	20.3
Other comprehensive expenditure	0.6	(49.5)	-	(48.9)
Release of capital fund in the year	(1.0)	3.6	(3.6)	(1.0)
	(0.4)	(25.6)	(3.6)	(29.6)
<b>Balance at 1 August 2016</b>	<b>3.9</b>	<b>116.5</b>	<b>299.3</b>	<b>419.7</b>
Surplus for the year	-	11.4	-	11.4
Other comprehensive income	-	10.4	-	10.4
Transfers between Prize fund and income and expenditure reserves	(0.7)	0.7	-	-
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)	-
<b>Total comprehensive income for the year</b>	<b>(0.7)</b>	<b>26.1</b>	<b>(3.6)</b>	<b>21.8</b>
<b>Balance at 31 July 2017</b>	<b>3.2</b>	<b>142.6</b>	<b>295.7</b>	<b>441.5</b>
<b>University</b>				
<b>Balance at 1 August 2015</b>	<b>4.3</b>	<b>142.6</b>	<b>302.9</b>	<b>449.8</b>
Surplus for the year	-	20.3	-	20.3
Other comprehensive expenditure	0.6	(50.0)	-	(49.4)
Release of capital fund in the year	(1.0)	3.6	(3.6)	(1.0)
	(0.4)	(26.1)	(3.6)	(30.1)
<b>Balance at 1 August 2016</b>	<b>3.9</b>	<b>116.5</b>	<b>299.3</b>	<b>419.7</b>
Surplus for the year	-	11.5	-	11.5
Other comprehensive income	-	10.4	-	10.4
Transfers between Prize fund and income and expenditure reserves	(0.7)	0.7	-	-
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)	-
<b>Total comprehensive income for the year</b>	<b>(0.7)</b>	<b>26.2</b>	<b>(3.6)</b>	<b>21.9</b>
<b>Balance at 31 July 2017</b>	<b>3.2</b>	<b>142.7</b>	<b>295.7</b>	<b>441.6</b>

# Consolidated Cash Flow for the year ended 31 July 2017

	Note	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
<b>Cash flow from operating activities</b>			
Surplus for the year		<b>11.4</b>	20.3
<b>Adjustment for non-cash items</b>			
Depreciation	10	15.1	12.4
Decrease in debtors	12	1.6	1.0
(Decrease)/Increase in creditors	14	(9.0)	1.6
Increase in pension provision		8.4	6.0
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(0.7)	(0.8)
Interest payable	7	2.0	0.8
Endowment income		(0.8)	(0.6)
Capital grant income	2	(3.0)	(9.5)
<b>Net cash inflow from operating activities</b>		<b>25.0</b>	31.2
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		2.2	2.2
Capital grant receipts	2	3.0	9.5
Placement of deposits	13	(30.7)	(2.0)
Payments made to acquire fixed assets	10	(46.9)	(64.3)
Payments made to acquire intangible assets	9	(1.1)	-
Investment income	5	0.7	0.8
		<b>(72.8)</b>	(53.8)
<b>Cash flows from financing activities</b>			
Repayments of amounts borrowed	15	(6.3)	(4.1)
New bank loans		60.0	-
Endowment cash received		0.8	(1.0)
Interest paid	7	(2.0)	(0.8)
Repayments of finance lease	15	(0.1)	(0.5)
		<b>52.4</b>	(6.4)
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<b>4.6</b>	(29.0)
<b>Cash and cash equivalents at beginning of the year</b>		23.1	52.1
<b>Cash and cash equivalents at end of the year</b>		<b>27.7</b>	23.1
		<b>4.6</b>	(29.0)

# Notes to the Financial Statements

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	125.7	125.7	119.8	119.8
Full-time international students	22.8	22.8	21.8	21.8
Part-time students	8.1	8.1	8.5	8.5
Health education contracts	23.2	23.2	24.4	24.4
Short courses	5.4	5.4	5.1	5.1
	<b>185.2</b>	<b>185.2</b>	179.6	179.6
<b>2 Funding body grants</b>				
Higher Education Funding Council	17.1	17.1	16.3	16.3
National College for Teaching and Leadership	0.4	0.4	0.5	0.5
Capital grant–HEFCE	1.9	1.9	1.7	1.7
Capital grant–Local Enterprise Partnership	1.1	1.1	4.5	4.5
Capital grant–Business Innovation and Skills	-	-	3.3	3.3
	<b>20.5</b>	<b>20.5</b>	26.3	26.3
<b>3 Research grants and contracts</b>				
Research councils	3.0	3.0	3.4	3.4
Research charities	1.3	1.3	1.4	1.4
EU Commission	1.9	1.9	2.4	2.4
Other research grants and contracts	5.8	5.8	4.8	4.8
	<b>12.0</b>	<b>12.0</b>	12.0	12.0
<b>4 Other operating income</b>				
Residences, catering and conferences	21.2	21.2	19.7	19.7
Other services rendered	3.5	3.5	5.1	5.1
Franchise payments	5.4	5.4	4.0	4.0
Commercial rent receivable	1.1	1.1	1.0	1.0
Other income	7.5	7.5	9.8	9.8
	<b>38.7</b>	<b>38.7</b>	39.6	39.6
<b>5 Investment income</b>				
Interest receivable	<b>0.7</b>	<b>0.7</b>	0.8	0.8
<b>6 Staff costs</b>				
Salaries	121.6	121.6	115.9	115.9
Social security costs	11.0	11.0	9.3	9.3
Employers' pension costs	18.5	18.5	17.2	17.2
	<b>151.1</b>	<b>151.1</b>	142.4	142.4

# Notes to the Financial Statements (continued)

	<b>Year ended 31 July 2017</b>	Year ended 31 July 2016
<b>6 Staff costs (continued)</b>		
<b>Emoluments of the Vice-Chancellor</b>	<b>£</b>	<b>£</b>
Salary	254,120	251,356
Performance related pay	25,412	25,135
Subtotal	279,532	276,491
Benefits	637	634
Employers' pension costs (on the same basis as all staff)	45,843	38,144
	<b>326,012</b>	315,269

The performance related pay was awarded by measurements against a set of targets set by the University's Board of Governors.

<b>Average staff numbers (FTE) by major category:</b>	<b>Numbers</b>	Numbers
Academic	1,434	1,402
Learning and support services	254	238
Other support services	330	341
Administration and central services	695	695
Premises	167	160
	<b>2,880</b>	2,836

<b>Remuneration of other higher paid staff</b>	<b>Numbers</b>	Numbers
£100,000 to £109,999	1	2
£110,000 to £119,999	3	5
£120,000 to £129,999	3	2
£130,000 to £139,999	1	-
£140,000 to £149,999	-	2
£150,000 to £159,999	1	1
£160,000 to £169,999	1	-

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Remuneration paid to key management personnel and included in staff costs are:

	<b>Year ended 31 July 2017</b>	Year ended 31 July 2016
	<b>£</b>	<b>£</b>
Remuneration paid to key management personnel	<b>1,364,468</b>	1,466,435
	<b>Numbers</b>	
Compensation for loss of office (to staff earning over £100,000)	2	-

# Notes to the Financial Statements (continued)

## 6 Staff costs (continued)

### Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being primarily drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

These financial statements reflect the following transactions with related parties, which were undertaken on arms' length basis and under normal commercial terms.

Name of organisation	Nature of interest	Detail	(Income)/ expenditure £000	(Debtor)/ creditor £000
<b>Council of Bristol Zoological Society</b>	UWE Bristol Governor and Pro Vice Chancellor is a member of the Council.	Provision of courses.	541	-
<b>Kaplan Holborn College</b>	Deputy Vice Chancellor and Provost is an Academic Board member.	Provision of courses.	(872)	(463)
<b>UWE Students' Union</b>	President of the Students' Union is a Governor of the UWE Bristol board.	Hire of University facilities and catering by the Students' Union, the University provides block grant and sports hall grant.	1,249	51
<b>Wallscourt Foundation (including Bristol Polytechnic Enterprises (Developments) Limited)</b>	Vice-Chancellor acts as director and trustee.	Provision of grants, donations and other property related transactions.	(648)	-
<b>Wessex Water</b>	UWE Bristol Governor acts as Non-Executive Director.	Water and sewerage charges.	160	-
<b>Weston College</b>	UWE Bristol Pro Vice-Chancellor acts as a governor.	Franchise agreement.	1,284	(86)

### Expenses paid to trustees

Members of the Board of Governors, the trustees of the University do not receive any remuneration for their service on the Board. Those trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as trustees in accordance with the University's financial regulations. In 2016/17 a total of £2,462 (2015/16: £3,358) for expenses, including retirement gift £260 (2015/16: £Nil), were paid to or on behalf of six trustees. This covered: travel expenses to meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events and subscriptions and costs of publications to inform them in carrying out their role.

# Notes to the Financial Statements (continued)

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>7 Interest and other finance costs</b>				
Loan interest	2.0	2.0	0.8	0.8
Net finance charge on pension scheme deficit	3.2	3.2	2.8	2.8
	<b>5.2</b>	<b>5.2</b>	3.6	3.6

<b>8 Analysis of total expenditure by activity</b>				
Academic and related expenditure	132.3	132.3	133.5	133.5
Administration and central services	44.9	44.8	39.9	39.9
Premises	32.8	32.8	32.3	32.3
Residences, catering and conferences	18.1	18.1	15.0	15.0
Research grants and contracts	7.9	7.9	8.0	8.0
Other expenses	9.7	9.7	9.3	9.3
	<b>245.7</b>	<b>245.6</b>	238.0	238.0

<b>Other operating expenses include:</b>	Year ended	Year ended
	31 July 2017 £000	31 July 2016 £000
<b>Group and University</b>		
External auditors – audit services	56	55
External auditors – non-audit services	-	-
Internal auditors	120	91
Operating lease rentals	1,364	1,679
	<b>1,540</b>	1,825

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>9 Intangible assets</b>				
Opening balance	-	-	-	-
Additions: In the course of construction	1.1	1.1	-	-
Amortisation charge for the year	-	-	-	-
<b>Closing balance</b>	<b>1.1</b>	<b>1.1</b>	-	-

# Notes to the Financial Statements (continued)

## 10 Fixed assets

<b>Consolidated</b>	<b>Freehold land and buildings £m</b>	<b>Equipment £m</b>	<b>Assets in the course of construction £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>				
At 1 August 2016	534.9	18.4	68.7	622.0
Additions	22.6	6.3	18.0	46.9
Transfers	68.5	-	(68.5)	-
Disposals	(1.1)	(1.4)	(0.2)	(2.7)
<b>At 31 July 2017</b>	<b>624.9</b>	<b>23.3</b>	<b>18.0</b>	<b>666.2</b>
<b>Depreciation</b>				
At 1 August 2016	22.6	16.9	-	39.5
Charge for the year	13.4	1.7	-	15.1
Disposals	(1.1)	(1.4)	-	(2.5)
<b>At 31 July 2017</b>	<b>34.9</b>	<b>17.2</b>	<b>-</b>	<b>52.1</b>
<b>Net book value</b>				
<b>At 31 July 2017</b>	<b>590.0</b>	<b>6.1</b>	<b>18.0</b>	<b>614.1</b>
<b>At 31 July 2016</b>	<b>512.3</b>	<b>1.5</b>	<b>68.7</b>	<b>582.5</b>
<b>University</b>				
	<b>Freehold land and buildings £m</b>	<b>Equipment £m</b>	<b>Assets in the course of construction £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>				
At 1 August 2016	523.7	17.0	68.7	609.4
Additions	22.6	6.3	18.0	46.9
Transfers	68.5	-	(68.5)	-
Disposals	(1.1)	(1.4)	(0.2)	(2.7)
<b>At 31 July 2017</b>	<b>613.7</b>	<b>21.9</b>	<b>18.0</b>	<b>653.6</b>
<b>Depreciation</b>				
At 1 August 2016	20.5	15.7	-	36.2
Charge for the year	13.1	1.7	-	14.8
Disposals	(1.1)	(1.4)	-	(2.5)
<b>At 31 July 2017</b>	<b>32.5</b>	<b>16.0</b>	<b>-</b>	<b>48.5</b>
<b>Net book value</b>				
<b>At 31 July 2017</b>	<b>581.2</b>	<b>5.9</b>	<b>18.0</b>	<b>605.1</b>
<b>At 31 July 2016</b>	<b>503.2</b>	<b>1.3</b>	<b>68.7</b>	<b>573.2</b>

Under the provisions of FRS102, the University's land and buildings are stated at deemed costs, of £500.4m (2016: £500.4m). This is based on revaluation as at 31 July 2014 by a professional firm of Chartered Surveyors on the basis of fair value (market value on existing use) or depreciated replacement cost basis (for specialised properties).

Freehold land and buildings includes land at valuation of £20.8m, and is not depreciated.

Disposals include elimination of demolished buildings.

# Notes to the Financial Statements (continued)

	<b>Year ended 31 July 2017</b>	Year ended 31 July 2016
	<b>£m</b>	£m
<b>10 Fixed assets (continued)</b>		
Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:		
Cost	0.1	4.2
Accumulated depreciation	(0.1)	(3.7)
Charge for year	-	(0.4)
<b>Net book value</b>	<b>(0.0)</b>	<b>0.1</b>

	<b>Year ended 31 July 2017</b>		Year ended 31 July 2016	
	<b>Consolidated</b>	<b>University</b>	Consolidated	University
	<b>£m</b>	<b>£m</b>	£m	£m
Bristol Polytechnic Enterprises Limited	-	12.6	-	12.6
Bristol UWE Sport Limited and Other	-	0.1	-	0.1
	-	<b>12.7</b>	-	12.7

## Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University are as follows:

<b>Company</b>	<b>Principal Activity</b>	<b>Status</b>
Bristol Polytechnic Enterprises Limited	Property Management	100% owned
Currency Supply Chain Solutions Limited	Non Trading	100% owned
Bristol UWE Sport Limited	Non Trading	100% owned
Bristol UWE Health Training Limited	Dormant	100% owned

	<b>Year ended 31 July 2017</b>		Year ended 31 July 2016	
	<b>Consolidated</b>	<b>University</b>	Consolidated	University
	<b>£m</b>	<b>£m</b>	£m	£m
Amounts falling due within one year				
Debtors	14.1	14.1	17.9	17.9
Prepayments and accrued income	3.4	3.4	1.1	1.2
Amounts due from subsidiaries	-	-	-	-
	<b>17.5</b>	<b>17.5</b>	19.0	19.1
Amounts falling due after one year				
Debtors	-	-	2.2	2.2
	<b>17.5</b>	<b>17.5</b>	21.2	21.3

## 13 Investments

Short term bank deposits (maturing one year or less)	<b>93.7</b>	<b>90.1</b>	63.0	60.9
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# Notes to the Financial Statements (continued)

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>14 Creditors: amounts falling due within one year</b>				
Bank and other loans	7.0	7.0	4.0	4.0
Social security and other taxation payable	5.3	5.3	5.0	5.0
Obligations under finance leases	-	-	0.1	0.1
Research grants received in advance	14.2	14.2	11.3	11.3
Other receipts in advance	4.8	4.8	5.9	5.9
Accruals and deferred income	35.0	34.9	46.0	45.9
	<b>66.3</b>	<b>66.2</b>	72.3	72.2

## 15 Creditors: amounts falling due after more than one year

Bank loans	114.6	114.6	63.7	63.7
Revolving Green Fund	0.1	0.1	0.4	0.4
	<b>114.7</b>	<b>114.7</b>	64.1	64.1

### Analysis of bank loans:

Due between one and two years	13.7	13.7	8.0	8.0
Due between two and five years	20.4	20.4	11.4	11.4
Due in five years or more	80.6	80.6	44.7	44.7
<b>Total secured loans</b>	<b>114.7</b>	<b>114.7</b>	64.1	64.1

In 2009, the University contracted a long term bank loan, with Lloyds Bank, of £95m on a repayment basis. The loan matures in March 2034 and in December 2015, Lloyds bank transferred the loan to its wholly owned subsidiary Clerical Medical Investment Group Limited. In March 2016, the University exercised its option on the loan to fix its interest rate to an all-in rate of 1.807%.

In July 2015 the University entered into a loan agreement with the European Investment Bank (EIB) for £60m on a repayment basis over 20 years which was drawn down in September 2016. The loan carries an all interest rate of 1.677% and is repayable by August 2036.

## 16 Other provisions

Consolidated and University	Obligation to fund deficit on USS Pension £m
<b>At 1 August 2016</b>	1.2
Utilised in year	(0.1)
<b>At 31 July 2017</b>	<b>1.1</b>

The assumptions for calculating the USS Provision under FRS102 are as follows:

University and Consolidated	Year ended 31 July 2017	Year ended 31 July 2016
Discount rate	1.85%	1.71%
Salary inflation	2.00%	2.00%

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The University have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

# Notes to the Financial Statements (continued)

## 17 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	31 July 2017		31 July 2016	
	Consolidated £m	University £m	Consolidated £m	University £m
Commitments contracted by the University	5.7	5.7	39.6	39.6

## 18 Contingent liabilities

The University is a member of Universities Mutual Association Ltd (UMAL). UMAL is a discretionary Mutual Association owned by Higher Education and Further Education Institutions. It was formed to provide an alternative to traditional insurance in respect of the layer of claims which historically occur frequently. By self-managing the pool created by retaining funds in respect of such claims, the Members have gained control of costs and pricing, the cover provided, underwriting and claims data. Traditional insurance is purchased in the general insurance market by the Association for catastrophe claims. The Mutual offers all classes of material damage, business interruption and liability covers, together with accident and travel cover. UMAL are based in Bishopsgate, London. The location is close to the City and the world's leading insurance market.

The University is a member of the sector owned mutual UM Association (Special Risks) Ltd (UMSR) which historically provided discretionary indemnities for terrorism risks. It remains a legal entity with a Board dealing with non-cover issues, and to hold, manage and release UMSR reserves in the event of claims for this specific class of cover which has been transferred to UMAL.

## 19 Lease obligations

	31 July 2017 £m	31 July 2016 £m
<b>Future minimum lease payments due:</b>		
Not later than 1 year	0.9	0.9
Later than 1 year and not later than 5 years	2.7	2.3
Later than 5 years	2.2	2.3
<b>Total lease payments due</b>	<b>5.8</b>	<b>5.5</b>

## 20 Pension schemes

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from both the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff, the Avon Pension Fund (administered by Bath and North East Somerset Council) for non-academic staff and the Universities Superannuation scheme (USS). All three schemes are independently administered.

The pension cost for the University was as follows:

	2016/17 £m	2015/16 £m
Teachers' Pension Scheme	8.8	8.3
Avon Pension Fund	9.0	10.9
USS	0.7	0.6
	<b>18.5</b>	<b>19.8</b>

# Notes to the Financial Statements (continued)

## 20 Pension schemes (continued)

### Teachers' Pension Scheme (TPS)

TPS is a government unfunded scheme and therefore no valuation of the fund's assets are published nor attributed to individual institutions. Contributions paid by the University to TPS are assessed and specified at least once every five years by the Government Actuary. During the year, the University's contribution rate was increased from 14.10% to 16.48% in September 2015. Contribution rates for members ranged from 6.40% to 11.29% depending on the staff's full time equivalent pay.

### Avon Pension Fund (APF)

APF is a Local Government Pension Scheme. It is a funded defined benefit scheme, with the assets held in separate trustee funds by the administering authority, Bath & North East Somerset Council which is legally responsible for the fund. The council delegates its responsibility for administering the fund to the APF Committee, which is its formal decision making body.

The total cash contribution made for the year ended 31 July 2017 was £12.3m of which employers' contribution totalled £9.0m and employees' contribution totalled £3.3m. Included in the employers contribution, is the deficit recovery payment made by the University of £2.3m (2016: £2.1m).

APF is valued every three years by a professionally qualified actuary using the projected unit method. The rates of contribution payable were determined by the members of APF Committee on the advice of the actuary. The latest actuarial valuation was at 31 March 2016. At the valuation date, the value of assets was £3,737m and the value of the fund's technical provision was £4,334m resulting in a deficit of £597m. The assets therefore were sufficient to cover 86% of the benefits which had accrued to members after allowing for expected future earnings. This result was an improvement over the previous actuarial valuation in 2013 of £876m deficit and 78% respectively.

It was determined by the actuary that the deficit of the University in the scheme as at 31 March 2016 was £38.0m (2013: £46.4m). Following the valuation, the University agreed with the actuary to continue the recovery plan established in the 2010 valuation which aim to remove the shortfall attributable to members by 2033, by means of deficit recovery payments, from £2.3m in 2017/18 rising to £2.7m in 2019/20.

As a result of the 31 March 2016 valuation, The University's contribution rates to future service have been agreed as follows:

From 1 April 2016	13.5%
From 1 April 2017	14.0%
From 1 April 2018	14.2%

The rates of contribution for staff are banded from 5.5% to 12.5% depending on an individual's full time pay.

Both the contribution rate and the deficit repayment schedule will be reviewed following the next actuarial valuation in 2019.

APF has been accounted for within these financial statements in accordance with the provisions of FRS102. The financial assumptions used to calculate the scheme liabilities are as follows:

	At 31 July 2017 %pa	At 31 July 2016 %pa
Price inflation (CPI)	2.2	1.7
Rate of increase in salaries	3.7	3.2
Rate of increase of pensions	2.2	1.8
Discount rate	2.6	2.5

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	31 July 2017 Years	31 July 2016 Years
Retiring today at age 65: male (female)	23.5 (26.0)	23.5 (26.0)
Retiring in 20 years at age 65: male (female)	26.0 (28.7)	25.9 (28.9)

# Notes to the Financial Statements (continued)

## 20 Pension schemes (continued)

### Scheme assets and expected rate of return for Avon Pension Fund

The assets in the scheme were:

	Fair value as at 31 July 2017 £m	Fair value as at 31 July 2016 £m	Fair value as at 31 July 2015 £m
Equities	121.5	107.7	107.6
Government bonds	28.2	26.0	17.4
Corporate bonds	18.8	20.5	21.9
Property	20.9	20.7	15.7
Cash	3.8	(1.1)	4.3
Other	47.4	39.4	26.7
<b>Total</b>	<b>240.6</b>	<b>213.2</b>	<b>193.6</b>

	31 July 2017 £m	31 July 2016 £m
<b>Analysis of the amount shown in balance sheet for APF:</b>		
Scheme assets	240.6	213.2
Scheme liabilities	(371.4)	(345.9)
<b>Deficit in the scheme – net pension liability</b>	<b>(130.8)</b>	<b>(132.7)</b>

### Amount recorded within other comprehensive income:

Current service cost	(13.9)	(10.6)
Curtailements	(0.2)	(0.3)
<b>Total operating charge</b>	<b>(14.1)</b>	<b>(10.9)</b>

### Analysis of the amount charged to interest and other finance costs:

Interest on pension liabilities	8.6	10.2
Interest on plan assets	(5.4)	(7.4)
<b>Net finance charge</b>	<b>3.2</b>	<b>2.8</b>

### History of experience gains and losses – APF and Ex-gratia pensions

	31 July 2017	31 July 2016	31 July 2015	31 July 2014	31 July 2013
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	16.0	(6.9)	(21.5)	(1.4)	15.5
Percentage of scheme assets	6.7%	3.2%	7.9%	0.8%	9.7%
Experience (gains)/losses on scheme liabilities:					
Amount (£m)	(5.3)	-	-	(1.3)	(4.3)
% of liabilities at end of year	1.4%	-	-	0.5%	1.9%

# Notes to the Financial Statements (continued)

## 20 Pension schemes (continued)

<b>Cumulative actuarial loss recognised as other comprehensive income for Avon Pension Fund</b>	<b>at 31 July 2017 £m</b>	<b>at 31 July 2016 £m</b>
Cumulative actuarial losses recognised at the start of the year	<b>(75.9)</b>	(25.9)
Cumulative actuarial losses recognised at the end of the year	<b>(65.5)</b>	(75.9)
<b>Deficit at beginning of year</b>	<b>(132.7)</b>	(77.3)
Contributions or benefits paid by the University	9.0	8.3
Current service cost	(13.9)	(10.6)
Curtailments or settlements	(0.2)	(0.3)
Other finance charge	(3.4)	(2.8)
Gains/(Losses) recognised in other comprehensive income	10.4	(50.0)
<b>Deficit at end of year</b>	<b>(130.8)</b>	(132.7)
<b>Analysis of movement in the present value of APF and ex-gratia liabilities</b>		
<b>Present value of Avon Pension Fund at the start of the year</b>	<b>345.9</b>	270.9
Current service cost (net of member contributions)	13.9	10.6
Interest on pension liabilities	8.6	10.2
Actual member contributions (including notional contributions)	3.3	3.1
Actuarial loss	5.6	56.9
Curtailments	0.2	0.1
Actual benefit payments	(6.1)	(5.9)
<b>Present value of Avon Pension Fund at the end of the year</b>	<b>371.4</b>	345.9
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>213.2</b>	193.6
Interest on plan assets	5.4	7.5
Remeasurements (assets)	16.0	6.8
Administration expenses	(0.2)	(0.2)
Actual contributions paid by University	9.0	8.3
Actual member contributions (including notional contributions)	3.3	3.1
Actual benefit payments	(6.1)	(5.9)
<b>Fair value of scheme assets at the end of the year</b>	<b>240.6</b>	213.2
<b>Actual return on scheme assets</b>	<b>19.4</b>	14.3

# Notes to the Financial Statements (continued)

## 20 Pension schemes (continued)

### Universities Superannuation Scheme (USS)

The total cost charged to the CSCI is £0.7m (2016: £0.6m). There was an accrual as at 31 July 2017 in respect of these contributions of £0.1m (2016: £0.1m), which was fully paid in August 2017.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the University cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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.

As at 31 March 2017, USS has 190,546 (2016: 180,862) active members. Further disclosure is not made in these financial statements as there are only a small number of 75 (2016: 82) University employees in the scheme.



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