



UNIVERSITY of
BRADFORD

Financial Statements

For the
year ended
31 July 2014



Contents

External Advisers	1
Membership of the Council	2
Operating and Financial Review	3
Statement of Corporate Governance	12
Responsibilities of Governing Bodies	15
Independent Auditors' Report	16
Statement of Principal Accounting Policies	18
Definition of Terms	21
Consolidated Income and Expenditure Account	22
Balance Sheets	23
Consolidated Cash Flow Statement and Reconciliation of Net Cash Flow to Movement in Net Funds	24
Statement of Consolidated Total Recognised Gains and Losses	25
Notes to the Financial Statements	26

We can arrange for this material to be transcribed into an accessible format such as Braille, large print, E-text (compatible with screen-reading software) or digital audio such as CD.

Please contact Finance on
01274 233128

The University of Bradford - **Confronting Inequality: Celebrating Diversity™**
The University of Bradford is committed to promoting equality, diversity and an inclusive and supportive environment for students, staff and others closely associated with the University in conformity with the provisions of its Charter.

External Advisers

External Independent Auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

Internal Auditors

uniac
Armstrong House
Oxford Road
Manchester
M1 7ED

Legal Advisors

Eversheds LLP
Cloth Hall Court
Infirmary Street
Leeds
LS1 2JB

Main Bank

Lloyds Bank
Bradford City Centre Branch
45 Hustlergate
Bradford
BD1 1NT

Membership of the Council for 2013/2014

Ex-Officio Members

Pro-Chancellors:

Mr P Jagger (2015)

Pro-Chancellor and Treasurer:

Mr R Clark (2017)

Vice-Chancellor and Principal:

Professor B Cantor - appointed 1 October 2013

Deputy Vice-Chancellor:

Mrs S Kershaw (resigned February 2014)

Professor B Winn

Appointed Members

By the City of Bradford:

Councillor K Hussain (2014)

By the Court:

Mr M Bell (2014)

By the Senate:

Professor C Gale (resigned December 2013)

Professor S Congdon (2016)

Ms S Marsh (2016)

Dr C Oltean-Dumbrava (2016)

Student Member

Mr R Cullen (2014)

Mr P Shortis (2014)

Co-opted Members

Mr M Cole (2015)

Ms S Needham (2015)

Ms R Pickard (2015)

Mr A Reeves (2016)

Ms S Smith (2015)

Ms V Steele (2014)

Mr T Higgins (2015)

Mr K Bates (2016)

Mr S Khan (2016)

Graduate of the University

Mr M Pandor (2016)

Non-Academic Staff

Mr J Fairhill (2014)

The date of the end of the term of office is 31st July in whichever year is shown in brackets after the name of the member, unless otherwise stated.

Operating and Financial Review for the year ended 31 July 2014

Aims and objectives

The overall aim of the University is that set out in its Charter, namely "the advancement of learning and knowledge and the application of knowledge to human welfare and in particular (although without prejudice to the generality of the foregoing) study and research in liberal, professional, scientific and technological disciplines in an environment of equality and diversity; it shall collaborate for the furtherance of these objects with industry, commerce, the professions and other institutions; in addition to its national and international roles, it shall have a particular commitment to the economic and educational well-being of the city, district and region of Bradford."

Scope of accounts

The Council of the University of Bradford presents the financial results of the University for the year ended 31 July 2014. The results of Inprint & Design Limited, a joint venture between the University and Bradford College are also included.

Corporate Strategy

Since joining the University of Bradford in October 2013, the Vice Chancellor, Professor Brian Cantor, has met with colleagues from every School and Directorate to talk them about his first impressions of the University and of his thoughts for the future. These thoughts have been developed into the first draft of a new Corporate Strategy looking forward for the next ten years for the University of Bradford.

A range of focus groups and feedback opportunities have been held to allow staff and students of the University to get involved with shaping the future of the University of Bradford. The draft Strategy will also be discussed through the various Committees of the University and the final draft will be approved by Council for implementation in September 2015.

In the interim period the University has operated under the Making Knowledge Work 2016 strategy. This set out that by 2016 the University will:

- Be a University of choice for students and staff
- Be a leading provider of education for the professions
- Have research with international impact
- Continue to contribute to the society and economy of the Bradford district as a strong and successful University, stimulating

regeneration through targeted interventions and relationships

- Secure world-class partnerships in teaching and research, through a selective, smaller number of quality partnerships
- Build on areas of existing strength and withdraw from areas that cannot be competitive
- Harness and celebrate the University of Bradford's impact on health
- Be financially sustainable in our activities

External Context

The world economy

The nature of the world economy has changed dramatically in the 21st century. Free movement of goods, money and information has created a global market in information, technological know-how and services. Economic success now depends on the generation and exploitation of knowledge, and most countries are competing aggressively to build up a knowledge economy.

The role of universities

Universities have also changed dramatically. They used to be ivory towers for abstract teaching, reflective scholarship and fundamental research. Now they play the key role in the knowledge economy, as the creators of wealth and the motors for economic and social change. The most important universities are technology-based with strong links to industry, business and the professions.

Global challenges

The world in the 21st century is facing major challenges, unlike any it has seen before. Problems such as ill-health, poverty, climate change, energy and water supply, food security and terrorism are global, systemic and complex, requiring for their solution a deep understanding of science, engineering and social, political and cultural behaviour. Universities, and in particular technology universities, are essential to do the research which will provide this understanding, and to teach the next generations of world leaders who will grapple with these problems and find the solutions.

Britain's position

The UK government is beginning to understand some of these issues, as shown by the 10 year science and innovation framework and the new industrial policy. In the North,

we must seize our own destiny and build a knowledge economy, based on our outstanding universities and the talent and hard work of our people.

Britain's universities

The global financial collapse of 2008, the world economic downturn and the UK's austerity programme are all driving increased competition for student recruitment and research funding. British universities must concentrate on their key strengths if they are to compete effectively and do well. There are great opportunities in UK sectors such as manufacturing and health, and in overseas student and business markets.

The University of Bradford

Our vision

We want the University of Bradford to be a world leader in:

- (a) the creation of knowledge through fundamental and applied research;
- (b) the dissemination of knowledge by teaching students from all backgrounds;
- (c) the application of knowledge for the prosperity and well-being of people.

Making Knowledge Work

This vision is summarised well in the phrase **Making Knowledge Work**. On the one hand, cutting-edge research underpins knowledge transfer into productive capacity, leading to the creation of new jobs. On the other hand, high quality university teaching produces educated self-learners, whose career prospects are substantially enhanced.

The Technology University of the North

The University of Bradford is a technology university. It began as the Bradford Institute of Technology. A broad definition of technology is that it is the application of knowledge to create goods and value. We believe in doing research and teaching in vocational and professional subjects, to deliver economic development and job creation, and career opportunities for our students. Our strengths correspond well with this vision, in the physical sciences and engineering, life sciences and health services, management and business, and international relations, politics and societal impact. We want Bradford to be known worldwide as **The Technology University of the North**.

Many of the best universities in the world are technology universities: the IITs in India; the technical universities TU Munich and TU Berlin in Germany; the Grands Écoles in France; KAIST, Postech, HKUST and NTU in the Far East; and MIT, Caltech and Georgia Tech in the USA. The UK has strong technology universities in the South and Midlands, such as Imperial, Bath, Surrey and Loughborough. But Bradford is the only focused, research intensive, technology university in the North of England.

Our values

Our vision needs to be realised in a complex external context described above, and in line with our underlying fundamental values, which include the following:

- (a) we encourage participation and openness;
- (b) we encourage creativity and innovation;
- (c) we support academic freedom and the tolerance of diverse points of view;
- (d) we aim to provide equal opportunities for all staff and students to achieve their full potential;
- (e) we apply the best ethical standards in everything we do.

Strategic Objectives

The University of Bradford's strategy has four overarching objectives:

- (a) excellence
- (b) internationalisation
- (c) inclusivity
- (d) sustainability

These objectives will help us achieve our vision, within the context of the external environment, at the same time as maintaining our fundamental values. They will act as guidelines for our future development, and will be used to prioritise activities over the next 5-10 years.

Excellence

Academic and operational excellence should be a hallmark of all our activities. We will:

- (a) recruit high quality staff and students;
- (b) enhance the quality of the campus and its facilities, in particular the IT infrastructure, as befits a technology university;
- (c) collaborate, wherever possible, with other excellent universities, institutes, laboratories, companies and funders.

Overall we aim to do **Cutting-Edge Research and Knowledge Transfer**, and to put **Students at the Heart of Learning**.

Internationalisation

Universities participate in the global market as drivers of the knowledge economy. We need to be internationally involved and internationally visible. We will:

- do research that impacts on policymakers and business leaders worldwide;
- deliver teaching that prepares students to become leaders in the global economy;
- create opportunities for international exchange with partners overseas.

We aim to be a university where international teachers and researchers want to work, and overseas students want to study. We aim to be a top global technology university.

Inclusivity

The University of Bradford is well known for its inclusivity, friendliness, interdisciplinarity and support for students and staff from black and minority ethnic backgrounds. We believe that a vibrant intellectual atmosphere derives from a mix of people from different backgrounds. We will:

- recruit students and staff from all regions and countries, all ethnic and social backgrounds, at all ages and all levels;
- develop a varied programme mix, and a welcoming and supportive environment;
- encourage cross-disciplinary research and teaching, both within Bradford and externally with partners;
- build links with the city and region, as well as nationally and internationally.

We believe in a campus that is **International and Diverse**.

Sustainability

We aim to balance social, financial and environmental concerns. We want people and society to benefit from our activities, while ensuring financial viability by maintaining surpluses and cash flow, and minimising environmental impacts. There is no merit in running an outstanding university which becomes financially insolvent or destroys the environment. We are proud of having **A World-Leading Eco-Campus**. We will:

- promote integrated planning of our financial and human resources;

- minimise and recycle waste, increase biodiversity, promote energy-efficient transport, and reduce carbon output wherever possible;
- undertake and act on regular assessments of our environmental impact.

Our key messages are:

- Our outstanding teaching and research are **Making Knowledge Work**.
- We want to be known as **The Technology University of the North**.
- We believe in doing **Cutting-Edge Research and Knowledge Transfer**.
- We believe in putting **Students at the Heart of Learning**.
- We believe in the intellectual vibrancy of being **International and Diverse**.
- We are proud to have **A World-Leading Eco-Campus**.

Public benefit

The University of Bradford is an exempt charity under the terms of Charities Act 2011. In setting and reviewing the University's objectives and activities, Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

The University provides public benefit through delivery of its teaching of students at undergraduate and postgraduate level, by enhancing knowledge through its research and through effective transfer of knowledge. The current distinctiveness of the University within the higher education sector places it within a small group of higher education institutes that are both research engaged, businesses focussed, have significant commercialisation of research, major knowledge transfer relationships, and breadth and diversity in the student population. The University continues to provide the environment and support for excellent graduate employment rates, and is regularly ranked highly for employed graduates obtaining professional and managerial jobs. In support of our access and student success aims, a wide range of scholarships and bursaries are available to enable participation by those students who would not otherwise be able to afford to study at the University, resulting in a diverse population with significant proportions of ethnic minority, mature, disabled, and international students.

Our distinctiveness is integrally linked to delivering public benefit through acting in a socially responsible manner. For the University this means the way that we manage our impact upon society and the environment through our operations, teaching, research, knowledge transfer and other services provided, and also through our interactions with our key stakeholders such as our students and employees, our investors and funders, our partners, suppliers and our communities. Our expectations for a learning and working environment are based upon the principles of self-respect and tolerance, respecting and valuing difference, and promoting wellbeing. Recruiting high quality students and staff from diverse backgrounds and supporting them to become outstanding is a key feature of our ongoing approach to developing and sustaining excellence.

Education for sustainable development has been a key feature of the University's approach to curriculum design. Sustainable development was introduced as a University core value in 2009 using organisational learning principles. Over the past five years we have developed curricula and pedagogy that have aimed to enhance graduates' capabilities to contribute to sustainable and just societies. We aim to further develop our approach to education for sustainable development with our strategic and operational partnerships across the professional, business and community sectors. Our aim is to promote a culture of ethically, sustainably, and socially responsible living, learning and working, within an environment that is free from unacceptable or unreasonable behaviour.

The University of Bradford is proud to be a part of the City of Bradford, the District and the City Region. We believe that through collaboration we can contribute positively to some of the important activities and issues for developing the District, and also to the local and regional economy. We do this, in part, by creating effective partnerships, both formal and informal, with stakeholders in the district in the voluntary, public and private sector, together with active involvement with the district's Schools through a range of interventions, including the Childrens' and Junior University. We have a number of strategic partnerships with Schools in the area, as lead educational trustee at Buttershaw Business and Enterprise College and Tong High School and lead sponsor of University Academy Keighley. Many of our staff are active as school

governors, or as representatives in networks across the City, district and region, we have a programme of public lectures and exhibitions, accessible to the community.

Financial Highlights

i. Income and Expenditure Account

The University has made a surplus for the year of £2.5M. Total income has again increased as a result of changes made to the fee regime in 2012. Total expenditure has increased primarily as a result of staffing changes and upgrades to systems.

The University's results are summarised below:

The University's results are summarised below:		
	2013-14	2012-13
	£000	£000
Total Income	131,492	128,364
Total Expenditure	129,203	122,112
Surplus after depreciation	2,289	6,252
Transfer from endowments and tax	196	113
Surplus for the year	2,485	6,365

Income has increased by 2.4% from the previous year. The main reasons for this are:

Funding body grant income has decreased by 20.6%. The decrease in funding primarily relates to a decrease in recurrent teaching and research funding.

Tuition fee and educational contract income has increased by 13.2%. This is due to the ongoing change in tuition fee regime relating to home students.

Research grants and contract income has risen by 4.0%, reflecting the continued difficult economic conditions.

Other income has fallen by 1.1%. A number of programmes for which the University has previously received validation fee income have now taught out, contributing to this decrease.

Endowment and investment income has risen by 37.5%. This is predominantly due to an increase of £0.5M in pension finance income.

Total expenditure for the year has increased by 5.8%

Staff costs, excluding FRS17 Pension adjustments, have increased by 3.4%. Staff costs before FRS17 represented 54.5% (2013: 54.0%) of turnover. After FRS17 they represented 55.4% (2013: 54.9%) of turnover. This compares to a target figure of 55%.

Operating costs have increased by 10.5%. The major changes in the year relate to:

Consumables and laboratory expenditure, which has increased by 18.0%. This is predominantly a result of increased software costs in the year, which have arisen due to upgrades to the Blackboard and SAINT systems.

Casual staff costs have increased by 24.2%, due to short term requirements arising from internal restructures.

Postage, advertising, printing and stationery costs have risen by 31.3% as a result in significantly increased levels of online marketing.

Equipment and furniture costs have increased by 16.2% due to the refurbishment of general teaching areas.

Other operating costs have risen by 27.2%, primarily as a result of exchange losses in the year.

The remaining costs are in line with the previous year.

ii. Balance Sheet

The University's net assets have increased by £10.8M in the year. This is due to a decrease in the University's pension liability, as stated under FRS 17 assumptions, from £22.7M to £15.9M, together with the operating result for the year.

Additions to fixed assets include £3.4M of equipment to support research in to Engineering Technologies and Advanced Materials for Health. A further £1.4M has been spent on cladding the Richmond Building.

The value of the **long term investment portfolio** managed by Newton Investment Management Limited rose steadily throughout the year to reach a value of £13.9M by July.

Cash and short-term investment balances have increased by £1.6M to £37.9M in the year. The cash generated by the University's operating activities has, in part, been offset by capital expenditure.

Debtors falling due after more than one year have fallen by £1.4M as the outstanding amount due in respect of investments has been received. Debtors falling due within one year have increased by £1.4M, primarily as a result of the timing of receipts from collaborative partners.

Creditors falling due within one year have remained in line with the previous year.

Long-term creditors represent the University's external borrowings. These have decreased by £0.9M in the year as a result of scheduled capital repayments.

The provision for premature retirement has decreased by £0.4M. This reflects payments due to the USS and WYPF in respect of staff who have left the University under Voluntary Severance Schemes.

There is again a large decrease in the **pension liability** this year. Changes in the assumptions regarding rates of increase in both salaries and future pensions have driven this movement.

iii. Cash Flow

The University's analysis of net funds (note 31) shows a decrease of £1.2M in the University's net cash position, and an increase of £2.8M in cash held on deposit. The net cash inflow from operating activities is positive at £6.4M, and comfortably meets the University's financial covenants with both its bankers and with HEFCE.

Review of the Year

As the University anticipates its 50th anniversary year in 2016 the past year has seen tremendous progress towards its long-term ambition to become one of the leading, research-intensive technology universities of the world.

Pivotal was the appointment of Brian Cantor CBE as Vice-Chancellor. Professor Cantor joined Bradford from the University of York where he led the Heslington East campus development as well as increasing the University's international footprint and profile, particularly in China and the Far East. Immediately after his arrival, he began implementing his vision of the University

being recognised as a world leader in cutting-edge research, knowledge transfer and, through outstanding teaching, producing graduates who will make a difference to people and society.

During the academic year 2013/14 the University was part of a number of great successes. One major success saw a University-led partnership win £3.8m from the Department of Business Innovation and Skills (BIS) to establish a University Enterprise Zone in digital health innovation in the city, one of only four bids to be selected for funding across the UK.

The successful bid brings together the University of Bradford, BT, the City of Bradford Metropolitan District Council, and NHS organisations including the three Bradford NHS Trusts - Airedale, Bradford Teaching Hospitals and Bradford District Care Trust - to cement the Leeds City Region as a UK hotbed of digital health innovation. Additional funding of some £8.3m from the partners brings the total funding for the initiative to over £12m.

For BIS, the aim of University Enterprise Zones is to encourage universities to strengthen their roles as strategic partners in local economic growth through leadership in innovation and skills. The Zones, which cover a range of industry sectors, are intended to develop incubator and 'grow-on' space for knowledge-intensive businesses in locations that encourage them to interact and innovate with universities in a sustainable way. BIS invited eight City Regions to compete for funding through the pilot programme.

The first phase of the Digital Health Zone will see the creation of two complementary innovation spaces in the centre of Bradford over the next three years.

The University continued to be highly successful in winning high-profile research funding.

The Bradford Dementia Group secured £2.4m of funding from the National Institute for Health Research Health Technology Assessment (NIHR HTA) Programme to conduct a four-year national study into the quality of care for people living with dementia in care homes.

The Dementia Group was also awarded £60,000 by the Department of Health to support the delivery and development of a

Postgraduate Course for Practitioners with a special interest in dementia. This innovative new programme will directly address Government priorities for early diagnosis and support for people with dementia. GPs, practice nurses, nurse practitioners, nurse consultants and staff working in memory assessment services in clinical commissioning groups are among those who will benefit from this exciting programme.

Archaeologists from the University were also selected to receive £1.9m in funding from the Arts and Humanities Research Council (AHRC) to revolutionise landscape, site and artefact analysis by applying new digital recording methods and computer analysis to fields that are traditionally labour intensive.

These new technologies will enable faster analysis of artefact fragments and complex surface scatters, which can then be reconstructed automatically using new computer software. This will allow the further exploration of archaeological remains on an unprecedented scale and lead to a better understanding of prehistoric behaviour and human evolution.

The Centre for Pharmaceutical Engineering Science (CPES) secured funding from the Yorkshire Innovation Fund (YIF) for a new two year strategic intervention programme in green processing technologies and the Ford motor company has provided a student scholarship worth £10,000 to the University. The University's outstanding research will take centre stage at the British Science Festival in 2015 when it hosts the festival on Campus. The British Science Festival is one of Europe's biggest science festivals and brings together over 350 leading scientists for a week of ground-breaking science, technology and innovation.

The £6m re:centre reached completion. Housed within the Bright Building, it is an exciting and dynamic space designed for businesses to collaborate with the University. The building has been designed with latest environment techniques and materials and aims to inspire the design and redesign of products, services and infrastructure to deliver radical new business solutions. It will provide help for business to access leading edge research and academic experts and provides flexible, collaborative office space for small and medium sized enterprises (SMEs).

The University also hosted a three-day conference on the Circular Economy with the Ellen MacArthur Foundation focussing on discussion and interaction with all those interested in circular economy thinking. Pioneering a University venture with the foundation is a world's first MBA in Innovation, Enterprise and Circular Economy developed in partnership with the Ellen MacArthur Foundation and leading businesses including B&Q, BT, Cisco, Renault and the National Grid.

In 2013 the University launched the Bradford Crocus Cancer Appeal. The appeal underpins our on-going commitment to take these types of cancer drug discoveries from the lab to the clinic. The Bradford Crocus Cancer Appeal is a local charitable initiative between the University of Bradford, Yorkshire Cancer Research, the Telegraph and Argus newspaper and the Sovereign Healthcare Charitable Trust. The aim is to improve the number of opportunities for the discovery and development of new cancer medicines by raising £1m for researchers at the University's Institute of Cancer Therapeutics.

The University was honoured to welcome Matthew W. Barzun, Ambassador of the United States of America to the United Kingdom of Great Britain and Northern Ireland during the academic year.

While on campus, Ambassador Barzun delivered a presentation to staff, students and executive members. He also met students from the Peace Studies department. The Ambassador's visit was recognition of the University's standing.

He said: "International relations between our two great countries are important and we must not forget there are some incredible research universities such as Bradford who contribute towards creating tomorrow's decision makers. I hope that my visit today is the first step in what we hope will be a longstanding relationship between the University and the US Embassy."

Not only is the University looking forward to celebrating 50 years of success. Two academic areas rejoiced in their own milestones. In May 2014 the University of Bradford's Division of Peace Studies celebrated 40 years of pioneering work in the field of peace studies education by hosting a special three-day conference. The event brought together over 200 delegates from around the globe.

The Faculty of Management and Law celebrated 50 years and was named as one of the best in the country for teaching marketing skills in the Complete University Guides rankings for 2015 and is one of only 59 business schools in the world to be awarded the elite 'Triple Crown' with kite mark accreditations from AACSB (The Association to Advance Collegiate Schools of Business), EQUIS (European Quality Improvement System) and AMBA (the Association of MBAs).

Following on this success two University courses have been ranked as some of the top in the World according to the latest QS World University Rankings. The two courses that have made it into the rankings are Pharmacology and Politics and International Studies.

The year was also a year for celebrating awards won across campus by both colleagues and students. The University and students were pleased to have been shortlisted in four categories in the Student Nursing Times Awards. The awards recognise excellence in the nursing profession, amongst students, academic staff, mentors and healthcare placement settings.

The University received the Judges Commendation in the Best Teaching Team (Science, Technology and Engineering) category at the 2014 Prospects Postgraduate Awards, for the MSc in Forensic Archaeology and Crime Scene Investigation.

The University's own sustainability efforts were praised when they were highly commended at the 2014 Green Gown awards for student engagement.

Five University graduates won the Entertainment Award at the 2013 Royal Television Society (RTS), Yorkshire Centre Student Television Awards. Another University graduate also celebrated his part in winning an Oscar after the box office smash Gravity won an Oscar for Best Visual Effects.

2013-14 student recruitment felt the impact of the removal of students with ABB and equivalent grades from the student number control limit (SNCL), thus moving towards a larger open market system. It is anticipated that the move to a full open market system for domestic undergraduates students will commence from 2015-16 and that competition for students will increase.

A number of tactical decisions were taken in the year which impacted the University's result. Spend on marketing and awareness was increased, and a number of short term projects embarked on to provide benefits to students. These included team based learning and improving IT and library resources.

In spite of the above factors the University's result for the year exceeded budget.

The number of universities worldwide is growing rapidly. Emerging middle classes in developing countries are thirsty for the advantages of a university education, and all countries want the economic drive of a successful university sector. Thus, for instance, the OECD forecasts the number of Chinese 25-34 year olds with a degree will rise by 35M in the ten years to 2020, and there are over 1000 universities in both Brazil and Indonesia. The sector continues to face strong competition from such overseas institutions, which will continue to provide a challenge on national and international recruitment.

The University now faces challenges as it seeks to reposition itself in line with the draft Corporate Strategy outlined above. A reduced student intake is forecast for 2014-15 due to an upward revision of entry tariffs, though this is with a view to increasing the attractiveness of the Bradford offer in the medium to long term. A resultant short term challenge is to balance cost control against continued investment in learning and teaching.

Financial Outlook

The University has made a modest surplus in 2013-14, with the key financial indicators remaining strong, with the added support of large cash balances and significant levels of reserves. These strengths together with a careful planning, budgeting and cost control remain critical over the coming financial periods to ensure continued financial sustainability, whilst providing flexibility to invest in support for quality teaching and research.

Investment in the student experience is a high priority and the University Investment plan to 2020 was approved in the year, with significant projects being undertaken throughout 2014-15. The aim being to meet the future needs of students and the provision of cutting edge research and knowledge transfer.

Risk Management

The University Risk Register is up-dated bi-annually following discussions with Directors, Senior Managers and Deans of Faculty. Each risk is overseen by a risk owner who is a member of the Executive Board. Each Faculty and Directorate prepares individual Risk Registers for their areas, these are evaluated and significant emerging risks are reflected in the University Register.

The University risk register generally reflects a stable or decreasing risk profile. Of the five top risks being managed only one risk relating to overseas student recruitment is rated as high. The top five risks also include the areas of health and safety compliance, quality of academic courses, home and EU student recruitment and academic reputation. Mitigating action has been agreed and is ongoing for all risks to further reduce the University's risk profile.

Investment Policy

Under the University's new governance and management structure the Investment Group is responsible for long and short term investments, including developing policy, appointing Investment Managers/Advisers and monitoring performance.

i. Long term Investment Policy

The portfolio is managed by Newton Investment Management Limited. The chief objectives are to maximise returns from the portfolio within the constraints and risk tolerance of the University Investment Policy and to target capital growth aiming broadly at doubling the market value over a ten year period.

ii. Treasury Management Policy

This includes managing day to day balances at the bank, investing surplus funds as required for varying periods of up to a year using Royal London, a company specialising in Treasury Management. The key objectives are to ensure the University has funds available to meet day to day operational requirements, to safeguard University cash balances through effective management and control of funds and to maximise returns from the short term investment of University cash balances within the constraints and risk tolerances of the Treasury Management Policy.

Ecoversity and Environmental Policy

The University takes its environmental responsibility seriously and its Ecoversity project is a major theme within its Investment Plan. The key features of the policy include: measures to improve, energy, water and resource management, minimise unnecessary travel, encourage staff and students to be responsible global citizens, work with the community to improve the local environment, promote sustainable estate management, comply with environmental legislation and continually improve our environmental performance.

The University has targeted a 50% reduction in carbon emissions by 2020. The length of the programme and the commitment to deliver improved building performance saw the University claim the Chartered Institution of Building Services Engineers (CIBSE) Carbon Champion of Year award in 2012.

Key recent projects include:

- A major library refurbishment enhancing the student learning experience and making major carbon savings through maximising insulation, natural ventilation and natural light. This project won first prize in the Education Retrofit category at the prestigious Greenbuild Awards.
- Our Green Energy Challenge; our bespoke energy efficiency engagement project in our BREEAM outstanding student residences.
- Making the most of our inner city campus; creating an edible campus with gardeners improving and monitoring biodiversity and giving monthly tours.

Our success in sustainable construction, reducing carbon emissions, finding creative ways to engage staff and students in the transition to sustainability has seen the University awarded a First Class Award and ranked 9 out of 143 universities in the People & Planet Green League 2013. In addition, The Green, the sustainable village at the heart of the campus, was been awarded first prize for Best Student Housing at the College and University Business Officers (CUBO) Awards in 2013.

Corporate and Social Responsibility.

The combination of successful achievements taken forward through our Ecoversity programmes will see three of the world's most sustainable buildings being located on campus, and we are nationally recognised as a carbon reduction champion. Alongside our excellence in widening participation and community engagement this has seen the University awarded a Gold Standard in the Universities that Count corporate and social responsibility index.

Engaging with staff and students

The University puts significant importance on communicating to and having conversations with its staff and students. It's internal communications strategy puts emphasis on striking the balance between listening and sending clear messages to build effective relationships across the campus, share feedback and continually improve the organisation's culture for the benefit of all.

Summary

The higher education sector continues to face a period of challenge and change. The University needs to be a flexible and creative institution that distinguishes itself from others and offers value to students, particularly under the new fees regime. The success of the University is dependent on quality and on how actively it engages with staff and students. Staff must embrace change and work cohesively to achieve success.



Professor B Cantor
VICE-CHANCELLOR

Statement of Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code issued by the Commission for University Chairs and the Financial Reporting Council. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University has taken note of the HEFCE Accountability and Audit Code of Practice and the UK Corporate Governance Code (May 2010) and is of the view that it is compliant with the Code.

The Governing Bodies

The composition of the Governing Bodies is set out below. In common with all chartered institutions, the University operates under a bicameral system in which two governing bodies, each with clearly defined functions and responsibilities, oversee and manage its activities. The Charter and Statutes define the roles of the two bodies, which may be summarised as follows:

- **The Council** is the governing body, responsible for the finance, property, investments and general business of the University, and for approving the general strategic direction of the institution. It is the Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Its powers are defined in Statute 17.
- It has a majority of members from outside the University (lay members), from whom its Chair is drawn. Also included in its members are representatives of the staff of the University and the Student Body. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University.
- **The Senate** is the academic authority of the University and draws its membership primarily from the academic staff of the institution, with representation of other categories of staff and of students. Its role is, in summary, to direct and regulate the teaching and research work of the University. Its powers are defined in statute 20.

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council and the Senate for maintaining and promoting

the efficiency and good order of the University. The responsibilities are defined in summary in Statute 5. In addition, under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and is thus formally responsible for ensuring that public funds are used for the purposes for which they are allocated, for their efficient and effective deployment and for reporting as required on their use. In this capacity, the Vice-Chancellor is publicly accountable for the University: ultimately he or she may be summoned to appear before the Public Accounts Committee of the House of Commons.

The Council meets at least four times each academic year, but much of its detailed work is initially handled by committees, in particular the Finance Committee, the Nominations Committee, the Academic Strategy and Performance Committee, the Remuneration Committee and the Audit Committee. The recommendations and decisions of these committees are formally taken to the Council. In respect of its strategic planning and development responsibilities, the Council and Senate receive recommendations and advice from the Academic Strategy and Performance Committee, as the planning and budgeting processes involve matters falling within the powers of both bodies.

The Academic Strategy and Performance Committee inter alia recommends to the Governing Body the University's annual revenue and capital budgets and monitors performance in relation to approved budgets.

The University's committee structure is currently being reviewed and any changes should be implemented in the next financial year.

All governors may take independent professional advice in furtherance of their duties at the University's expense with the approval of the University Secretary (inter alia clerk to the Council and Senate), to whom they all have access. The University Secretary is responsible to the Council and Senate as appropriate for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the University Secretary are matters for the Council.

Formal agendas, papers and reports are supplied to Senate and Council in a timely manner, prior to meetings. Briefings are also provided as and when required.

The Council has a strong and independent non-executive element and no individual or group dominates its decision making process. The Council ensures that each of its nonexecutive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement through a Register of Interests and a formal declaration of interest at each meeting.

There is a clear division of responsibility in that the roles of the Chairman of the Council and Vice Chancellor are separate.

Governance

Appointments to the Council

The Nominations Committee considers nominations for co-opted vacancies in the Governing Body membership under the relevant Statute. Lay members are eligible for re-appointment by the relevant bodies when they retire by rotation.

Remuneration Committee

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

Audit Committee

The Audit Committee meets four times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports that identify key risks and how they will be managed together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. Periodically the Committee meets the Auditors on their own for independent discussions. During the year the Audit Committee approved the appointment of PriceWaterhouseCoopers LLP as the University's auditors.

Internal control

The Council has responsibility for ensuring that a sound system of internal control is in place, that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the Governing Body in the Charter and Statutes and in the Financial Memorandum with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. This process has been in place for the year ended 31 July 2014 and up to the date of approval of the financial statements, and accords with HEFCE guidance and good practice. The process has been reviewed by Internal Audit and it was concluded that internal controls are mostly effective but with some exceptions. Risk management control and governance arrangements were subject to review by the HEFCE Assurance Service in April 2012 who concluded that a satisfactory level of assurance was derived from the arrangements at the University.

The risk management framework includes briefing and support sessions with all faculties, to promote risk awareness and management of risk through completion of risk registers that are owned by the Faculty Boards. Continual review and evaluation of risk is an essential part of the process at all levels of the University. Control and risk management is also an integral part of the strategic planning process with performance management linked to the risk register through the Balanced Scorecard.

The Council has responsibility for reviewing the effectiveness of the system of internal control, as a consequence the following processes have been established:

- Meeting at timely intervals to consider the plans and strategic direction of the institution.
- Receiving periodic reports from the Academic Strategy and Performance Committee and Audit Committee concerning internal control, and receiving regular progress reports from the managers, on the steps being taken to manage risks in their areas of responsibility.
- Receiving an Annual Report of assurance that risk management control is effective.
- Agreeing the Risk Management Policy on an annual basis and consider in detail the University's risk appetite.
- Assigning responsibility for overseeing risk management to the Audit Committee. Day to day monitoring is conducted by the Academic Strategy and Performance Committee.
- The Audit Committee receives regular reports from the head of internal audit, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
- Facilitated training and awareness sessions are held as necessary to identify and record risks facing the University.
- Risk awareness training is provided at all levels and includes the requirement to assess risks on all new projects requiring a business case.
- A robust risk prioritisation methodology based on probability, impact and controls is applied.
- Faculty and University wide risk registers are used and updated on a regular basis to monitor risks, controls and management action.
- The Council's review of the effectiveness of the system on internal control is informed by internal audit, which operates to standards defined in the HEFCE Accountability and Audit Code of Practice. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

The Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have the responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditors in their management letter and other reports.

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant business, operational, compliance and financial risks, that it has been in place for the year ended 31 July 2014 and up to the date of approval of the accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for Higher Education.

Responsibilities of Governing Bodies

Responsibilities of the Council of the University of Bradford

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University of Bradford and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Bradford. The Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Bradford and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared the Council has to ensure that:

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

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University of Bradford and to prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the University of Bradford's resources and expenditure

Responsibilities of the Vice-Chancellor of the University of Bradford

The Vice-Chancellor is the designated officer of the University of Bradford. Under the terms of the Financial Memorandum between HEFCE and the University of Bradford the designated officer is defined as the head of the University responsible and accountable to HEFCE (and ultimately to Parliament) for ensuring that the University uses HEFCE funds in ways that are consistent with the purposes for which those funds were given, and complies with the conditions attached to them. These include the conditions set out in the Further and Higher Education Act 1992 and in the financial memorandum.

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

Report on the financial statements

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2014 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent institution financial statements (the "financial statements"), which are prepared by the University of Bradford, comprise:

- the Consolidated and University Balance Sheets as at 31 July 2014;
- the Consolidated Income and Expenditure Account for the year then ended;
- the Statement of Consolidated Total Recognised Gains and Losses for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Statement of Principal Accounting Policies; and
- the notes to the financial statements.

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

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

What an audit of financial statements involves

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

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

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

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

In our opinion, in all material respects:

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

Other matters on which we are required to report by exception

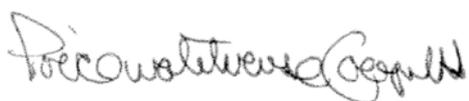
Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Statement of Corporate Governance is inconsistent with our knowledge of the parent institution and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

Responsibilities for the financial statements and the audit

Respective responsibilities of Council and auditors

As explained more fully in the statement of Responsibilities of Governing Bodies set out on page 15, Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for Council as a body in accordance with the Statutes of the institution and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
27 November 2014

- (a) The maintenance and integrity of the University of Bradford website is the responsibility of Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards in the United Kingdom. They conform to guidance from the HEFCE.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments, and on a going concern basis. The principal accounting policies, which have been applied consistently, are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the University and the subsidiary undertaking for the financial year to 31 July 2014. In accordance with FRS 2, the activities of the Student Union have not been consolidated because the University does not control their activities. Uniform accounting policies have been applied across the group and any gains or losses on intra group transactions have been eliminated.

Recognition of income

Income from tuition fees is stated net of rebates and discounts.

Income from research grants and contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contribution towards overhead costs. All income from investments within current assets is credited to the income and expenditure account in the year in which it is earned.

Income from specific endowments is included to the extent of the related expenditure incurred during the year, together with any related contributions towards overhead costs.

Recurrent grants from the Funding Council are recognised in the year in which they are receivable.

Non-recurrent grants from the Funding Council or other bodies received in respect of acquisition of fixed assets are treated as deferred capital grants and amortised in line

with depreciation over the life of the assets. All other income is credited to the income and expenditure account in the year in which it is earned.

Maintenance of premises

The University has a long-term plan, which forms the basis of the ongoing maintenance of the estate. The cost of maintenance is charged to the income and expenditure account as incurred.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Pension schemes

The University participates in two major pension schemes. Retirement benefits for academic and academic related staff are provided by the Universities Superannuation Scheme (USS) and for all other staff by the West Yorkshire Pension Fund (WYPF).

a) Accounting for USS

This is an externally funded defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds.

As the University is unable to identify its share of the assets and liabilities of the scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in the year to which they relate.

b) Accounting for WYPF

This is an externally funded defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of

the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Tangible fixed assets

a) Land and buildings

Land and buildings are included in the balance sheet at historical cost. Buildings are depreciated over their expected useful economic life to the University of 50 years. Land is not depreciated.

Where land and buildings are acquired or built with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of those costs.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of costs incurred to 31 July. They are not depreciated until they are brought into use.

b) Building Enhancements

Expenditure on building enhancements over £20,000 is capitalised and depreciated over its expected useful economic life to the University of 20 years or 7 years.

Where enhancements are undertaken with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

c) Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Equipment	3 or 7 years
Computer Software	3 years
Vehicles	4 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

For all categories of asset cost includes the original purchase price of the asset and all the costs attributable to bringing the asset to its working condition for its intended use.

Fixed Asset Investments

Investments within fixed assets that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Those that are listed on a recognised stock exchange are carried at market value.

Appreciation in market value of fixed asset investments is taken to a revaluation reserve. Impairment of fixed asset investments is taken directly to the income and expenditure account to the extent that it is not matched by a previous appreciation in value.

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment.

There are three main types:

- Restricted permanent endowments -the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- Unrestricted permanent endowments- these are expendable at the discretion of the trustees with no requirement that capital be maintained.
- Expendable endowments- where trustees have the power of discretion to convert endowed capital into income.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Restructuring costs

The University continues to operate a voluntary severance and early retirement scheme. Costs are provided for in full from the date applications to the scheme are agreed by the Remuneration Committee.

Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid resources

Liquid resources include sums on short-term deposit with recognised banks and building societies and government securities.

Provisions

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

Bursaries

Bursaries and scholarships are accounted for gross as expenditure and included within operating expenditure.

Definition of Terms

The definitions, which follow, have been adopted for the purposes of this statement.

Accounts comprise the income and expenditure account, the balance sheets, the cash flow statement and the statement of total recognised gains and losses.

Capital grants are grants which have been specifically identified by the grantor to be used for the purchase, construction or development of assets.

Deferred capital grants are capital grants where an asset purchased with such a grant has been capitalised. The deferred capital grant related to the asset is included in the balance sheet and released to income and expenditure account over the life of the asset to which it relates.

General income is that which can be applied to any activity of the University at the discretion of the University. Examples of such income are Funding Council recurrent grant, students' tuition fees and income from general endowments.

Endowment assets are those investments held for endowment funds where the income and/or the capital of the funds are required to be used for specific purposes of the University as determined by the terms of the endowment.

Financial statements comprise the accounts, the statement of accounting policies and the notes to the accounts.

Fixed assets are those assets intended to be held for use on a continuing basis in the activities of the University.

Investments within current assets are investments other than investments within fixed assets or endowment asset investments.

Investments within fixed assets are those investments intended to be held for use on a continuing basis in the activities of the University. An investment is classified as a fixed asset only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Reports and financial statements comprise the financial statements, a statement of corporate governance, a statement of the responsibilities of Council, the Auditors' report and the Operating and Financial Review.

Specific endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

Specific income is that which can only be applied to a specific purpose or activity so designated by the grantor or donor. Examples of such income are Funding Council grants for specific purposes, research grants and some contracts and income from specific endowments.

Subsidiary undertaking is analogous to that as defined in the Companies Act and Financial Reporting Standard 2 and is a body corporate or partnership or unincorporated association carrying on a trade or business with or without a view to profit and control may be exercised by the University.

Consolidated Income and Expenditure Account for the year ended 31 July 2014

	Note	2013-14 £000	2012-13 £000
Income			
Funding Body Grants	1	26,069	32,815
Tuition Fees and Educational Contracts	2	78,828	69,639
Research Grants and Contracts	3	8,317	7,997
Other Income	4	16,244	16,434
Endowment and Investment Income	5	2,034	1,479
Total Income		131,492	128,364
Expenditure			
Staff Costs	6	72,876	70,421
Restructuring Costs	7	-	-
Other Operating Expenses	8	48,534	43,926
Depreciation	11	6,862	6,805
Interest and other Finance Costs	9	931	960
Total Expenditure		129,203	122,112
Surplus after Depreciation of Tangible Fixed Assets at Valuation and before Tax		2,289	6,252
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation, and disposal of assets and tax		2,289	6,252
Transfer from accumulated income within specific endowments		196	113
Surplus for the Year retained within General Reserves		2,485	6,365

There is no material difference between the surplus on ordinary activities before taxation and the surplus for the financial year stated above and their historical cost equivalents.

All amounts relate to continuing operations.

Balance Sheets at 31 July 2014

	Note	Consolidated		University	
		2014 £000	2013 £000	2014 £000	2013 £000
Fixed Assets					
Intangible Assets		43	85	43	85
Tangible Assets	11	112,370	111,902	112,370	111,902
Investments	12	14,232	13,534	13,962	13,201
Investments in Joint Ventures	13	12	12	-	12
		<u>126,657</u>	<u>125,533</u>	<u>126,375</u>	<u>125,188</u>
Endowment Assets	14	<u>2,303</u>	<u>2,162</u>	<u>2,303</u>	<u>2,162</u>
Current Assets					
Debtors: Amounts falling due after more than one year	15	1,434	2,812	1,434	2,812
Debtors: Amounts falling due within one year	15	11,563	10,188	11,563	10,188
Investments		30,505	27,690	30,505	27,690
Cash at Bank and in Hand		7,380	8,560	7,380	8,560
		<u>50,882</u>	<u>49,250</u>	<u>50,882</u>	<u>49,250</u>
Less: Creditors: Amounts falling due within one year	16	<u>(33,492)</u>	<u>(33,383)</u>	<u>(33,492)</u>	<u>(33,383)</u>
Net Current Assets		<u>17,390</u>	<u>15,867</u>	<u>17,390</u>	<u>15,867</u>
Total Assets less Current Liabilities		<u>146,350</u>	<u>143,562</u>	<u>146,068</u>	<u>143,217</u>
Less: Creditors: Amounts falling due after more than one year	17	<u>(18,819)</u>	<u>(19,740)</u>	<u>(18,819)</u>	<u>(19,740)</u>
Less: Provisions for Liabilities	19	<u>(327)</u>	<u>(704)</u>	<u>(327)</u>	<u>(704)</u>
		<u>127,204</u>	<u>123,118</u>	<u>126,922</u>	<u>122,773</u>
Pension Liability	32	<u>(15,944)</u>	<u>(22,656)</u>	<u>(15,944)</u>	<u>(22,656)</u>
Net Assets including Pension Liability		<u>111,260</u>	<u>100,462</u>	<u>110,978</u>	<u>100,117</u>
Represented by:					
Deferred Capital Grants	20	<u>42,749</u>	<u>41,274</u>	<u>42,749</u>	<u>41,274</u>
Endowment Funds					
Expendable	21	1,907	1,772	1,907	1,772
Permanent	21	396	390	396	390
		<u>2,303</u>	<u>2,162</u>	<u>2,303</u>	<u>2,162</u>
Reserves					
Income and Expenditure Account excluding Pension Reserve	22	77,699	75,406	77,699	75,406
Pension Reserve	32	(15,944)	(22,656)	(15,944)	(22,656)
		<u>61,755</u>	<u>52,750</u>	<u>61,755</u>	<u>52,750</u>
Income and Expenditure Account including Pension Reserve					
Revaluation Reserve	23	<u>4,453</u>	<u>4,276</u>	<u>4,171</u>	<u>3,931</u>
Total Funds		<u>111,260</u>	<u>100,462</u>	<u>110,978</u>	<u>100,117</u>

The Financial Statements on pages 18 to 43 were approved by the Council on 26 November 2014 and signed on its behalf by



P Jagger
CHAIR OF COUNCIL



Professor B Cantor
VICE-CHANCELLOR

Consolidated Cash Flow Statement For the year ended 31 July 2014

	Note	2013-14 £000	2012-13 £000
Cash flow from operating activities	25	6,392	18,182
Return on investments and servicing of finance	26	(217)	(277)
Taxation	27	-	-
Capital Expenditure and financial investment	28	(3,334)	(4,794)
Management of liquid resources	29	(2,951)	(11,171)
Financing	30	(1,070)	76
(Decrease)/Increase in cash in the year	31	(1,180)	2,016
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in Cash in the Year		(1,180)	2,016
Increase in Short Term Deposits		2,951	11,171
Decrease in Long Term Borrowings		921	70
Change in Net Funds		2,692	13,257
Net Funds/(debt) at 1 August		18,638	5,381
Net Funds at 31 July		21,330	18,638

Statement of Consolidated Total Recognised Gains and Losses for the year ended 31 July 2014

	Note	2013-14 £000	2012-13 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	25	2,289	6,252
Actuarial gain/(loss) in respect of pension scheme	32	6,520	6,879
Endowment additions	14	332	161
Revaluation of Endowment Asset Investments	14	5	10
Unrealised surplus/(loss) on revaluation of fixed assets	12, 23	177	1,942
Total Recognised gain/(loss) for the year		9,323	15,244
Reconciliation			
Opening reserves and endowments		59,188	43,944
Total recognised gain/(loss) for the year		9,323	15,244
Closing reserves and endowments		68,511	59,188

Notes to the Financial Statements

	2013-14 £000	2012-13 £000
1. Funding Body Grants		
Recurrent Grant	23,186	30,039
Specific Grants	1,182	1,183
Deferred Capital Grants Released in Year (Note 20)		
Buildings	1,688	1,593
Equipment	13	-
	<u>26,069</u>	<u>32,815</u>
2. Tuition Fees and Education Contracts		
Full-time students	45,778	37,297
Students charged overseas fees	19,158	18,198
Part-time fees	2,973	2,524
Short Course Fees	718	1,294
Health Education Teaching Contract	10,201	10,326
	<u>78,828</u>	<u>69,639</u>
3. Research Grants and Contracts		
Research Councils	1,872	1,994
UK Based Charities	938	1,241
UK Central & Local Government, and Health Authorities	1,930	1,438
Other Grants and Contracts	3,577	3,324
	<u>8,317</u>	<u>7,997</u>
4. Other Income		
Residences, Catering and Conferences	2,758	2,820
Other Services Rendered	7,851	8,612
Deferred Capital Grants Released in Year (Note 20)	667	281
Other Income	4,968	4,721
	<u>16,244</u>	<u>16,434</u>
5. Endowment and Investment Income		
Income from expendable endowments (Note 21)	7	7
Income from permanent endowments (Note 21)	2	2
Pension finance interest receivable	1,400	881
Income from Short Term Investments	625	589
	<u>2,034</u>	<u>1,479</u>

	2013-14 £000	2012-13 £000
6. Staff Costs		
Wages and Salaries	59,084	57,420
Social Security Costs	4,556	4,519
Pension Contributions	8,028	7,345
FRS 17 Pension adjustment	1,208	1,137
	<u>72,876</u>	<u>70,421</u>
Staff Costs by Category		
Academic Departments	43,903	42,707
Academic Services	8,700	5,959
Administration and Central Services	11,093	11,880
Premises	5,030	4,972
Research Grants	2,331	3,049
Services Rendered	611	717
FRS 17 Pension adjustment	1,208	1,137
	<u>72,876</u>	<u>70,421</u>
Staff Numbers	Number	Number
Full Time Equivalent Staff Numbers by Major Category		
Academic and Research	536	449
Technical	98	98
Administrative	789	780
Other	138	217
	<u>1,561</u>	<u>1,544</u>
Senior Post-holder's Emoluments	£000	£000
Salary of the Vice-Chancellor, excluding pension contributions	193	171
	<u>193</u>	<u>171</u>
Salary is the contractual salary before adjusting for salary sacrifice. The University's pension contributions to USS for the Vice-Chancellor are paid at the same rate as for other academic staff and amounted to £nil (2012-13: £26,725)		
Remuneration of Higher Paid Staff excluding pension contributions	Number	Number
£100,000-£109,999	2	1
£110,000-£119,999	1	1
£120,000-£129,999	2	1
£130,000-£139,999	1	3
£170,000-£179,999	-	1
£190,000-£199,999	1	-

	2013-14 £000	2012-13 £000
7. Restructuring Costs	-	-

These costs are shown separately as they represent a distinct restructuring programme in certain Planning Units. These costs relate to a combination of pension and salary payments.

8. Other Operating Expenses

Consumables and Laboratory Expenditure	11,045	9,363
Travel and Subsistence	2,091	1,696
Casual Staff Costs	3,234	2,603
Books and Periodicals	2,180	1,939
Bursaries, Scholarships and Prizes	6,345	6,401
Heat, Light, Water and Power	1,954	2,211
Repairs and General Maintenance	1,840	1,966
Minor Works and Long Term Maintenance	2,833	2,770
Grants to University of Bradford Students Union	1,352	1,332
Rents and Insurances of Buildings	827	692
Rates	397	600
Telephones	238	238
Postage, Advertising, Printing and Stationery	2,690	2,048
External Auditors' Remuneration (University £52,800, 2013-14: £51,300)	53	51
External Auditors' Remuneration in respect of Taxation Services	24	14
External Auditors' Remuneration in respect of Other Services	98	32
Internal Auditors' Remuneration	117	104
Legal and Professional Fees	4,486	4,188
International Agency Fees	1,664	1,449
Amortisation	130	130
Equipment and Furniture	2,949	2,537
Other Expenses	1,987	1,562
	48,534	43,926

Amortisation relates to the write down of the University's capital contribution to the Sustainable Student Village. This is being written down over 20 years.

9. Interest and other Finance Costs

On bank loans repayable in more than five years	931	960
---	-----	-----

10. Taxation

UK Corporation Tax receivable/(payable) on the profit of subsidiary companies	-	-
	-	-

11. Tangible Assets	Consolidated and University			
	Land and Buildings	Assets in the Course of Construction	Equipment	Total
	£000	£000	£000	£000
Cost				
As at 1 August 2013	147,129	6,791	8,393	162,313
Additions	-	3,550	3,810	7,360
Disposals	(30)	-	-	(30)
Transfers	7,259	(7,901)	642	-
As at 31 July 2014	154,358	2,440	12,845	169,643
Accumulated depreciation				
As at 1 August 2013	43,309	-	7,102	50,411
Charge for Year	5,627	-	1,235	6,862
Eliminated on disposals	-	-	-	-
As at 31 July 2014	48,936	-	8,337	57,273
Net Book Value				
As at 31st July 2014	105,422	2,440	4,508	112,370
As at 1st August 2013	103,820	6,791	1,291	111,902
Source of funding				
Inherited	1,448	-	-	1,448
Financed by capital grant	39,481	-	3,268	42,749
Other	64,493	2,440	1,840	68,173
Net Book Value				
As at 31st July 2014	105,422	2,440	4,508	112,370

Buildings with a net value of £35.4 million (2013: £33.6 million) have been funded by Treasury sources. Should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with HEFCE.

12. Investments	Consolidated		University	
	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000
As at 1 August	13,534	11,586	13,201	11,254
Additions	4,120	3,086	4,120	3,086
Disposals	(3,599)	(3,080)	(3,599)	(3,080)
Revaluation	177	1,942	240	1,941
As at 31 July	14,232	13,534	13,962	13,201
Analysis of Closing Balance				
UK fixed interest securities	1,651	1,669	1,651	1,669
Overseas fixed interest securities	355	224	355	224
UK commercial and industrial securities	7,712	7,286	7,712	7,286
Overseas commercial and industrial securities	4,186	3,967	4,186	3,967
Unquoted shares	328	388	58	55
	14,232	13,534	13,962	13,201

	Consolidated		University	
	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000
13. Investments in Joint Ventures				
Share of fixed assets	47	56	-	-
Share of current assets	162	260	-	-
	<u>209</u>	<u>316</u>	<u>-</u>	<u>-</u>
Share of current liabilities	(197)	(304)	-	-
	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>
Share of net equity of joint venture companies				

The University had an interest in the following joint ventures in 2013-14:

Name of Undertaking	Country of Incorporation	Description of Business	Ordinary Shares
Inprint & Design Limited	England	Printing and Design	50.00%

	Consolidated		University	
	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000
14. Endowment Assets				
As at 1 August	2,162	2,104	2,162	2,104
Additions	332	161	332	161
Interest for the year	9	9	9	9
Revaluation of endowment asset investments	5	10	5	10
Expenditure for year	(205)	(122)	(205)	(122)
	<u>2,303</u>	<u>2,162</u>	<u>2,303</u>	<u>2,162</u>
As at 31 July				
Represented by:				
Cash deposits	2,264	2,128	2,264	2,128
Equities	39	34	39	34
	<u>2,303</u>	<u>2,162</u>	<u>2,303</u>	<u>2,162</u>
15. Debtors				
Prepayments - capital contribution to student village	1,400	1,488	1,400	1,488
Other amounts falling due after more than one year	34	1,324	34	1,324
	<u>1,434</u>	<u>2,812</u>	<u>1,434</u>	<u>2,812</u>
Amounts falling due after more than one year				
Trade debtors	8,466	7,276	8,466	7,276
Research Grants and Contracts	1,298	934	1,298	934
Prepayments and accrued income	1,799	1,978	1,799	1,978
	<u>11,563</u>	<u>10,188</u>	<u>11,563</u>	<u>10,188</u>
Amounts falling due within one year				
	<u>12,997</u>	<u>13,000</u>	<u>12,997</u>	<u>13,000</u>

Amounts falling due after more than one year include £nil (2013: £1.3M) due from investments. The capital contribution to the student village is being amortised over 20 years.

	Consolidated		University	
	2013-14	2012-13	2013-14	2012-13
16. Creditors: Amounts falling due within one year	£000	£000	£000	£000
Payments Received on Account	10,096	10,656	10,096	10,656
Trade creditors	5,458	6,518	5,458	6,518
Social Security and Other Taxation Payable	3,907	3,922	3,907	3,922
Accruals	13,110	11,217	13,110	11,217
Banks and Building Societies Loans Outstanding	380	363	380	363
Other Loans Outstanding	541	707	541	707
	<u>33,492</u>	<u>33,383</u>	<u>33,492</u>	<u>33,383</u>

	Consolidated and University	
	2013-14	2012-13
17. Creditors: Amounts falling due after more than one year	£000	£000
Banks and Building Societies Loans	18,194	18,574
Other Loans	625	1,166
	<u>18,819</u>	<u>19,740</u>

18. Borrowing	2013-14		2012-13	
	Banks and Building Society Loans	Other Loans	Banks and Building Society Loans	Other Loans
	£000	£000	£000	£000
In less than one year	380	541	343	707
In more than one year but not more than two years	396	250	380	541
In more than two years but not more than five years	1,305	375	1,246	625
After five years or more	16,493	-	16,948	-
	<u>18,574</u>	<u>1,166</u>	<u>18,937</u>	<u>1,873</u>

The University has a revolving credit facility of up to £20M with Barclays Bank. Interest is payable at 0.25% above LIBOR.

All the above loans are unsecured.

	Consolidated and University	
	2013-14	2012-13
	£000	£000
19. Provisions for Liabilities		
Premature Retirement Fund		
As at 1st August	704	1,348
Transfer from Income and Expenditure Account	-	-
Utilised in Year	(377)	(644)
As at 31st July	<u>327</u>	<u>704</u>

The above provision relates to payments paid in year, and amounts anticipated to be paid, in relation to employees who signed up to the Voluntary Severance Scheme. The amounts paid in year relate to a combination of pension and salary payments. These amounts are due to be paid as follows:

	2013-14	2012-13
	£000	£000
Within one year	254	378
Between two and five years	73	326
	<u>327</u>	<u>704</u>

20. Deferred Capital Grants

	Buildings	Equipment	Consolidated and University
	£000	£000	£000
Funding Council Grants			
As at 1 August 2013	33,685	-	33,685
Additions in Year	243	132	375
Released to Income and Expenditure in year (Note 1)	(1,688)	(13)	(1,701)
As at 31 July 2014	<u>32,240</u>	<u>119</u>	<u>32,359</u>
Other Grants and Benefactions			
As at 1 August 2013	7,463	126	7,589
Additions in Year	-	3,468	3,468
Released to Income and Expenditure in year	(222)	(445)	(667)
As at 31 July 2014	<u>7,241</u>	<u>3,149</u>	<u>10,390</u>
Total Deferred Capital Grants at 31 July 2014	<u>39,481</u>	<u>3,268</u>	<u>42,749</u>
Total Deferred Capital Grants at 31 July 2013	41,148	126	41,274

Consolidated and University

21. Endowment Funds	Restricted	Restricted	Total
	Expendable	Permanent	
	£000	£000	£000
Capital Value	1,654	183	1,837
Accumulated income	118	207	325
As at 1 August 2013	1,772	390	2,162
Additions	330	2	332
Interest for Year	7	2	9
Revaluation of endowment asset investments	-	5	5
Expenditure for year	(202)	(3)	(205)
As at 31 July 2014	1,907	396	2,303
Represented by:			
Capital value	1,640	188	1,828
Accumulated income	267	208	475
	1,907	396	2,303

22. Movement on General Reserves	Consolidated		University	
	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000
As at 1st August	52,750	39,506	52,750	39,506
Surplus for the year	2,485	6,365	2,485	6,365
Actuarial gain/(loss) in respect of pension scheme	6,520	6,879	6,520	6,879
As at 31 July	61,755	52,750	61,755	52,750
Balance represented by:				
Income and Expenditure Reserve	77,699	75,406	77,699	75,406
Pension Reserve	(15,944)	(22,656)	(15,944)	(22,656)
As at 31 July	61,755	52,750	61,755	52,750
23. Revaluation Reserve				
As at 1st August	4,276	2,334	3,931	1,990
Revaluation of shares	177	1,942	240	1,941
As at 31 July	4,453	4,276	4,171	3,931
24. Capital Commitments: Tangible Assets				
Commitments contracted at 31 July	5,513	508	5,513	508

	2013-14 £000	2012-13 £000
25. Reconciliation of the Consolidated Surplus before Tax to Net Cash from Operating Activities		
Surplus before tax	2,289	6,252
Depreciation (Note 11)	6,862	6,805
Amortisation	42	42
Loss on disposal of fixed assets	30	-
Deferred Capital Grants Released to Income (Note 20)	(2,367)	(1,874)
Investment Income (Note 5)	(2,034)	(1,479)
Interest Payable (Note 9)	931	960
Pension cost less contributions payable (Note 32)	1,208	1,137
Decrease in Debtors	3	2,117
(Decrease)/Increase in Creditors	(195)	4,866
Decrease in Provisions	(377)	(644)
Net Cash Inflow from Operating Activities	6,392	18,182
26. Returns on Investments and Servicing of Finance		
Income from Endowments	9	9
Other Interest Received	625	589
Interest Paid	(851)	(875)
Net Cash Outflow from Returns on Investments and Servicing of Finance	(217)	(277)
27. Taxation	-	-
28. Capital Expenditure and Financial Investment		
Payments to acquire Tangible Assets	(6,988)	(9,304)
Payments to acquire Intangible Assets	-	(127)
Payments to acquire Investments	(4,120)	(3,086)
Receipt from sale of Investments	3,599	3,080
Deferred Capital Grants Received	3,843	4,482
Capital Receipts to Endowments	332	161
Net Cash Outflow from Capital Expenditure and Financial Investment	(3,334)	(4,794)
29. Management of Liquid Resources		
Placing of deposits	(2,951)	(11,171)
Net cash Outflow from Management of Liquid Resources	(2,951)	(11,171)
30. Financing		
Other loans acquired	-	1,000
Repayment of loans	(1,070)	(924)
	(1,070)	76

31. Analysis of Changes in Net Funds

	As at 1 August 2013	Cash Flows	As at 31 July 2014
	£000	£000	£000
Cash in hand and at bank	8,560	(1,180)	7,380
Endowment asset investments	2,128	136	2,264
Investments - Cash Deposits	27,690	2,815	30,505
	38,378	1,771	40,149
Debt due after more than one year	(19,740)	921	(18,819)
Total	18,638	2,692	21,330

32. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF) administered by the City of Bradford Metropolitan Council. The assets of the schemes are held in separate trustee-administered funds. The main assumptions of the most recent valuations are as follows:

	USS	WYPF
Latest actuarial valuations	31 March 2011	31 March 2013
Valuation Method	Projected Unit	Projected Unit
Investment returns per annum	6.1%	2.4%
Salary scale increases per annum	4.4%	3.9%
Pension increases per annum	3.4%	2.4%
Value of notional assets	£32,434 million	£9,957 million
Proportion of members' accrued benefits covered by the actuarial value of assets	68%	96%

The contributions payable by the University in respect of the USS scheme during the year were equal to employer contributions of 16% of salary.

The University paid contributions of 14% from August 2013 to March 2014, and 15% from April to July 2014 in respect of the WYPF scheme for the accounting year as recommended by the actuary.

FRS 17

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit and career average scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum

of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined

contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ("light") YoB tables - No age rating
Female members' mortality	S1NA ("light") YoB tables - Rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial

valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a final salary scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Price Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and the members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation as at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on short fall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a “last man standing” scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund’s liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the

scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme’s technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme’s cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the institution had 902 active members participating in the scheme.

The total pension cost for the institution was £6.305M (2013: £5.039M). This includes £800,362 (2013: £760,179) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

The West Yorkshire Pension Fund valuation was updated by the University’s actuary on an FRS 17 basis as at 31 July 2013, 31 July 2012 and 31 July 2011.

The major assumptions used in this valuation were:

	2014	2013	2012
Rate of increase in salaries	3.7%	4.60%	4.50%
Rate of increase in pensions in payment and deferred pensions	2.2%	2.70%	2.00%
Discount rate applied to scheme liabilities	4.0%	4.40%	4.00%
Inflation Assumption	2.2%	2.70%	2.00%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 2014	At 2013
Retiring today		
Males	22.5	22.1
Females	25.4	24.3
Retiring in 20 years		
Males	24.7	23.9
Females	27.7	26.2

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University considered the West Yorkshire Pension Fund scheme rules and associated members' literature and has concluded that a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). No change in treatment is proposed in the current year.

Scheme Assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2014	Value at 2014	Long term rate of return 2013	Value at 2013	Long term rate of return 2012	Value at 2012
Present value of scheme assets		£000		£000		£000
Equities	7.5%	78,703	7.8%	75,538	7.5%	62,191
Government Bonds	3.2%	10,794	3.3%	11,796	2.5%	11,833
Other Bonds	3.7%	5,449	4.0%	5,898	3.2%	5,071
Property	6.8%	3,458	7.3%	3,104	7.0%	3,203
Cash/Liquidity	1.1%	4,087	0.9%	3,932	1.4%	2,491
Other	7.5%	2,306	7.8%	3,208	7.5%	4,183
		<u>104,797</u>		<u>103,476</u>		<u>88,972</u>
Present value of scheme liabilities						
Pension liability		(120,741)		(126,132)		(118,251)
Net pension liability		<u>(15,944)</u>		<u>(22,656)</u>		<u>(29,279)</u>

Analysis of other pension costs charged in arriving at operating deficit	2013-14	2012-13
	£000	£000
Current service cost	2,964	2,714
Past service cost	67	83
	<u>3,031</u>	<u>2,797</u>
 Analysis of amounts included in other finance income	 2013-14	 2012-13
	£000	£000
Expected return on pension scheme assets	6,942	5,608
Interest on pension scheme liabilities	(5,542)	(4,727)
	<u>1,400</u>	<u>881</u>
 Analysis of amount recognised in statement of total recognised gains and losses	 2013-14	 2012-13
	£000	£000
Actual return less expected return on scheme assets	(4,063)	10,167
Actuarial gain/(loss) on scheme liabilities	10,583	(3,288)
Actuarial gain recognised in statement of total recognised gains and losses	<u>6,520</u>	<u>6,879</u>

Movement in deficit during year	2013-14	2012-13	2011-12	2010-11	2009-10
	£000	£000	£000	£000	£000
Deficit in scheme at beginning of year	(22,656)	(29,279)	(14,072)	(24,658)	(32,687)
Current service cost	(2,964)	(2,714)	(2,415)	(2,406)	(2,835)
Contributions paid	1,823	1,660	1,726	1,712	1,594
Past Service (cost)/credit	(67)	(83)	(114)	(207)	9,032
Other finance income/(cost)	1,400	881	820	154	(1,411)
Actuarial gain/(loss)	6,520	6,879	(15,224)	11,333	1,649
Deficit in the scheme at end of year	<u>(15,944)</u>	<u>(22,656)</u>	<u>(29,279)</u>	<u>(14,072)</u>	<u>(24,658)</u>
Asset and Liability Reconciliation	2013-14	2012-13	2011-12	2010-11	2009-10
	£000	£000	£000	£000	£000
Reconciliation of Liabilities					
Liabilities at start of year	126,132	118,251	102,856	105,391	104,287
Current service cost	2,964	2,714	2,415	2,406	2,835
Interest cost	5,542	4,727	5,438	5,664	6,251
Employee contributions	787	726	731	757	803
Actuarial (gain)/loss	(10,583)	3,288	10,466	(7,180)	4,148
Benefits paid	(4,168)	(3,657)	(3,769)	(4,389)	(3,901)
Past service costs/(credit)	67	83	114	207	(9,032)
Liabilities at end of year	<u>120,741</u>	<u>126,132</u>	<u>118,251</u>	<u>102,856</u>	<u>105,391</u>
Reconciliation of Assets					
Assets at start of year	103,476	88,972	88,784	80,733	71,600
Expected return on assets	6,942	5,608	6,258	5,818	4,840
Actuarial (loss)/gain	(4,063)	10,167	(4,758)	4,153	5,797
Employer contributions	1,823	1,660	1,726	1,712	1,594
Employee contributions	787	726	731	757	803
Benefits paid	(4,168)	(3,657)	(3,769)	(4,389)	(3,901)
Assets at end of year	<u>104,797</u>	<u>103,476</u>	<u>88,972</u>	<u>88,784</u>	<u>80,733</u>

History of experience gains and losses	2014	2013	2012	2011	2010
Difference between the expected and actual return on assets:					
Amount £000	(4,063)	10,167	(4,758)	4,153	5,797
% of scheme assets	(3.9)	9.8	(5.3)	4.7	7.2
Experience gains and losses on scheme liabilities					
Amount £000	6,097	(94)	(742)	7,180	(4,148)
% of scheme assets	5.8	0.1	(0.6)	7.0	(3.6)
Total amount recognised in statement of total gains and losses					
Amount £000	6,520	6,879	(15,224)	11,333	1,649
% of scheme liabilities	5.4	5.5	(12.9)	11.0	1.4

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £15.942M (2013: £22.462M).

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2015 is £1.9M.

The actual return on scheme assets in the year was £2.879M (2013: £15.775M).

33. Access Funds	2013-14	2012-13
	£000	£000
Balance at 1 August	103	100
Funding Council Grants	325	334
	<u>428</u>	<u>434</u>
Disbursed to Students	(308)	(331)
Balance at 31 July	<u>120</u>	<u>103</u>

Funding Council grants are available solely for students, the University acts only as paying agents. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

34. Related Party Transactions

The University owns 50% of the ordinary shares of Inprint & Design Limited. The University made purchases of £733,202 (2013: £549,122) from the company and the University charged the company £511,591 (2013: £492,060) which included salary recharges, rent and interest. At the year end the University owed the company £79,077 (2013: £101,313) and the company owed the University £191,137 (2013: £177,141).

Two members of Council were officials of the University of Bradford Students' Union during the year. The University made purchases of £1,667,330 (2013: £1,490,408) from the Students' Union and the University charged the Students' Union £1,188,583 (2013: £1,105,599) which included salary and other recharges. At the year end the University owed the Students' Union £29,580 (2013: £92,535) and the Students' Union owed the University £154,020 (2013: £200,724).

During the year the University paid travel expenses of £861 (2013: £1,221) to Council members. A further £6,500 (2013: £6,000) in respect of travel expenses was paid to Wharnccliffe Partners Limited, a company of which Paul Jagger is a director.

35. Financial Commitments: Land and Buildings

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

Expiring within one year

Expiring between two and five years

Disbursed to Students

Expiring after five years

Consolidated and University

2013-14	2012-13
£000	£000
59	114
118	47
16	89
<u>193</u>	<u>250</u>





G £1MILLION FOR
CANCER RESEARCH

s.brad.ac.uk



graph & Argus



UNIVERSITY of
BRADFORD



**PLEASE ADDRESS ALL
ENQUIRIES TO:**

Finance
University of Bradford
Bradford
West Yorkshire
BD7 1DP

T: 01274 233128

F: 01274 236020

E: finance@bradford.ac.uk

www.bradford.ac.uk

