



UNIVERSITY OF
GLOUCESTERSHIRE

at Cheltenham and Gloucester

FINANCIAL STATEMENTS

UNIVERSITY OF GLOUCESTERSHIRE

2012

2013

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MEMBERS OF COUNCIL AND MAJOR COMMITTEES

MEMBERS OF COUNCIL FOR THE PERIOD 1 AUGUST 2012 TO 28 NOVEMBER 2013

Mrs K Blake (resigned 7 December 2012)
Mr P Bungard
Prof F Chambers
Mr P Davies
Dr F Harsent (appointed 8 December 2012)
Mr S Harvey
Mr R Hirst (resigned 31 March 2013)
Ms B Hodson OBE
Mr M Jones
Mr S Marston
Mr A Mawby (appointed 8 December 2012)
Mrs K Morgan OBE DL
Revd P Mounstephen (resigned 7 December 2012)
Ms A Noble
Mr R Patel (appointed 27 June 2013)
Rt Revd M Perham (Vice-Chair)
Prof Sir P Scott (Chair)
Mr G Smith
Mr A Taylor
Mrs P Taylor (appointed 1 April 2013)
Mr S Treble
Mr R Tidey (resigned 26 June 2013)

MEMBERS OF MAJOR COUNCIL COMMITTEES AS AT 31 JULY 2013

Audit Committee

Mr P Bungard *
Mr P Davies
Mr M Jones
Mrs K Morgan OBE DL
Mr G Smith
Mr J Hunt (co-opted member)

Council and Foundation Standing Group

Rt Revd M Perham *
Mr S Marston
Mrs P Taylor

Council, Trades Unions and Managers Consultative Committee

Mr S Harvey *
Prof F Chambers
Mr P Davies
Ms B Hodson OBE
Mr M Jones
Mr S Marston
Ms A Noble
Mr S Treble
Mrs P Taylor (co-opted member)

Employment Policy Committee

Mr S Harvey *
Mr P Davies
Ms B Hodson OBE
Mr M Jones
Ms A Noble
Mrs P Taylor (co-opted member)

Finance and General Purposes Committee

Ms B Hodson OBE *
Dr F Harsent
Mr S Marston
Mr A Mawby
Mr A Taylor
Revd D Munro (co-opted member)

Governance and Nominations Committee

Prof Sir P Scott *
Mr S Harvey
Mr S Marston
Mrs K Morgan OBE DL
Rt Revd M Perham

Honorary Awards Committee

Mr S Marston *
Prof F Chambers
Mrs K Morgan OBE DL
Rt Revd M Perham
Prof Sir P Scott
Mrs P Taylor

Remuneration Committee

Prof Sir P Scott *
Mr P Bungard
Mr S Harvey
Ms B Hodson OBE
Rt Revd M Perham

OFFICERS AND ADVISERS

HONORARY POSTS

Chancellor

Dame Rennie Fritchie

Pro Chancellors

Sir Henry Elwes

Rt Revd M Perham

OFFICERS FOR THE PERIOD 1 AUGUST 2012 TO 28 NOVEMBER 2013

Executive Managers

Vice-Chancellor

Mr S Marston

Deputy Vice-Chancellor

Dr R O'Doherty

Pro Vice-Chancellor (Operations)

Ms M Melling (appointed 7 January 2013)

Executive Director (Marketing, Development and Communications)

Mr P Drake (resigned 30 September 2012)

Director Finance & Planning

Mrs C Stallard

Director Human Resources

Ms L Pow (appointed to Executive 18 October 2012)

Academic Registrar and University Secretary

Mrs J Thackray

Deans of Faculty

Faculty of Business, Education and Professional Studies

Mr R Kaye (appointed 18 November 2013)

Ms A Ridley (appointed 5 November 2012, resigned 31 October 2013)

Prof K Richardson (resigned 31 October 2012)

Faculty of Media, Arts and Technology

Dr B Calvert

Faculty of Applied Sciences

Mr M Cogger

Company Secretary

Mrs J Thackray

REGISTERED OFFICE

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The university is an exempt charity, a company limited by guarantee, registered in England and Wales:
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B4 6BH

Rickerbys LLP (up to 31 May 2013)

Ellenborough House
Wellington Street
CHELTENHAM
Gloucestershire
GL50 1YD

Eversheds LLP (up to 31 May 2013)

1 Callaghan Square
CARDIFF
CF10 5BT

Registered External Auditors

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford Business Park South
OXFORD
OX4 2WB

Registered Internal Auditors

Baker Tilly Business Services Ltd (formerly RSM Tenon Ltd)
Charterhouse
Legge Street
BIRMINGHAM
B4 7EU

Bankers

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CHELTENHAM
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OPERATING AND FINANCIAL REVIEW

EXECUTIVE SUMMARY

This report reviews the university's activities in the year 2012-13 in the context of the challenges and risks within which the university operates, and comprises the following sections:

Section 1: Introduction

Section 2: Strategic Priorities

- 2.1 Summary
- 2.2 Learning and Teaching
- 2.3 Enterprise, Employability and Wider Economic Benefit
- 2.4 Research and Scholarships
- 2.5 Partnerships
- 2.6 A Successful Organisation

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- 3.3 Financial Sustainability and Key Performance Indicators
- 3.4 Payment of Creditors
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OPERATING AND FINANCIAL REVIEW

SECTION 1: INTRODUCTION

1. During the Academic Year 2012-13, the university achieved some important successes, and put in place a range of developments that will be critical for our future.
2. This was a watershed year for higher education because of the impact of new Government policies. Students entering higher education in Autumn 2012 were the first to pay the new higher level of fees - at Gloucestershire, £8,250 per year for most of our courses. This increase in fees, combined with requirements to publish a wide range of performance information, and the emergence of new higher education providers, are all making higher education more competitive and more consumer-driven.
3. The University of Gloucestershire welcomes the challenge of showing that we offer an excellent and distinctive higher education experience, responding to students who are better informed and who have higher expectations. We are committed to working in close partnership with our students. Their active engagement is critical to ensuring high standards of teaching and learning. We are working with the Students' Union to encourage students to make the most of the wide range of opportunities available to gain vital employability skills through work experience, internships and volunteering.
4. Providing **outstanding teaching and learning** is our central purpose and activity. During the year, we undertook a fundamental review of the portfolio of courses we offer, as the basis for developing a new academic strategy which aligns our teaching, our research and our staff development. Through that review, we identified areas for future investment and growth, including retail, design and animation. This year two more of our teaching staff were awarded the status of National Teaching Fellows, making us one of the most successful universities in the country on that measure.
5. In addition to teaching and learning, we are committed to providing every student with **opportunities to develop the skills that employers value**, so that they are well placed to succeed in their future careers. During the year, we expanded the Degreeplus programme, drawing together a wider range of work experience and volunteering opportunities. We have reviewed the structure of the student year, to ensure that those opportunities are well integrated with the formal curriculum. As from 2014-15, the academic year will extend to 32 weeks. We continue to work closely with the Gloucestershire Local Enterprise Partnership in developing the economic strategy for the county.
6. We have identified the areas of **research excellence** that we will put forward in next year's national Research Excellence Framework review, and have made good progress in preparing our submissions. During the year, we also identified a number of areas of research strength which we will invest in for the longer term, so as to grow our centres of excellence. They include Sport, Exercise and Well-Being; Environmental Dynamics and Governance; Design for Business; and Marketing and Consumption.
7. Earlier this year, we formally agreed two **strategic partnerships**. The first is a Strategic Alliance with Gloucestershire College and South Gloucestershire and Stroud College to work together to expand the range of higher education available in the county, and to strengthen progression routes for college students into higher education. The second is a long-term joint venture partnership with INTO University Partnerships, to develop pathway study programmes for international students.
8. We have continued to make progress in relation to our fifth goal of being a **successful, sustainable organisation**. As these accounts show, despite the increasing competitive market for student recruitment, we have again exceeded our financial targets, and returned a significant surplus. We are investing in our estate, with ambitious plans for the development of new student accommodation at our Pittville site in Cheltenham. We have finalised our People and Culture strategy, and undertaken a university-wide staff survey which shows some impressive improvements compared with two years ago. And we came third in the 2013 People and Planet Green League, a rise of one place over last year, reflecting our continuing success in sustainability.

OPERATING AND FINANCIAL REVIEW

SECTION 2: STRATEGIC PRIORITIES

2.1 Summary

The university's strategic plan for 2012-17, approved by Council in February 2012, sets out the key strategic priorities, values and future vision of the university, and provides a framework for deriving annual operating plans including annual priorities and targets. Five main themes have been developed to deliver the vision, and progress against each of the actions identified in the annual operating plan is regularly reported to Council and the University Executive Committee.

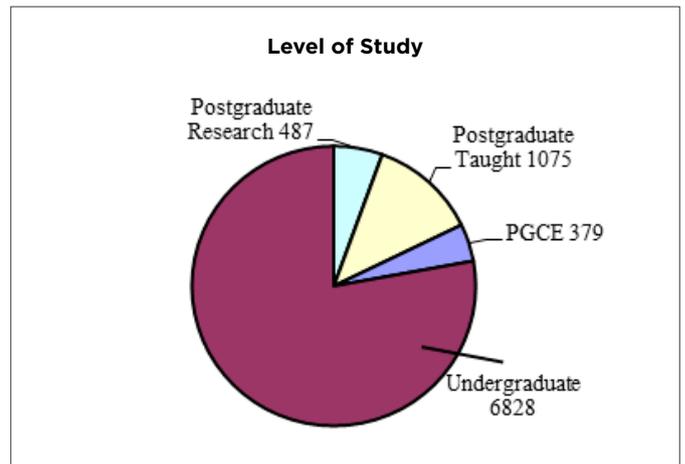
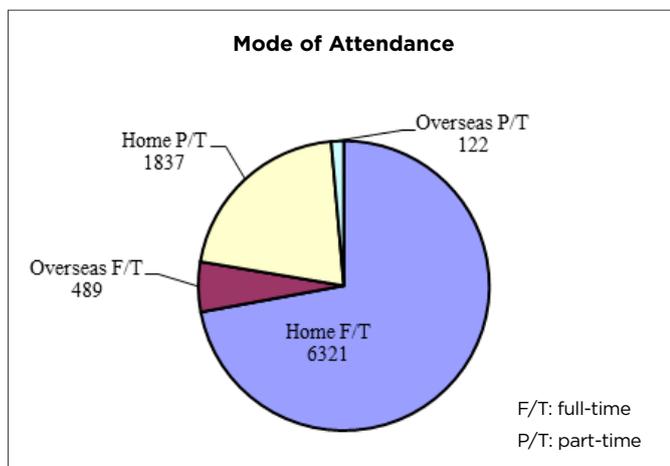
The five strategic themes of the plan, established after consultation with stakeholders, are:

- Learning and teaching
- Enterprise, employability and wider economic benefit
- Research
- Partnerships
- Successful organisation

2.2 Learning and teaching

“Our goal is to provide students with excellent learning experiences through outstanding learning and teaching support.”

Teaching students is the university's primary activity. The university had 13,170 current students registered at 31 July 2013 of which 8,769 were taught by university staff on courses provided at our campuses in Gloucestershire. The breakdown of those students by mode of attendance and level of study is shown in the charts below. A further 4,401 students were taught on higher education programmes franchised or validated by the university and leading to university degrees and other qualifications, with the programmes delivered by partner institutions in the UK and overseas.



During 2012-13 the university developed a new Academic Strategy for our teaching and learning, identifying areas of academic activity which will support the achievement of the university's Strategic Plan in the period 2013-17.

This had several components. We undertook a Curriculum Framework Review of all our undergraduate and postgraduate programmes, with a view to ensuring that all of them were viable in terms of student recruitment and incorporated the priorities of our learning and teaching strategy. Those priorities are:

- Independent and collaborative learning
- Learning for life and employment
- Learning for the future
- Research/practice-informed learning and teaching.

Following that initial review of individual courses, we also reviewed the longer term priorities for investment in developing our subject strengths, from which we identified a range of new courses which we wished to introduce in Autumn 2013 and 2014. Those courses all build on subject areas in which the university already offers high quality and popular programmes.

Through the development of the Academic Strategy, the university has sought to maintain and develop a portfolio of learning and teaching provision which will ensure that curricula are consistent with the university's Learning and Teaching Strategy as noted above, while also ensuring that our teaching and research priorities are aligned, that teaching and research reflect the needs of businesses and employers in our community, and that the whole approach is underpinned by excellent professional development for our staff (see also next section). We have reviewed the length and structure of our academic year and, as part of the overall implementation of the Academic Strategy, we will implement from the Academic Year 2014-15 an extended structure of the year for students which better integrates formal teaching and learning with the development of wider employability and IT literacy skills and opportunities for work experience.

OPERATING AND FINANCIAL REVIEW

The university is committed to delivery of its academic portfolio as flexibly as possible to meet the needs of its increasingly diverse body of learners. Methods of delivery range through various modes including full-time, part-time and fast-track, as well as through different methods ranging from face-to-face to distance learning.

The university's research activities are being driven by the following identified priorities:

- o Sport, Exercise and Well-being
- o Environmental Dynamics and Governance
- o Being Human: Past, Present and Future
- o Design for Business
- o Retail, Marketing and Consumption

In order to secure maximum benefit to the student experience and social and economic impact, the university seeks to articulate its academic portfolio with its business development and community engagement activities. In particular, fruitful partnership activities include collaboration with the Local Enterprise Partnership, and the Strategic Alliance with Gloucestershire College and South Gloucestershire and Stroud College.

The Academic Strategy was developed through a coherent programme of activities culminating in the Academic Portfolio Review, and careful consideration of the university's research priorities. The emerging outcomes were presented at a series of consultative roadshows in April 2013.

• Professional development for staff

The year saw the launch of the university's Academic Staff Development Framework (ASDF). The ASDF includes a set of online resources, hosted in the Moodle virtual learning environment, to support staff activity in specific areas relating to the four priorities of the Learning and Teaching Strategy and the UK Professional Standards Framework (UKPSF) Dimensions of Practice. The ASDF sites developed in 2012-13 include:

- o Assessment and feedback
- o Curriculum design
- o Developing an inclusive curriculum
- o HEA Fellowships
- o Internationalisation

The university's Postgraduate Certificate in Academic Practice (PGCAP), which replaces the Postgraduate Certificate in Higher Education, was launched in January 2013. The PGCAP forms part of the ASDF and was accredited by the Higher Education Academy (HEA) in September 2012 to meet Descriptors 1 and 2 of the UKPSF (Associate Fellowship and Fellowship of the HEA respectively). Some of the workshops for the PGCAP participants have been available for all staff, such as 'Assessment and Feedback' and 'Inspiration in the Classroom', which was facilitated by Professor Paul Manners from the National Co-ordinating Centre for Public Engagement. In addition to the PGCAP sessions, workshops aimed at all members of staff who support student learning have been held on each campus to support applications for Associate Fellowship, Fellowship, Senior Fellowship and Principal Fellowship of the HEA.

Faculty-based Learning and Teaching Committees were established in 2012-13. The membership includes the Subject Group Leaders and the committees are chaired by the Faculty Lead for Learning and Teaching. These committees have been responsible for ensuring that the four priorities of the Learning and Teaching Strategy are implemented and monitored at faculty level.

The Reflection on Academic and Professional Practice (RAPP) scheme was piloted in two schools. This scheme has been developed to replace the former Professional Development Group (PDG) and Review of Professional Practice (RPP) schemes and includes a peer observation of teaching as part of the process. The RAPP scheme will be implemented across the university in 2013-14 and will be monitored by the Faculty Learning and Teaching Committees.

Staff excellence has been recognised through the annual Staff Awards, which comprise the Student-led Teaching Awards and the Staff Excellence Awards. Three university Fellowships were awarded at this event, to Dr Colin Forster, Clive Kerridge and Michael Johnstone. The university was also successful in securing two National Teaching Fellowships, which were awarded to Professor Stephen Hill and Dr Anne Goodenough.

The extension to the JISC-funded Co-generative Toolkit (Co-genT) project was completed, with an enhanced online resource to support staff and students to engage with national and international credit-level descriptors. The Mahara e-portfolio was piloted with the aim of introducing this as the university's e-portfolio platform in 2013-14 and there were successful trials of the online quiz facility in Moodle for use with summative and formative assessment activities.

2.3 Enterprise, employability and wider economic benefit

"Our goal is to promote enterprise, employability and wider economic, social and cultural benefit for the community."

• Enterprise, innovation and skills

All faculties within the university have developed their aspirations for the growth of business support programmes as part of their 2013-14 business plans. Academic schools continue to support local businesses through the provision of consultancy services, applied research, professional and specialist short courses and Masters level study, and work-based training designed and delivered directly with employers.

The university continues to be supported by the fifth round of the Higher Education Innovation Fund (HEIF). This stream supports the central co-ordination of all commercial work, and also enables the university to test new commercial engagements through 'Proof of Concept' funding for staff.

Business enterprise developments during the year included:

- o the Business Development Unit launched a new Innovation Voucher scheme with support from ERDF and TSB in September 2012. The programme aims to develop innovation in local companies seeking to achieve significant change and growth through HE consultancy support over a two year period;
- o in February 2013 the university secured an award of £791k of ERDF funding to establish a service for high growth start-up companies, including the launch of three new incubation centres in Cheltenham and Gloucester. It is anticipated that this will enable the university's students and graduates to start their own enterprises and further establish a culture of entrepreneurship amongst staff and local business mentors;

OPERATING AND FINANCIAL REVIEW

- o the Business Planning Programme delivered its sixth year with student, staff and alumni engagement increasing by 15% and concluded at the university's Annual Enterprise Awards Ceremony which was attended by over 150 local businesses;
- o the Work Based Learning offer has continued to expand and delivered bespoke higher-levels skills programmes to over 200 employees during the year. A final year of HEFCE transition funding has supported the move from the pilot phase to a sustainable model and all programmes are now well embedded in schools and faculties.

• Student employability

All three of the Student Helpzones were re-modelled during the summer of 2012 to improve the space so that they could both provide better service to students and also enabling the *Degreeplus* initiative to be sited in an excellent location on each main campus site.

Degreeplus has worked in partnership with university departments, the Students' Union, external voluntary organisations and regional employers to develop a directory of opportunities for our students to boost their capabilities and ultimately therefore improve their employability chances once they complete their studies at the university. The directory is published and available to students online and in a paper version.

The most high profile options that students are able to engage in are short term Internships and the university's Employability Award.

In the scheme's first year, 86 students completed 80-hour voluntary internships, all of them gaining invaluable work-place experience and contributing to both their own and the host organisations' development. 60 students successfully achieved a University Employability Award, which recognises a student's ability to reflect and improve on the development of their personal employability-related skills.

Following a solid first year of operation, *Degreeplus*, in partnership with both the Careers Service and Student Placements Service, are seeking to strengthen further the range of interventions and opportunities available to students and help to develop the employability skills of the student body.

• Community engagement

Community engagement continues to thrive at the University of Gloucestershire. Recent projects include:

o 10,000 Hours

Since January 2013, the 10,000 Hours campaign has been recording how staff and students are making a difference in their local communities. This target of 10,000 hours was exceeded by June, and includes an impressive array of activities ranging from hospital radio to sports coaching to conservation volunteering.

More than 150 local organisations around the county, as well as some internationally, have benefited from the time and expertise volunteered by individuals and teams.

o Streetwatch

The Streetwatch campaign was launched in Cheltenham in January 2012 as part of a national initiative to tackle anti-social behaviour. It lost government funding but the scheme was revived in March 2013 thanks to financial backing from the University of Gloucestershire and support from the local policing team.

Since the launch of Streetwatch, anti-social behaviour has dropped by 70% and from 2011 to 2012 overall crime rates in St Paul's and Pittville in Cheltenham saw a 48.5% reduction.

o Festivals

University staff and students have continued to develop their contribution to the county's festival life. An increasing number of students are engaging with them through placements, internships and volunteering; in particular with the 2000 Trees festival, the Wychwood Festival and Cheltenham Festivals. The university also sponsors many events of this nature and is instrumental in the Cheltenham Design Festival, including running the Design Academy which allows 14 to 16 year olds from schools in the Cheltenham area to develop their talents.

2.4 Research and scholarship

"Our goal is to embed research, scholarship, practice and consultancy in all our activities."

The University Strategic Plan identifies Research and Scholarship as a key priority, where the goal is to embed research, scholarship, practice and consultancy in all our activities. The Research Strategy provides the framework for developing research strengths and identifying the core activities that will result in a strengthened research culture and profile. All academic staff are provided with time to undertake research and scholarly activity, and some academic staff are provided with additional time to lead research activities and further strengthen research culture. Time allocated for research activity is increasingly carefully monitored to ensure the investment delivers benefits for profile, reputation and the student experience.

Within funding constraints we will selectively invest in a modest number of research priorities to ensure a strong research profile and reputation. Research priority areas have been identified, with three areas already receiving investment funding. We anticipate having six research priority areas in total. A key aspect of the successful bids for 'priority' status is the potential to attract significant external funding in the future. Although we currently conduct externally funded research, we are planning to grow this area of activity in the future, drawing on the research priority areas and other business development opportunities. Increasingly our research is applied, and presents opportunities to attract external funding.

With the census date for submission to REF2014 approaching, we have now confirmed a selective entry into six units of assessment. Selection is based on established quality criteria for staff research outputs. Our submission will also be judged in terms of research impact, so we have invested in strengthening the evidence to inform the impact case studies for each submission. We have carefully monitored progress within each unit of assessment, and have invested in staff appointments in some cases to strengthen the submissions.

Postgraduate research students benefit from active research cultures in the areas they study, and we continue to attract significant numbers of self-funding home/EU and international research students. We offer a small number of studentships, and plan to align internally funded studentships with research priority areas in the future. Some students are in receipt of external funding for their studies, and we continue to look for opportunities to work with external partners to fund studentships.

OPERATING AND FINANCIAL REVIEW

2.5 Partnerships

“Our goal is to build strong relationships with selected partners for mutual benefit.”

• International partnerships

The university has continued to focus on its international partnerships this year with the aim of increasing recruitment to the institution via more proactive involvement with progression pathways and reviewing and consolidating the existing collaborative portfolio.

In February 2013, the university entered into a new joint venture partnership with INTO University Partnerships who specialise in partnerships with universities around the world, working with them to expand, access and transform the quality of the international student experience.

The aim is to attract additional international students to the university via a series of university validated pathway programmes designed to bridge the gap between their home education system and UK university study at both undergraduate and postgraduate level. The first students commenced their pathways in October 2013 and, subject to successful completion of their pathway programmes, will transfer to main university programmes in September 2014.

• Strategic partnership with local colleges

The university has developed a new strategic partnership with two major local further education colleges - Gloucestershire College and South Gloucestershire and Stroud College. Our shared goal is to raise the quality, range and accessibility of higher education in Gloucestershire, through a better-integrated higher education offer for Gloucestershire, underpinned by a collaborative HE strategy. This will ensure that more people in the county can benefit from higher education that is accessible, appropriate and affordable for them. The partnership will enable the university and the colleges to work together to provide flexible, efficient and innovative delivery of education, training and business support, within a unified, rigorous quality assurance framework which guarantees high standards.

The partnership continues to develop with a Memorandum of Agreement signed by all three parties. Both colleges were actively engaged in the university's Academic Portfolio Review with seven new higher education awards approved for franchise/validation from 2013-14 plus Masters level provision from the university delivered by the university staff at the Bristol site of South Gloucestershire and Stroud College from 2013-14. In addition, students from both partners are supported to progress to University of Gloucestershire awards.

Joint staff development events have taken place and staff in professional service departments meet on a regular basis.

Through its Strategic Alliance with South Gloucestershire and Stroud College and Gloucestershire College, the university has worked to maximise local progression to higher education. The university has conducted an investigation into any potential barriers for local students in successfully gaining a place and over the next 12 months there is an action plan in place to address this. The university also increased its bursary package for those wishing to progress from Strategic Alliance colleges, and has developed a joint calendar of outreach events. As a result, the university has seen an increase in the number of students registering in 2013 against 2012.

• Partnership with schools

The university prides itself on its close connections with local schools and further education colleges and invests in a full annual outreach programme. In the last 12 months the Guidance and Recruitment Team has undertaken 170 different activities in local schools/colleges. 132 of these engagements were with our 51 compact partners.

In addition to these activities, the university has delivered two very successful residential summer schools for year 12 and year 10 students. This year's UCAS applicant statistics have shown that students who attended one of these residential events are significantly more likely to progress to the university. They are also more likely to come from a family background with no parental experience of higher education.

The university continues to offer a 14 week mentoring programme to its local Compact Schools/Colleges, where current students have mentored over 200 Gloucestershire learners to aspire to higher education.

• Students' Union

The partnership with the Students' Union has been positive during 2012-13, with a shared sense of commitment to developing the student experience and to gain feedback from our student body on the services that the university provides.

Throughout the year the elected full-time officers of the Students' Union have met with the Vice Chancellor and other senior staff members on a monthly basis, and this meeting has become known as the Students' Union Liaison Group. This meeting enables the Students' Union officers to give feedback and raise concerns in an informal and effective way, and has helped to develop the relationship between the two bodies.

Through this group, the Students' Union has agreed to share and develop its own business plan, as with all university departments and faculties, and this has helped the Students' Union to strategically plan for its own future, as well as aid the university in taking financial decisions related to supporting the work of the Students' Union.

In 2012-13, the Students' Union again organised Student-Led Teaching Awards, which invited students to vote for outstanding teaching and support staff. The awards attracted dozens of nominations from students, and the ceremony was held jointly with the university's own Staff Excellence Awards at Cheltenham Town Hall.

The university remains committed to supporting the development of the Students' Union, and to helping them wherever possible to enhance the services they provide to students. The university will continue to work closely with the Students' Union, involving them in key discussions about the development of the university and its priorities, including the Student Charter, increasing student representation and engagement, and action plans in the light of the National Student Survey.

• Student representation

During 2012-13 the university and the Students' Union have worked to increase the involvement of student representatives to help make improvements to the student experience both related to the academic and more general aspects of student life.

Once again the Students' Union had oversight of the selection processes for course representatives, and led a training event in November 2012 to enable those elected to represent their peers as effectively as possible.

OPERATING AND FINANCIAL REVIEW

The university ensured that all Students' Union and other student representatives were invited to attend appropriate meetings, be they formal committees or informal groups, and encouraged these representatives to be able to raise matters during such meetings.

The university seeks to review and update its Student Charter on an annual basis, and this was undertaken in full partnership with the Students' Union. Feedback on the document was gathered from students during focus groups, and the views of students were reflected in the updated version.

2.6 A successful organisation

“Our goal is to be a successful and sustainable organisation.”

• Sustainability

The university acknowledges the sustainability expectations on universities from the UK Government Higher Education agencies and across the local, student and professional communities it serves. This responsibility is reflected in the vision, mission and goals outlined in the university's 2012-17 Strategic Plan committing

the university to a whole-of-institution approach that promotes living and learning for a more sustainable world.

The year 2012-13 has seen the Higher Education Academy, the Leadership Foundation for HE and the Quality Assurance Agency increase their involvement in, and promotion of, Education for Sustainability. The university is recognised as a sector leader in this area and was invited to participate as an expert informant in: the drafting of QAA's 'Guidance on Education for Sustainability'; a meeting of the Leadership, Governance and Management Committee focusing on priorities for HEFCE's forthcoming Sustainable Development Plan; 'HEA's Green Academy' and 'Flexible Pedagogy' (Education for Sustainability) Study; and LFHE's dialogues on leadership needs of senior managers in this area.

Our sustainability credentials have been further cemented by our 2013 Green League score; despite increasingly strong competition, the university attained 58 points out of 70 (a 4.5 point increase) and was ranked 3rd out of 148 institutions. The table below reports on progress against performance measures identified in Goal 5 of the 2012-17 Strategic Plan:

Pathway	Focus	2012-13
Performance	Scope 1 and 2 carbon emissions reduction	Carbon emissions are reducing in line with HEFCE agreed targets - 25% reduction against 2005 baseline.
	Water consumption and waste	The university has established baselines, set targets and agreed activity plans for the previously poor performing areas of water and waste.
	Scope 3 'indirect' carbon emissions	Emissions from all scope 3 indirect sources have been quantified and targets established ahead of expected sector wide targets from HEFCE.
	Education for Sustainability (Efs)	Successful conclusion of the national HEFCE QA project. Funding and expert mentoring offered to colleagues working on embedding sustainability into teaching and learning across the faculties.
	Research	Continued delivery of high quality, relevant research in sustainability on higher education, agriculture, behaviour change and community engagement, tourism and management, biosciences and sports sciences.
Profile	Benchmarking and awards	The university continues to perform very well in national rankings and awards schemes (eg the Green Gowns three initiatives shortlisted in 2013).
	Reputation	2012-13 has seen an increase in the number of requests as a project partner, research partner, expert advisor and keynote speaker at events. We have also had an increase in the number of international visitors and PhD enquiries.
Partnerships	Local partnership development	Good coverage in local media and increase in local partnership activity such as LEP and Gloucestershire Climate Change Panel. Developed stronger links with the Royal Agricultural University and Gloucestershire College supporting their efforts in sustainability.
	Internal partnerships	Four new Degreeplus student sustainability internships established with Regional Centre of Excellence partners. ICT, Estates, LIS and Finance and Planning continue to implement energy saving and recycling measures across the campuses.
	International partnerships	Led the Copernicus Alliance for Sustainability in Higher Education and hosted a partnership event with UNU to celebrate the launch of the Higher Education Treaty.
Participation	Student experience - NUS survey	The quality of the student experience relating to sustainability remains high as evidenced by the NUS/HEA student survey.
	Sustainability staff and student participation activities	Improved engagement opportunities: WWF EarthHour; Car-share Forum; A-Z Guide to Recycling. The university was shortlisted for a Green Gown Award under this category.

OPERATING AND FINANCIAL REVIEW

A key highlight of the year was the launch of the *Learning for Sustainable Futures* (LSF) grant that funded six projects in 2012 and eight projects in 2013 from all faculties and various professional departments. The scheme has been shortlisted for a Green Gown Award. The year also saw the completion of the HEFCE LGM project, a significant milestone in Education for Sustainability and Quality with an associated online resource. The project outcomes were presented by QAA Chief Executive, Anthony McClaran, at the INQAAHE conference in Taiwan and at the HEA annual UK conference.

The Cheltenham Chilli Company was also established in 2013: a student-led initiative which builds enterprise and sustainability skills through the growing and selling of local chilli products. The Students' Union, in partnership with the university and the Local Enterprise Partnership successfully bid for £300,000 for the HEFCE-NUS funding to extend the student experience in sustainability.

University colleagues have been the recipients of several Sustainability Awards. A member of Sustainability Team won the Jerry Jones Award for Social Enterprise at the annual Staff Enterprise Awards for efforts to improve living and learning conditions in Kolkata. The Cheltenham Chamber of Commerce recognised Richard Davidson, an MSc student and his supervisor, Prof Frank Chambers, with an award of £25,000 in the 2013 Green Transport Competition. Baxter Storey received 'Food for Life' bronze award accreditation from the Soil Association for the improved availability of sustainable local, seasonal, organic foods, and greater number of vegetarian options across university catering outlets.

• People and culture

Seizing the opportunities and meeting the challenges inherent within the university's strategic goals depends on the combined talent, knowledge, skills, dedication, flexibility and goodwill of all our people.

The People and Culture Strategy was developed in consultation with staff and published in March 2013. It sets out the shifts we aspire to achieve in our culture ('the way we do things'); the priority people actions to support these shifts and enable people to give of their best in achieving the university's strategic goals; and the measures we will use to track progress.

As part of the strategy we are continuing to reinvigorate our approach to people development. We have increased our investment in specific learning and networking opportunities for individuals, including attendance at academic and professional conferences. One particular focus this year has been on leadership and management development. We have launched our own HELM (Higher Education Leadership and Management) programme run by the university's School of Business and Management, run an intensive Executive Development Programme to follow up the Executive Review and secure an effective leadership team, introduced 360 feedback and coaching support for all senior managers and Professors at the university, and run training for managers carrying out staff development reviews (SDRs) focused on improving the quality and impact of SDR discussions.

We have continued a programme of review and restructuring. This year we have focussed on making changes in human resources to underpin the People and Culture Strategy, and on bringing marketing and communications, guidance and recruitment, and alumni relations together into one department.

In our June 2013 staff survey we were delighted to achieve a response rate of 61% (75% if part-time hourly paid staff are excluded), up from 27% in 2011. 80% of respondents agreed,

or tended to agree, that the university is a good place to work. Whilst many of the survey results had improved substantially since 2011, we have more to do to reach the results achieved by some other universities. People throughout the university will be working together to develop action plans for further improvement during the next few months.

• Equality and diversity

Under the Equality Act 2010 the university has developed objectives to support individuals and groups with protected characteristics under five headings. They are: Students, Monitoring, Accessible Environments, Culture and Staffing. The university has consulted with staff, the representative bodies and students and invited involvement from a range of local and regional equality organisations representing all protected characteristics under the Act.

During the year a number of key activities have taken place to strengthen and review our approach to equality and diversity for staff and meeting our legal responsibilities under the Equality Act 2010. These have included:

- the convening of a task and finish group led by the Pro Vice-Chancellor to review the university Equality Objectives;
- a detailed analysis of existing data on protected characteristics for staff and students to inform the revised objectives;
- the purchase and launch of an online tool to provide mandatory Equality and Diversity Awareness for new staff as part of their induction to the university;
- we have provided summary materials on equality for all our Chairs of interview panels and have reviewed our advertising to ensure we attract the widest pool of applicants;
- all committee members from the university's student-led sports clubs (48) have attended a mandatory workshop that engages with the attendees to support them to be 'equality-aware', and that the university has an expectation that they will challenge any discriminatory behaviour within their clubs;
- the university campaign with its Students' Union entitled 'Don't Hate' won a national NUS award for its endeavour to communicate with international students; the campaign is continuing;
- a number of actions are planned for 2013-14 including the collection of a wider range of workforce data and encouraging disclosure under the protected characteristics, in line with new HESA reporting requirements, and the launch of the Dignity at Work campaign.

• Anglican identity

One of the predecessor colleges from which the university was created was the Cheltenham Training College. Founded in 1847 as a teacher training college by the Revd Francis Close, the college had an explicit Christian mission. That mission was carried through successive mergers and reorganisation, and continues to be reflected in certain provisions of the university's Articles of Government. During 2012-13, the university reviewed the ongoing significance of that Anglican identity, to consider how it is expressed in our current activities. A report setting out the conclusions reached by the review is available on the university's website, with links to the wide range of activities which reflect our historical identity. One component is the continuing role of the university's Foundation, comprised of some 200 Foundation Fellows, roughly half of whom are clergy. The report sets out the range of ways in which the Fellows support the university's work.

OPERATING AND FINANCIAL REVIEW

SECTION 3: FINANCIAL PERFORMANCE

Financial performance is key to ensuring that the university continues to be a successful and sustainable organisation.

3.1 Key financial highlights

- Sound operating performance, achieving a surplus of 5.8% of income (2012: 9.8%).
- Maintained strong year-end liquidity position with an improvement in net liquidity days to 79 days (2012: 76).
- Improved net current asset position to £5m (2012: £4m).
- Further reduction in long-term debt to £19.1m (2012: £20.7m).
- Further improvements in debt collection resulting in an improved trade debt position of £2.3m (2012: £2.5m).
- Investment in the estate and infrastructure.
- Reduced redundancy costs reflecting the end of the voluntary severance and early retirement programme.
- Net pension liability improved by £3.9m.

3.2 Review of the year

• Operating performance

The university reports a consolidated operating surplus of £4m before exceptional items with an improved net asset position of £73.9m before pension liability (2012: £70.9m). This was a good performance in a challenging year which saw the introduction of the new fees regime and builds on three previous years of strong operating performance with a decrease in long-term debt of £1.6m and an improved year-end cash position.

During the year the university entered into a new joint venture agreement with INTO University Partnerships Limited to provide language courses and Foundation, Diploma and pre-Masters programmes, increasing and improving the options available to international students.

Investment continued in our estate, particularly in upgrading halls and infrastructure for students; for example, wireless networking our student residences.

All areas of the university continue to contribute to this financial success.

• Fixed assets and capital investment

o Estates

Through 2012-13 the second-phase refurbishment of the Challinor Hall was completed. This completes all works to this hall and provides us with 59 high quality student rooms at the Park Campus. A number of oil-fired boilers across the university have been replaced with high efficiency gas boilers and plant rooms have been stripped of asbestos.

In addition, at Park, the Farmery building has been refurbished to provide good quality office accommodation and all student halls have been redecorated internally. The Media centre has been reconfigured to provide an additional Mac computer room and the main library has benefited from an internal refurbishment to provide social learning spaces. Construction of a new Faith Centre commenced in this financial period and the Elwes building has been repurposed in part to take INTO students.

At Oxstalls, the main building has been extended by installing a mezzanine floor to provide additional space for the strength and conditioning curriculum.

At Francis Close Hall, the Students' Union bar has been refurbished. The refectory has been subject to decoration, new internal finishes and equipment, and the upper mezzanine has been upgraded to introduce social learning space. In addition, the Archive space has been remodelled.

o ICT

In 2012-13, ICT and Apparatus and Equipment developments in the university included:

- computer and Audio Visual Refresh programme;
- business information systems developments;
- specialist ICT laboratories;
- new developments.

Whilst the majority of expenditure was spent on updating and replacing equipment, a significant investment was made in the purchase of a new Customer Relationship Management (CRM) system for the university to manage student recruitment in an increasingly competitive market. Investment in the new system provided an opportunity to review the whole recruitment process in the university from initial enquiry, open days and fairs through to enrolment, and re-engineer processes around the functionality of the new system.

• Long-term debt, including finance leases

At the year end, long-term liabilities had reduced by £1.6m and all covenants were complied with. During the year the university's finance lease obligations were reworked to recognise the impact of taxation changes over the last five years which had not previously been applied by the lender. The reduction in liability has been treated in the accounts as a prior year adjustment increasing the net asset position at 31 July 2012 by £0.3m.

• Liquidity and treasury management

Cash deposits are invested in accordance with the university's Treasury Management Policy. The prime requirement of the policy is for capital sums to be distributed between approved financial institutions to ensure minimal risk exposure.

Deposits held with any one bank should not exceed £5m. At the balance sheet date £12.3m was placed on deposit; average monthly balances held by deposit takers over the year were £11.5m (2012: £11.1m).

The year-end liquidity position has improved slightly from the prior year to 79 days (2012: 76 days) and exceeds the target of 75 days set out in the Strategic Plan.

• Pensions and pension liability

Retirement benefits for employees of the university are provided by a number of defined benefit schemes. The financial results include the impact of Financial Reporting Standard 17 – Accounting for Retirement Benefits for the benefits covered by the Local Government Pension Scheme (LGPS).

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Under the Gloucestershire County Council Superannuation Scheme the net pension liability (LGPS) as at 31 July 2013 was £16.2m (2012: £20.1m; 2011: £12.1m). This improvement is largely due to stronger asset returns affecting expected rates of return in future years.

The Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Church of England Funded Pension Scheme are all multi-employer schemes, and the university's share of assets and liabilities cannot be separately identified. These schemes are therefore accounted for as if they were defined contribution schemes.

Employer contributions to pension schemes were as follows:

Pension Scheme	Current Contribution Rate	2012-13 £000	2011-12 £000
LGPS	19.5%	2,289	2,159
USS	16.0%	90	76
TPS	14.1%	2,124	2,105
Others including Church of England Scheme	38.2% (CofE)	8	21
Total		4,511	4,361

3.3 Financial sustainability and key performance indicators

Management actions in 2012-13 have further strengthened the net asset position of the university, ensuring the continuation of a stable financial platform to enable it to face the current and future challenges in the HE sector.

As part of the development of the 2012-17 Strategic Plan, and in order to support delivery of the university's Operational and Business Plans, a Finance Strategy has been developed, with key financial indicators. The university's financial goals are:

- to ensure the continued financial sustainability of the university;
- to achieve financial targets;
- to achieve increased revenue from a broader range of income sources;
- to maintain robust and rigorous financial controls;
- to develop robust business planning and performance monitoring systems;
- to achieve good value for money and to provide a framework for improving financial performance;
- to invest in our estate and other infrastructure to ensure they are fit for purpose and support the delivery of an excellent student experience.

Performance against the targets included in the Strategic Plan is set out below:

Key Financial Indicator	Performance 2011-12 to 2012-13	Finance Strategy Target 2012 to 2015
Operating surplus to turnover	9.8% falling to 5.8%	3% with an additional 2% development fund
Net liquidity days	76 days increasing to 79 days	75 days
Cash generation from operating activities	13% falling to 11%	10% of turnover
Gearing ratio	32% improving to 30%	30%
Long-term liabilities (mortgages and leases)	29% improving to 27%	Less than 30% of turnover
Pay as a % of total income	51% increasing to 54%	Not to exceed 53% of income
Annual growth in total income	2% decrease over the year	To average 3% over the three year period
Diversification of the income base (percentage of income represented by non-regulated fees and other income)	Consistent with prior year	Growth of one percent point pa
Investment in capital and recurrent maintenance	Consistent at 7.5%	Capital investment at 5% of turnover

Regular business review planning meetings are held to monitor progress against department and faculty key performance indicators supporting the university's Operational and Business Plans.

3.4 Payment of creditors

It is the university's policy to obtain the best terms for all its business activities and therefore terms are negotiated with individual suppliers. The university aims to pay creditors in line with its terms and conditions set out on individual purchase orders; these terms may vary by agreement or contract, or by statutory or regulatory conditions.

OPERATING AND FINANCIAL REVIEW

3.5 Value for money

An annual report on Value for Money is given to Audit Committee to provide assurance that the university is delivering value for money from public funds, in line with HEFCE's audit code of practice. The university is committed to making the best use of the resources that it has available, to delivering intended services and maximising the benefit achieved from those services.

3.6 Accounting systems

The university continues with the development of the Agresso accounting software and related systems. Enhancements during the year included upgrading the system and further improvements focussed on the enrolment process.

3.7 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of the year 2012-13 and the publication of the Financial Statements.

3.8 Future plans, risks and developments

Government reform of the HE fees regime with the introduction of higher fees and the removal of limits on the recruitment of highly qualified applicants (A level grades of ABB+ or equivalent) is having an impact on the sector and the way that applicants and universities are behaving is still evolving and settling down. Across the higher education sector, applications in the 2012-13 cycle were up by 2-3% from the previous year; however, they are still below the peak of applications for Autumn 2011 entry.

Although the impact on the sector of the HE reform is still evolving, there was a significant change in recruitment behaviour for Autumn 2013 entry. When A level results were announced in 2013, there was a substantial increase in acceptances, indicating that lower conditional offers have been made and that more students were accepted who failed to achieve their offer. As a consequence fewer students entered clearing. At the same time more universities, including Russell Group universities, entered clearing resulting in increased competition for applicants.

The university is taking positive steps to meet the challenges currently facing the sector:

- new courses have been introduced for Autumn 2014 recruitment, based on applicant demand;
- the two-year Fast Track courses are actively being promoted;
- links with our partner colleges are being strengthened;
- the university has embarked on a process of identifying its key strengths and key messages to establish and communicate our distinctiveness;
- new CRM software is being implemented to allow faster and more personalised communications with every applicant to maximise the chances of conversion.



OPERATING AND FINANCIAL REVIEW

SECTION 4: PUBLIC BENEFIT STATEMENT

The University of Gloucestershire is an exempt charity under the terms of the Charities Act 2011. As an exempt charity it is not required to be registered with the Charity Commission but is, however, subject to the Charity Commission's regulatory powers which are monitored by HEFCE. The University Council have due regard to the Charity Commission's public benefit guidance.

The objectives of the university are the advancement of the higher and further education of men and women, by the provision, conduct and development of a university for the advancement of education, teaching, advice and research. The preceding sections, particularly sections two and three, more fully describe the activities of the university and should be considered alongside this statement, to gain a full understanding of the extent to which the academic activities of the university deliver a benefit to society.

The prime beneficiaries are the students of the University of Gloucestershire who are engaged in learning and research activities. Other beneficiaries include employers, businesses, school children and the general public. Staff and students also engage in voluntary action in the local community and overseas, for example in Malawi, where the university has led a sport-based project for several years.

The university also provides access to arts, musical and other cultural events. This includes long-standing support for the internationally acclaimed Cheltenham Festivals. In 2013, the university played an active role in the Cheltenham Design Festival for the second year.

Support for business is a growing activity. We work with business through the Local Enterprise Partnership and support enterprise through, for example, the annual University Enterprise Awards; which honour enterprising students, staff, graduates and local businesses. 2013 saw the establishment of three new Enterprise Hubs in Cheltenham and Gloucester, enabling start-up business directors and entrepreneurs to rent serviced office space, with access to mentoring, skills development and a support network provided by the university.

Education at the University of Gloucestershire reaches far beyond the classroom. Our Teaching and Learning Strategy has five core principles: learner empowerment, active engagement, learning in communities, education for sustainable development and learning for equality, diversity and intercultural understanding. Between January and June, staff and students clocked 10,000 hours of voluntary work with over 140 organisations in Gloucestershire and beyond.

The university had 13,170 current students registered at 31 July 2013 of which 8,769 were taught by university staff and 4,401 in partnership arrangements across the globe. Of those students studying at the university, 10.33% had identified themselves as disabled, 8.38% as part of the black and minority ethnic (BME) communities resident in the UK and 6.97% were from overseas.

The university is committed to extending the diversity of its student body and has committed to a programme of outreach and financial support to ensure that there is fair and equal access to all.

The Outreach unit provides a link between the university and the wider community supporting schools, colleges, local groups and other regional and national networks in promoting progression into higher education. The team provides support sessions for school and college students to brief them on how to apply to university and the financial support available. In 2012-13 the outreach team undertook 170 activities with schools and colleges, ranging from primary school children to lifelong learners.

The university works predominantly with schools and colleges, including 51 institutions in its 'compact' network in Gloucestershire and neighbouring counties. It organises a wide range of activities for both young people and mature learners which aim to raise awareness of higher education, providing activities that inform students of their options. Interventions are in place to work with a wide range of students to ensure our level 4 intake reflects all areas of society; such projects include residential summer schools and providing mentors within Gloucestershire schools to work with learners on a one-to-one basis. The number of pupils thinking of progressing to higher education doubled from the start to the end of the mentoring programme, with 100% stating they would recommend mentoring to others.

The Outreach team works with local primary school pupils on a project that works with students over a six week period who participate in teaching and development activities, which culminates in their own 'graduation' ceremony. 215 current students work with the university's outreach team to raise aspirations to enter higher education.

The university also continues to develop research strengths in religion and spirituality; environment and sustainability; community development, citizenship and sport. Our Research units work with a range of charitable and publicly funded organisations and the outputs of much of this work enhance society in general. Inaugural lectures by new professors of the university in 2012-13 were open to the public and were well attended.

In 2012-13, the university provided over £3.5m in financial support to students through discounts, fee waivers, and scholarship and bursary awards. The university supports students from low income families, under-represented groups and low participation neighbourhoods, by offering fee waivers. Scholarships and bursaries are available to both our home and international students to reward academic excellence, whilst discounts are provided to alumni who wish to progress to postgraduate study. Examples include the University Fee Waiver of £1,000 for UK students with a household income of less than £25k, and the Disabled Sports Scholarship providing a £1,000 cash award, together with further sports support, to disabled students, to encourage diversity in our sporting community.

OPERATING AND FINANCIAL REVIEW

SECTION 5: CORPORATE GOVERNANCE

The following statement is given to assist readers of the Financial Statements in obtaining an understanding of the Governance procedures applied by the university's Council.

5.1 Introduction

The university is incorporated as a private company limited by guarantee, and is an exempt charity under the terms of the Charities Act 2011. Its objects, powers and framework of governance are set out in the Articles of Association, and approved by the Privy Council.

The university conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and is committed to best practice in all aspects of corporate governance. The university's Council has adopted, and ensured compliance with, the Committee of University Chairs' (CUC) Governance Code of Practice, and has conducted its business in accordance with CUC good practice and principles. The Council has ensured that it has discharged its responsibilities in full compliance with the requirements of the Higher Education Funding Council for England (HEFCE)'s Financial Memorandum.

5.2 Summary of the university's structure of corporate governance

Council is the governing body of the university, responsible for setting the general strategic direction of the institution, for ensuring proper accountability, and for the management of its finances, property and investments and the general business of the university. Council has a membership of 18: a majority of whom are non-executive and independent, together with student and staff representatives (both academic and non-academic) and the Vice-Chancellor.

The roles of Chair and Vice-Chair of Council are separated from the role of the university's Chief Executive, the Vice-Chancellor. The responsibilities specifically reserved to the Council are set out in the Articles of Association of the university.

In the conduct of its formal business, in addition to a strategic away day held each year, the Council meets six times a year. It has a number of formally constituted committees which are: Finance and General Purposes Committee, Governance and Nominations Committee, Audit Committee, Employment Policy Committee, Council Trades Unions and Managers Consultative Committee, Remuneration Committee and Honorary Awards Committee. In 2012-13, Council agreed to introduce a new committee called Council and Foundation Standing Group to oversee work related to the Anglican identity of the university. All of these committees are constituted with formal terms of reference and membership, which are reviewed on an annual basis. A Scheme of Delegations further details the specific delegated powers of these committees.

The **Academic Board** is the academic authority of the university and draws its membership entirely from the staff and students of the university. Its principal role is to direct and regulate the teaching and learning and research work of the university and to advise Council accordingly.

The **Audit Committee** has responsibility for monitoring the effectiveness of the university's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution, and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements, including recommending the appointment of internal auditors. It considers internal audit reports and recommendations for the improvement of the university's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature and scope and effectiveness of the process, and considers the audit aspects of the institution's financial statements. It also advises the Council on the appointment of external auditors. In accordance with recommended practice, the Committee, which met four times during the year, provides the opportunity at each meeting for members to meet with the internal and external auditors without officers of the university present.

The **Finance and General Purposes Committee** (FGPC) is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators (KPIs) in order to measure and monitor university performance against agreed strategies and targets. The Estates Working Group, a sub-committee of FGPC, has continued to monitor and advise on the conduct of the university's estates/infrastructure activity including revenue and capital expenditure, drawing on professional expertise beyond that available within the Council membership.

The **Employment Policy Committee** is responsible for the oversight of human resource strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks. This includes consideration of legal requirements, advice and guidance from statutory authorities and reports issued by Government or Funding Authorities.

The **Council, Trades Unions, and Managers Consultative Committee** is the principal forum in which representatives of the recognised Trades Unions and the elected staff members of the Management Common Interest Group can meet members of university Council with management to discuss Human Resource issues of mutual interest and concern.

The **Remuneration Committee** is responsible for making recommendations to Council on the pay and conditions of service and severance arrangements of the Vice-Chancellor and all members of university Executive Committee. In considering these matters the Committee considers quality of performance and reviews independent sources of comparator information on pay and conditions of service. In 2012-13, Council agreed that the Remuneration Committee should also be responsible for reviewing and approving, as necessary, the remuneration framework at an institutional level for all staff.

The **Governance and Nominations Committee** is responsible for a range of governance-related issues including recommendations to Council on the appointment of new independent members. The committee monitors and reviews the development and implementation of good governance practice.

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The **Honorary Awards Committee** is responsible for reviewing the criteria and arrangements for conferring of honorary awards, as well as considering nominations for awards, and making recommendations to university Council.

The Council recognises that, in accordance with best practice recommended in the CUC Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. Following a comprehensive review of the effectiveness of the university's governance arrangements in 2010-11, the full implementation of recommendations agreed was completed during 2011-12, and new practices have been fully embedded during 2012-13. This included:

- the recruitment of two further new External Members of Council to provide the balance of skills and experience agreed necessary to strengthen the Council's effectiveness, and to provide the appropriate expertise to meet the current and future challenges in higher education;
- embedding the outcomes of recommendations made during the comprehensive review of the academic governance of the university, focusing particularly on the effectiveness of Academic Board and its committees, and the strengthening of the relationship between the Academic Board and the Council to ensure that the Council systematically assures itself of academic quality in the institution;
- an enhanced system of forward business planning for Council and its committees to strengthen the strategic approach Council takes to the management and monitoring of university activity;
- continued focus on providing a comprehensive programme of induction, training and personal development for Council members;
- a scheme for providing feedback to Council members on their contributions, and for members to contribute to the ongoing evaluation of the effectiveness of meetings.

An internal audit of the university's corporate governance arrangements is scheduled for 2013-14.

5.3 Financial responsibilities of the university's Council

In accordance with the university's Articles of Association, the Council is responsible for the oversight of the university's affairs and is required to present audited financial statements for each financial year, which include a statement on corporate governance and internal control.

Working through its established sub-committees, the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and to enable it to ensure that the financial statements are prepared in accordance with the university's Articles of Association, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education and other

relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the university's Council, the Council, through its Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the university for that year. In preparing these financial statements, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting and financial reporting 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 will continue in operation.

The Council has taken all reasonable steps, through its senior officers and Audit Committee, to:

- ensure that funds from the Higher Education Funding Council for England, the Teaching Agency (now the National College for Teaching and Leadership), and other sources are used only for the purposes for which they have been given;
- 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 and prevent and detect fraud;
- secure the economical, efficient and effective management of the university's resources and expenditure.

5.4 Disclosure of information to auditor

At the date of making this report, the Council confirms the following:

- So far as each Member of Council is aware, there is no relevant information needed by the university's auditor in connection with preparing their report of which the university's auditor is unaware.
- Each Member of Council has taken all the steps that he/she ought to have taken as a Member of Council in order to make himself/herself aware of any relevant information needed by the university's auditors in connection with preparing their report and to establish that the university's auditor is aware of that information.

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5.5 Statement of Internal Control

As the governing body of the University of Gloucestershire, the Council recognises that it has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Articles of Association and 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 review process designed to identify the principal risks to the achievements of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended July 2013 and up to the date of approval of the financial statements.

During the year the university has continued to develop and strengthen its Risk Management Policy and Procedures in order to better recognise and manage the risks it faces in the delivery of its strategic aims. The risk framework is aligned with the University Strategic Plan and reflects the importance of the five institutional goals in the Plan. It has been designed to cover all risks including governance, management, quality, reputational and financial, whilst focusing on the most important risks. The risk register provides an appraisal of the pre-mitigation and post-mitigation position for each risk, including a likelihood/impact matrix. The post-mitigated residual risk is a composite judgement by the risk owner of the position following the application of mitigating actions and the extent to which those actions have been progressed. A detailed reporting schedule is in place to ensure that the relevant information is reviewed and reported in a timely manner to appropriate audiences.

Risk management has been incorporated more fully into the corporate planning and decision-making processes of the institution, and informs the work undertaken by Internal Audit. The University Executive Committee now has a standing agenda item to review all key risks, to report on progress of mitigation and residual risk, as well as to identify new and emerging risks. It has been embedded at faculty/department level by ensuring that the annual planning cycle includes a review of the risks facing each unit, together with clear mitigation plans, closely aligned with institutional level risks. Each faculty and central department has revised its own risk register to align with the institutional framework so that there is a clear link between the risks reported at an institutional level and at a faculty/departmental level. Detailed business continuity and disaster recovery plans, both at an institutional and a faculty/departmental level, are also in place.

The Council has responsibility for reviewing the effectiveness of the institution's systems of internal control and, via the Audit Committee, conducts an annual review of these. Council considers the plans and strategic direction of the university and receives reports from the Chair of Audit Committee concerning internal control and has access to the minutes of Audit Committee meetings. The Audit Committee receives regular reports from the internal audit, which includes an independent opinion on the adequacy and effectiveness of the university's system of internal control together with recommendations for improvement. The internal auditors' annual opinion on the internal control environment is taken into account by Audit Committee in preparing its own opinion on internal control. The review of the effectiveness of the system of internal control is also informed by the work of the Executive team within the university, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Higher Education Funding Council for England (HEFCE) conducted an assurance review of the university in June 2012, examining how the university exercises accountability for the public funding it receives. The review concluded that HEFCE could place reliance on the university's accountability information and that the university therefore demonstrated that it has effective systems for risk management, control and governance. That conclusion represents the highest level of assurance rating that can be achieved on HEFCE's four-point rating scale.

Council is of the view that the university has an appropriate framework for delivering assurance to the governing body on key aspects of governance, risk management and internal control, and that there is clarity in terms of the respective roles of the Audit Committee, Finance and General Purposes Committee and Council and how internal audit interfaces with these bodies.

Professor Sir Peter Scott
Chair of Council

Stephen Marston
Vice-Chancellor

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF THE UNIVERSITY OF GLOUCESTERSHIRE

We have audited the financial statements of the University of Gloucestershire ('the university') for the year ended 31 July 2013 which comprise the statement of principal accounting policies, the Group income and expenditure account, the Group statement of total recognised gains and losses, the Group statement of historical cost surpluses and deficits, the Group and university balance sheets, the Group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Governing Body, in accordance with paragraph 30 of the university's articles of government, Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the university's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the university's Council and auditor

As explained more fully in the Governing Body's Responsibilities Statement, the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and university's affairs as at 31 July 2013 and of its incoming resources and application of resources, including its 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 the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matters

In accordance with HEFCE's Financial Memorandum dated July 2010 and the funding agreement with the National College for Teaching and Leadership we are required to report to you whether, 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; and
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the funding council's Financial Memorandum, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from Branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Governing Body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the university.

JOHN GOLDING Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
OXFORD

28 November 2013

The maintenance and integrity of the university's website is the responsibility of the Council; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 General

The university has undertaken a review of its accounting policies under FRS 18, Accounting Policies, and considers that the following accounting policies have been applied consistently to items which are considered material in relation to the financial statements.

2 Accounting convention

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice – Accounting in Further and Higher Education Institutions (SORP) and applicable Accounting and Financial Reporting Standards (FRS).

3 Going concern

The Council has reviewed the budget for the year to 31 July 2014, the financial forecasts for the following two years and has adopted the guidance provided by the Financial Reporting Council (FRC) under *Going Concern & Liquidity Risk: Guidance for Directors of UK Companies 2009*.

Under the FRC guidance the university has employed a self-assessment questionnaire that provides a framework to assist the Council in determining whether it is appropriate to adopt the going concern basis for preparing financial statements, and, in making balanced, proportionate and clear disclosure. The assessment included a review of forecasts and budgets, borrowing requirements, timing of cash flows, contingent liabilities, markets, risk management and financial adaptability, including sensitivity analysis and risk register.

Based on information and knowledge available to the Council in carrying out this review, the Council has a reasonable expectation that the university has adequate resources to continue in operational existence for the foreseeable future. For this reason the Council continues to adopt the going concern basis for preparing the accounts.

4 Basis of consolidation

The results of the university's subsidiary undertakings, and undertakings in which it has a controlling interest, have been consolidated in the financial statements and details of these are provided in note 12 to the accounts. The university's share of the results in its joint venture has been consolidated in the financial statements and details of this and the basis for consolidation are provided in note 13 to the accounts.

With effect from 1 August 2012, the consolidated financial statements no longer include the results of the University of Gloucestershire Students' Union as it is a separate company limited by guarantee in which the university has no financial interest, control or significant influence over policy decisions.

5 Grants

HEFCE recurrent grant income represents income in support of the normal revenue activities of the university during the financial year and is credited direct to the income and expenditure account.

Capital equipment grants are capitalised and released to the income and expenditure account over the expected useful lives of the assets in line with the depreciation policy.

Capital building grants are capitalised and released as follows:

- building maintenance - against expenditure in the year it is incurred;
- building development or improvement - over the expected useful life of the asset.

Deferred income, in respect of HEFCE capital grants, which are attributable to subsequent financial years, is included in creditors as a deferred credit.

6 Recognition of income

Income from Specific Endowments and Donations, Research Grants including RAE-related Contracts and Other Services rendered, where the contract or grant covers a period extending beyond the current financial year is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

All income from short-term deposits and General Endowment Asset Investments is credited to the Income and Expenditure Account on a receivable basis.

Tuition fees and other income are credited to revenue in the period to which the activity generating the income arises. Accordingly, fees received in advance are included in creditors as a deferred credit.

Income due to third parties, under contractual arrangements where the university is acting as agent, is held on the balance sheet as a current liability.

7 Tangible fixed assets

Freehold Land and Buildings

In accordance with FRS 15, Tangible Fixed Assets, and following the issue of the SORP, the university has adopted the option to treat valuations previously attributed to some properties as at 31 July 2000 as a proxy for cost.

Short Leasehold Land and Buildings

Short leasehold land and buildings are included at cost.

Additions to freehold and leasehold land and buildings are capitalised at cost.

Plant and Equipment

Expenditure on all plant and equipment is capitalised where the individual cost of items exceeds £5,000, or if an item is a component of a larger asset or programme.

8 Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned.

In calculating depreciation, buildings acquired before 1 August 2006 are considered to have a residual value of 50% of cost to reflect an ongoing maintenance and repair programme.

New buildings commissioned post 1 August 2006 are considered to have a nil residual value with the full cost written off in accordance with the component life cycle methodology for depreciation.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

The lives used for this purpose are:

		Pre July 2006 Acquisitions	Post July 2006 Acquisitions
<i>Freehold and Leasehold Land and Buildings:</i>			
Freehold land		NIL	NIL
Buildings	Listed	100 years	100 years
Buildings	Other and unlisted	50 years	Component life 10-50 years
Buildings	Major adaptations	10-25 years	Component life 5-40 years
Plant	Up to 1994-1995	10 years	
Plant	From 1994-1995	20 years	Component life 10-30 years
<i>Equipment:</i>			
Apparatus and equipment		5 years	5 years
Computer equipment		3 years	Component life 3-10 years
Motor vehicles		5 years	5 years
Furniture, fixtures and fittings		10 years	Component life 10-15 years

9 Impairments of assets and assets held for disposal

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower.

Recoverable amount is defined as the higher of fair value less costs to sell and the estimated value in use at the date the impairment review is undertaken.

Material impairments are recognised in the income and expenditure account as exceptional items.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, as defined above. Assets are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year.

No depreciation is charged on assets classified as held for sale.

10 Stocks

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

11 Taxation

Effective from 1 August 2007, the university became a Company Limited by Guarantee and an exempt charity within the meaning Schedule 3 of the Charities Act 2011. The university is therefore potentially exempt from corporation tax and capital gains tax on income and gains applied to its educational activities.

Value Added Tax on purchases exceeds Value Added Tax on sales. However, because of the VAT status of education, the university's principal supply, the difference is generally not reclaimable and is, therefore, a cost of the university.

Fullwood Park Limited is liable for UK corporation tax. The company has agreed to pay the lower of its accounting and tax profits to the University of Gloucestershire, which is an exempt charity, under corporate gift aid regulations introduced in April 2000.

Fullwood Park Limited is registered for VAT.

12 Fixed and endowment asset investments

Fixed and endowment asset investments are included in the balance sheet at market value. Where no market value for an investment asset can be readily ascertained, the investment is stated at cost except where a permanent diminution of value has taken place.

Charitable donations received are classified as restricted or unrestricted by reference to the circumstances surrounding the donation.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

13 Finance and operating leases

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

Leasing agreements, which transfer to the university substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against the result for the year in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

14 Interest payable and financial instruments

The university uses derivative financial instruments such as interest rate swaps to reduce exposure to interest rate movements on its loans. Such derivative financial instruments are not held for speculative purposes and relate to actual liabilities, changing the nature of the interest rate by converting a variable rate to a fixed rate. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. Where the results of such contracts can be forecast with reasonable certainty and the forecast position is a loss, that loss is recognised immediately as an onerous contract.

15 Pension scheme arrangements

Retirement benefits to employees of the university are provided by defined benefit schemes, which are funded by contributions from the university and employees. Payments are made to the Teachers' Pensions in accordance with the Teachers' Superannuation Scheme, the Universities Superannuation Scheme (USS) for academic staff, the Church of England Funded Pensions Scheme for clerical staff and to the Gloucestershire County Council Superannuation Scheme for non-academic staff. These are independently administered schemes.

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of the pensions over the employees' working lives with the university.

Changes to the funding of the schemes arising from changes in legislation or from fund performance, or from changes in membership or other composition of the schemes, are recognised at each scheme actuarial valuation. Adjustments to scheme funding if any and employers' contributions to the schemes, which follow actuarial valuations, will address any shortfall or surplus arising from that valuation.

The university has adopted in full the requirements of FRS 17 Retirement Benefits for the Gloucestershire County Council Superannuation Scheme. The regulations under FRS 17 are not applicable to the Teachers' Superannuation Scheme, the Universities Superannuation Scheme and the Church of England Funded Pensions Scheme for clerical staff since the university is unable to identify its share of the underlying assets and liabilities, and information regarding the surplus or deficit in the schemes is unavailable. These schemes have been accounted for as defined contribution schemes.

16 Repairs and maintenance costs

Expenditure on routine corrective maintenance is charged to the income and expenditure account as it is incurred.

17 Foreign currencies

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

18 Provisions

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

19 Capitalisation of finance costs and interest

Interest and finance charges for capitalised projects are written off to the income and expenditure account during the period of construction and thereafter.

20 Bad and doubtful debts

The university regularly considers its debt book for irrecoverability of debtors by means of review of internal data and from information provided by its collecting agent. Arising from this review, the university makes provision for bad and doubtful debts based on both specific cases and a formula basis related to the age of outstanding debt including the related assets on the balance sheet and estimated recoverable amount.

21 Bursaries and fee waivers

Bursary payments and fee waivers are accounted for gross, as expenditure, and are not netted off fee income.

22 Discontinued business operations

Cash flows and operations that relate to a major component of the business or geographical region that has been sold or is classified as held for sale are shown separately from continuing operations.

Separate disclosure of a discontinued business operation will be assessed on its materiality impact on the business as a whole.

23 Prior year adjustments

During the year the Group was notified by its lender of a change to the total amounts payable under a finance lease as a result of changes in tax rates since 2008. The lender had not previously notified the Group of these changes, which resulted in a significant reduction in the overall monetary value of the Group's obligation. Since the resultant decrease was significant to the Group's results and due to the fact that the lender could have identified these changes at the time of the change in tax rates the Group has reflected this in the financial statements as a prior year adjustment. Details of the impact on the financial statements are given in note 22.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 JULY 2013

	Notes	2013 £000	Restated 2012 £000
Income			
Funding body grants	1	18,111	27,330
Tuition fees and education contracts	2	39,210	31,435
Research grants and contracts	3	1,013	1,018
Other income	4	10,841	10,892
Endowment and investment income	5	160	142
Total income		69,335	70,817
Less: share of income from joint venture		(86)	-
Net income		69,249	70,817
Expenditure			
Staff costs	6	37,251	36,410
Depreciation of tangible fixed assets	11	4,120	3,986
Other operating expenses	7	21,543	21,423
Interest payable	8	1,947	1,954
Total expenditure		64,861	63,773
Surplus after depreciation of fixed assets at valuation and before taxation		4,388	7,044
Share of operating loss in joint venture		(400)	-
Operating surplus		3,988	7,044
Taxation			
Surplus after depreciation of fixed assets at valuation and tax and before exceptional items		3,988	7,044
Exceptional items: continuing operations			
Reorganisation costs	10	444	923
Other pension costs	10	-	120
Deconsolidation of Students' Union	10	355	-
		799	1,043
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		3,189	6,001

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

Restatement of 2012 amounts relate to a prior year adjustment in respect of historic over charges on a finance lease (note 22).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 JULY 2013

	Notes	2013 £000	Restated 2012 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		3,189	6,001
Unrealised gain/(loss) on exchange	22	23	(38)
Revaluation of endowment asset investments	14	145	2
Net additions and disposals of endowment assets	14	(7)	(51)
Total recognised gain for the year		3,350	5,914
Actuarial pension gain/(loss)	36	4,410	(7,892)
Total recognised gain/(loss) for the year after pension adjustment		7,760	(1,978)
Prior year adjustment	22	277	-
Total gains/(losses) recognised since last financial statements		8,037	(1,978)
Reconciliation			
Opening reserves and endowments		33,930	35,908
Total recognised gain/(loss)		7,760	(1,978)
Closing reserves and endowments		41,690	33,930
Closing reserves and endowments:			
Endowments	20	2,405	2,267
Revaluation reserves	21	6,295	7,911
Income and expenditure account	22	32,990	23,752
		41,690	33,930

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS YEAR ENDED 31 JULY 2013

	Notes	2013 £000	Restated 2012 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		3,189	6,001
Difference between the historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	22	1,616	1,527
Historical cost surplus for the year after taxation		4,805	7,528

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

BALANCE SHEETS AS AT 31 JULY 2013

	Notes	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
Fixed assets					
Tangible assets	11	88,592	88,979	88,592	88,962
		88,592	88,979	88,592	88,962
Endowment assets	14	2,405	2,267	2,005	1,889
Current assets					
Stocks		64	83	64	83
Debtors	15	4,538	4,020	4,887	4,483
Investments	29	12,326	11,303	12,326	11,300
Bank and cash in hand	29	776	1,144	730	399
		17,704	16,550	18,007	16,265
Creditors: amounts falling due within one year	16	(12,483)	(12,666)	(12,480)	(12,541)
Net current assets		5,221	3,884	5,527	3,724
Total assets less current liabilities		96,218	95,130	96,124	94,575
Creditors: amounts falling due after more than one year	17	(19,082)	(20,696)	(19,082)	(20,696)
Provision for liabilities and charges	18	(3,203)	(3,486)	(2,953)	(3,486)
Net assets before pension liability		73,933	70,948	74,089	70,393
Pension liability	36	(16,199)	(20,102)	(16,199)	(20,102)
Net assets including pension liability		57,734	50,846	57,890	50,291

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

BALANCE SHEETS AS AT 31 JULY 2013

	Notes	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
Deferred capital grants	19	16,044	16,916	16,044	16,916
Specific endowments	20	2,405	2,267	2,005	1,889
Reserves					
Revaluation reserve	21	6,295	7,911	6,295	7,911
General reserve	22	32,990	23,752	33,546	23,575
		39,285	31,663	39,841	31,486
Total funds		57,734	50,846	57,890	50,291

The Financial Statements on pages 21-56 were approved by the Council of the University of Gloucestershire on 28 November 2013, and were signed on its behalf by:



Professor Sir Peter Scott
Chair of Council



Stephen Marston
Vice-Chancellor

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	Notes	Consolidated 2013 £000	Consolidated 2013 £000	Restated Consolidated 2012 £000	Restated Consolidated 2012 £000
Net cash inflow from operating activities	27		7,391		8,943
Returns on investments and servicing of finance					
Endowment income	5	11		8	
Income from short term investments	5	9		9	
Other interest received	5	140		125	
Interest paid	8	(785)		(1,012)	
Interest element of finance lease rentals	8	(577)		(721)	
Net cash outflow from returns on investments and servicing of finance			(1,202)		(1,591)
Tax paid			-		-
Investing activities					
Payment to acquire tangible assets (other than lease equipment)		(3,785)		(4,218)	
Deconsolidation of Students' Union cash balance		(349)		-	
Deferred capital grants received	19	221		157	
Net cash outflow from capital expenditure and investments			(3,913)		(4,061)
Net cash inflow before use of liquid resources and financing			2,276		3,291
Management of liquid resources	29	-	(1,026)		568
Financing					
Capital element of finance lease repayments	28	(303)		(192)	
Mortgages and loans acquired		37		-	
Mortgages and loans capital repayments	28	(1,352)		(3,848)	
Net cash outflow from financing			(1,618)		(4,040)
Decrease in cash			(368)		(181)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

1 Funding body grants

Recurrent grant:

	Notes	2013 £000	2012 £000
Higher Education Funding Council		15,981	23,141
National College for Teaching and Leadership		1,043	3,056

Specific grants:

Higher Education Funding Council redundancy compensation		50	54
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Deferred capital grants:

Buildings	19	538	528
Equipment	19	499	551

2 Tuition fees and education contracts

Full-time Home and EU students		31,443	21,494
Full-time International students		4,603	6,461
Part-time students		2,660	2,830
Other (short course) fees		504	650
		39,210	31,435

3 Research grants and contracts

Research Councils		51	78
UK based charities		190	96
European Commission grants		536	216
Other grants and contracts		236	628
		1,013	1,018

4 Other income

Residences, catering and conferences		6,684	6,315
Released from deferred capital grants	19	56	56
Other services rendered		1,905	1,196
Profit on disposal of fixed asset investments		12	6
Other income		2,184	3,319
		10,841	10,892

5 Endowment and investment income

Income from specific endowments		11	8
Income from short-term investments		9	9
Other interest received		140	125
		160	142

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

6 Staff

Staff costs:

	2013 £000	2012 £000
Wages and salaries	30,364	29,883
Social security costs	2,454	2,404
Other pension costs	4,511	4,361
Gloucestershire County Council Superannuation Scheme retirement benefits	(78)	(238)
	37,251	36,410

Staff number by Department:

	Numbers	Numbers
Academic departments	367	375
Central administrative	446	450
Other including manual	17	18
Total staff numbers	830	843

The staff numbers above relate to full-time equivalents (including senior post holders).

Emoluments of higher paid staff (including the Vice-Chancellor):

The remuneration paid to senior post holders who served during the year including pension contributions and any pay in lieu of notice:

	£000	£000
Salary	275	536
Benefits	-	1
Pension contributions	47	75
	322	612

Payment in lieu of notice is included in staff costs

Emoluments of the Vice-Chancellor:

	£000	£000
Salary	160	160
Benefits	-	1
Pension contributions	31	31
	191	192

Higher paid staff:

	Numbers	Numbers
	2	4

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

The number of higher paid employees who received emoluments during the year (excluding pension contributions and payment in lieu of notice) in the following ranges was:

	2013 Numbers	2012 Numbers
£100,001 - £110,000	-	1
£110,001 - £120,000	1	2
£150,001 - £160,000	1	1
	2	4

Compensation for loss of office payable to senior postholders:

In addition to the compensation payable in 2012, there was a payment of £54,265 to the relevant pension funds. The severance pay was in accordance with decisions of the university's Remuneration Committee and was not funded from public funds.

The Chair and non-executive members of Council receive no emoluments with the exception of the staff appointed non-executive members.

The above summaries should be read in conjunction with the Council statement on corporate governance.

7 Other operating expenses

	2013 £000	Restated 2012 £000
Consumable and non-capital items	972	1,318
Academic administration	466	507
Books and periodicals	467	621
Rents and premises	3,114	3,121
Heat, light, water and power	1,043	906
Repairs and general maintenance	2,620	1,901
Staff development and training	342	227
Staff travel and subsistence	1,189	1,363
Student travel and subsistence	743	653
Student bursaries	1,973	2,583
Marketing, agent commission and waivers	2,495	1,513
Postage, telephone, printing and reprographics	708	525
Insurance and finance	(165)	776
Professional fees	1,826	1,675
Course franchising and partnerships	1,560	1,676
Purchases for resale	997	1,086
Equipment operating lease rentals	447	453
Students' Union grant	320	-
Loss on sale of fixed assets	16	16
Other expenses	272	365
	21,405	21,285

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	2013 £000	Restated 2012 £000
Auditor's professional fees:		
External auditor's remuneration - university	49	44
External auditor's remuneration - other group	3	8
External auditor's remuneration - non-audit services	45	29
Internal auditor's remuneration	41	57
	138	138
Total other operating expenses	21,543	21,423
	£000	£000
8 Interest payable		
Finance lease	577	638
Loans not wholly repayable within five years	785	1,012
Finance and interest costs under FRS 17 Retirement Benefits	585	304
	1,947	1,954
	£000	£000
9 Analysis of expenditure by activity for the year		
Academic departments	28,031	28,013
Academic services	8,530	8,048
Research grants and contracts	936	999
Residences, catering and conferences	5,658	5,281
Premises	7,503	6,888
Administration	14,302	14,534
Other expenses	(99)	10
Total consolidated income and expenditure account	64,861	63,773
	£000	£000
10 Exceptional items		
Reorganisation costs	444	923
Other pension costs	-	120
Deconsolidation of Students' Union	355	-
	799	1,043

The Voluntary Severance and Early Retirement Programme announced and approved in 2008-09 was closed during the year ended 31 July 2012. However, as part of any restructuring process, if staff reductions are proposed, voluntary severance is still considered dependent on opportunities for redeployment. Reorganisation costs for the current year are £444,000 (2012: £923,000).

On 1 August 2012 the Students' Union transferred its trade and assets to a new entity, The University of Gloucestershire Students' Union. The new company is a separately constituted entity in which the university has no financial interest, control or significant influence over policy decisions. Accordingly the Students' Union has been treated as a disposal for £nil proceeds and its activities excluded from the consolidated financial statements for the year ended 31 July 2013. The loss on disposal of £355,000 represents the value of the net assets of the Students' Union at the date of transfer.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

11 Tangible fixed assets

	Freehold Land and Buildings £000	Short Leasehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
a) Consolidated					
Cost/valuation					
At beginning of year	96,968	9,397	23,085	1,326	130,776
Addition at cost	678	-	1,916	1,191	3,785
Transfers at cost	1,062	-	180	(1,242)	-
Disposals	-	-	(2,878)	(35)	(2,913)
At year end	98,708	9,397	22,303	1,240	131,648
Depreciation					
At beginning of year	21,444	2,050	18,303	-	41,797
Charge for the year	2,451	231	1,438	-	4,120
Transfers	-	-	-	-	-
Disposals	-	-	(2,861)	-	(2,861)
At year end	23,895	2,281	16,880	-	43,056
Net book value At year end	74,813	7,116	5,423	1,240	88,592
At beginning of year	75,524	7,347	4,782	1,326	88,979

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

11 Tangible fixed assets

	Freehold Land and Buildings £000	Short Leasehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
b) University					
Cost/valuation					
At beginning of year	96,967	9,397	23,000	1,326	130,690
Addition at cost	678	-	1,916	1,191	3,785
Transfers at cost	1,062	-	180	(1,242)	-
Disposals	-	-	(2,825)	(35)	(2,860)
At year end	98,707	9,397	22,271	1,240	131,615
Depreciation					
At beginning of year	21,444	2,050	18,234	-	41,728
Charge for the year	2,451	231	1,438	-	4,120
Transfers	-	-	-	-	-
Disposals	-	-	(2,825)	-	(2,825)
At year end	23,895	2,281	16,847	-	43,023
Net book value	74,812	7,116	5,424	1,240	88,592
At year end	74,812	7,116	5,424	1,240	88,592
At beginning of year	75,523	7,347	4,766	1,326	88,962

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

c) Revaluation of land and buildings

Land and buildings were revalued at 31 July 1997 by Bayley Donaldsons, Chartered Surveyors. Certain properties, included in freehold land and building costs and earmarked for disposal under the College building programme, were valued on an estimated open market value basis. The remaining land and buildings to be retained for use and occupation by the university have principally been valued at depreciated replacement cost in existing use. The likely replacement cost of buildings, which are listed as being of special architectural and historic interest has been calculated on the basis of reinstating the buildings, as originally designed and constructed. Those buildings, which due to their special nature, are rarely, if ever, sold on the open market, have been valued at depreciated replacement cost. This basis is considered appropriate as it reflects the fact that listed buildings and buildings of this specialised nature cannot be replaced with simpler and less expensive buildings.

In the opinion of the valuers at the time of the valuation, depreciated replacement cost valuations for buildings on the above described basis are higher than an open market value for alternative use rather than existing use.

Under the terms of the financial memorandum with the HEFCE, the proportion of the proceeds on sale of assets attributed to the publicly funded assets is retained by the university only with the approval of the HEFCE. All proceeds of sale retained by the university are required under Charities law to be re-invested in full in new capital assets.

In accordance with the SORP the university has adopted the transitional provisions of FRS 15 and has chosen to retain the book amounts of its tangible fixed assets. Accordingly the valuation of fixed assets last undertaken as at 31 July 1997 has not been updated. If both freehold and leasehold land and buildings had not been revalued, and on the assumption that the assets transferred from the Gloucestershire County Council were at nil cost, they would have been included at the under-noted amounts:

Land and buildings	2013 £000	2012 £000
Cost	91,241	89,586
Aggregate depreciation based on cost	24,308	22,579

12 Fixed asset investments

a) Investment in subsidiary companies

Details of the companies, all registered in England and Wales, in which the university holds an interest are as follows:

Name of company	Percentage holding of Ordinary shares	Shareholding	Principal business activity
Fullwood Park Limited	100%	100 Ordinary £1 shares 11,499,900 £1 Redeemable Preference shares	Provision of conference and catering services and property development
Gloucestershire ISC Limited	100%	One £1 Ordinary share	Holding interests in joint venture activities

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

Gloucestershire ISC Limited was incorporated on 6 December 2012 and on 20 February 2013 entered into a joint venture agreement with INTO Gloucestershire LLP, with INTO University Partnerships Limited. (See note 13).

Urban Learning Foundation Limited is a dormant subsidiary company which is limited by guarantee and controlled by directors acting as nominees of the Council of the university. The consolidated financial accounts do not include those of Urban Learning Foundation as it is considered that the scale of the amounts involved are not material to the financial statements.

The following dormant companies whose shares were fully owned by the university, or who were subsidiary companies of the university controlled by directors acting as nominees of the Council of the university, were dissolved during the year.

Name of company	Shareholding	Date of dissolution
Cheltenham & Gloucester College Development Trust Limited	Limited by guarantee	15 January 2013
Cheltenham & Gloucester College Primary Research Company Limited	100 Ordinary £1 shares	23 October 2012
Foundation Services Limited	100 Ordinary £1 shares	23 October 2012
LLF (UK) Limited	2 Ordinary £1 shares	29 January 2013
The Lifelong Learning Foundation	Limited by guarantee	29 January 2013

b) Janet Trotter Trust

The activities of the Janet Trotter Trust, a registered charity, are consolidated on the grounds that the university has a controlling influence over its activities.

c) University of Gloucestershire Students' Union

On 1 August 2012 the Students' Union transferred its trade and assets to a new company, The University of Gloucestershire Students' Union. The consolidated financial statements do not include the results of the new company as it is a separately constituted entity in which the university has no financial interest, control or significant influence over policy decisions.

13 Investment in Joint Venture

On 20 February 2013 the university entered into a Limited Liability Partnership Agreement, INTO Gloucestershire LLP, with INTO University Partnerships Limited. Gloucestershire ISC Limited invested £150,000 into INTO Gloucestershire LLP and has a 50% share of the joint venture. The remaining 50% share of INTO Gloucestershire LLP is owned by INTO UOG Limited, a wholly owned subsidiary of INTO University Partnerships Limited. The university also entered into an Admission Agreement with Gloucestershire County Council and INTO Gloucestershire Limited, relating to the admission of INTO Gloucestershire LLP to the Gloucestershire County Council Local Government Pension Scheme, to enable two employees transferred to the joint venture to be members of the Pension Scheme.

On 20 February 2013, Gloucestershire ISC Limited entered into a loan agreement to lend up to £600,000 to INTO Gloucestershire LLP, at an interest rate of 2% above the Bank of England base rate. At 31 July 2013 £400,000 of the loan had been drawn down.

INTO Gloucestershire LLP operates from the University of Gloucestershire campus. Its principal activity is the provision of English language courses and Foundation, Diploma and pre-Master's programmes. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the university and 50% of its net income is reported in the university's consolidated income and expenditure account.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

14 Endowment asset investments

	Consolidated 2013 £000	Consolidated 2012 £000	University 2013 £000	University 2012 £000
a) Investments				
Cost/valuation				
At beginning of year	2,267	2,316	1,889	1,944
Additions at cost	492	767	486	748
Disposals	(499)	(818)	(488)	(803)
Revaluation	145	2	118	-
At end of year	2,405	2,267	2,005	1,889
Represented by:				
Fixed interest stocks and equities at valuation	1,610	1,401	1,260	1,088
Church of England investments and deposits	817	890	797	870
Debtors	2	2	1	-
Bank balances	98	48	69	4
Other liabilities	(122)	(74)	(122)	(73)
Total endowment asset investments at end of year	2,405	2,267	2,005	1,889

b) Endowment asset investments in group trusts

The Janet Trotter Trust is incorporated as part of the university's consolidated endowment assets. The accounts of the Janet Trotter Trust for the year to 31 July 2013 show total net assets of £399,908 (2012: £358,821) and a surplus for the year of £13,636 (2012: £3,175).

15 Debtors: amounts falling due within one year

	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
Trade debtors	2,297	2,488	2,291	2,447
Other debtors	18	52	17	23
Amounts owed by subsidiary companies	-	-	759	562
Amounts due from joint ventures	401	-	-	-
Prepayments and accrued income	1,822	1,480	1,820	1,451
At end of year	4,538	4,020	4,887	4,483

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

16 Creditors: amounts falling due within one year

	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
Mortgages and unsecured loans	1,356	1,348	1,356	1,348
Obligations under finance leases	291	303	291	303
Payment received on account	971	608	971	608
Trade creditors	877	1,361	877	1,355
Amounts due to subsidiary companies	-	-	-	28
Social security and other taxation payable	840	855	840	842
Pensions	565	526	565	526
Accruals and deferred income	7,583	7,665	7,580	7,531
At end of year	12,483	12,666	12,480	12,541

17 Creditors: amounts falling due after one year

	£000	£000	£000	£000
Mortgages and loans secured on residential and other property and fixed asset investments	13,815	15,135	13,815	15,135
Unsecured loans	40	43	40	43
	13,855	15,178	13,855	15,178
Obligations under finance leases	5,227	5,518	5,227	5,518
	19,082	20,696	19,082	20,696

	Balance due less than 1 year £000	Balance due between 1 and 2 years £000	Balance due between 2 and 5 years £000	Balance due after 5 years £000
Repayment profile of secured and unsecured loans	1,647	1,662	5,290	12,130

The university's main loan is with the Royal Bank of Scotland. The loan runs to July 2025 and is managed using a series of short-term contracts at LIBOR +2.00%. To reduce uncertainty, the university has a swap contract in place for the full loan period to fix a proportion of the loan interest at 4.56%.

There are two loans with the Bank of Scotland, one of which is at a variable rate of LIBOR + 1.50% ending in December 2018 and one at a variable rate of LIBOR +1.25% ending in November 2023.

There are also interest free loans with SALIX Finance under the SALIX Energy Efficiency Loan Scheme, repayable in half yearly instalments to September 2017. The current outstanding balance on these is £77,000. A further interest free loan facility of £61,000 from SALIX Finance has been approved but not yet drawn down.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

18 Provisions

	INTO Gloucestershire LLP £000	Pensions £000	Restructuring £000	Other £000	Total £000
a) Consolidated					
At beginning of year	-	1,710	454	1,322	3,486
Utilised during the year	-	(275)	(454)	(57)	(786)
Transfer from Income and Expenditure account	-	253	-	-	253
Share of gross assets	(552)	-	-	-	(552)
Share of gross liabilities	802	-	-	-	802
At end of year	250	1,688	-	1,265	3,203

	Pensions £000	Restructuring £000	Other £000	Total £000
b) University				
At beginning of year	1,710	454	1,322	3,486
Utilised during the year	(275)	(454)	(57)	(786)
Transfer from Income and Expenditure account	253	-	-	253
At end of year	1,688	-	1,265	2,953

19 Deferred capital grants

	Consolidated and University Funding Councils £000	Consolidated and University Other Grants and Benefactions £000	Consolidated and University Total £000
At beginning of year			
Buildings	11,509	2,230	13,739
Equipment	3,177	-	3,177
Total	14,686	2,230	16,916
Cash received			
Buildings	-	-	-
Equipment	221	-	221
Total	221	-	221
Released to Income and Expenditure			
Buildings	(538)	(56)	(594)
Equipment	(499)	-	(499)
Total	(1,037)	(56)	(1,093)
At end of year			
Buildings	10,971	2,174	13,145
Equipment	2,899	-	2,899
Total	13,870	2,174	16,044

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

20 Specific endowments

	Consolidated 2013 £000	Consolidated 2012 £000	University 2013 £000	University 2012 £000
At beginning of year	2,267	2,316	1,889	1,944
Donations	40	81	58	81
Revaluation of endowment asset investments	145	2	118	-
Income for the year	137	82	113	63
Transferred to Income and Expenditure account	(184)	(214)	(173)	(199)
At end of year	2,405	2,267	2,005	1,889
Representing:				
Fellowships and scholarship prizes	11	9	11	9
Prize funds	92	92	92	92
Other funds	2,302	2,166	1,902	1,788
	2,405	2,267	2,005	1,889

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
a) Consolidated:			
At beginning of year:			
Capital	1,467	1,377	2,844
Accumulated excess income over expenditure	(13)	(564)	(577)
	1,454	813	2,267
New endowments	0	40	40
Investment income	108	29	137
Expenditure	(93)	(91)	(184)
Increase in market value of investments	115	30	145
At end of year:			
Capital	1,582	1,447	3,029
Accumulated excess income over expenditure	2	(626)	(624)
	1,584	821	2,405

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

20 Specific endowments

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
b) University:			
At beginning of year:			
Capital	1,467	940	2,407
Accumulated excess income over expenditure	(13)	(505)	(518)
	1,454	435	1,889
New endowments	0	58	58
Investment income	108	5	113
Expenditure	(93)	(80)	(173)
Increase in market value of investments	115	3	118
At end of year:			
Capital	1,582	1,001	2,583
Accumulated excess income over expenditure	2	(580)	(578)
	1,584	421	2,005

21 Revaluation reserve

	Consolidated 2013 £000	Consolidated 2012 £000	University 2013 £000	University 2012 £000
Revaluations				
At beginning of year	24,120	24,120	24,120	24,120
At end of year	24,120	24,120	24,120	24,120
Contributions to depreciation				
At beginning of year	(16,209)	(14,682)	(16,209)	(14,682)
Released in year	(1,616)	(1,527)	(1,616)	(1,527)
At end of year	(17,825)	(16,209)	(17,825)	(16,209)
Revaluation reserve				
At end of year	6,295	7,911	6,295	7,911
At beginning of year	7,911	9,438	7,911	9,438

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

22 General reserve

	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
At 1 August 2012 as previously stated	23,752	23,877	23,575	23,676
Prior year adjustment - finance lease obligation	-	277	-	277
Restated balance at 1 August 2012	23,752	24,154	23,575	23,953
Surplus after depreciation of fixed assets at valuation	3,189	6,001	3,922	6,025
Unrealised gain/(loss) on exchange	23	(38)	23	(38)
Unrealised actuarial gain/(loss) on pensions	4,410	(7,892)	4,410	(7,892)
Release from revaluation reserve: depreciation contribution	1,616	1,527	1,616	1,527
At end of year	32,990	23,752	33,546	23,575
Balance represented by:				
Pension Reserve	(16,199)	(20,102)	(16,199)	(20,102)
Income and Expenditure Account Reserve excluding Pension Reserve	49,189	43,854	49,745	43,677
At end of year	32,990	23,752	33,546	23,575

The prior year adjustment represents the restatement of the obligations under finance leases to recognise the effect of changes in tax rates since 2008 which had not previously been applied by the lender. The prior year adjustment has been calculated as follows:

	Consolidated and University £000
Adjustment to opening reserves at 1 August 2011	277
Adjustment to income and expenditure for the year ended 31 July 2012 - decrease in interest payable	83
	360

The prior year adjustment has increased the 2011-12 consolidated surplus for the year on continuing operations from £5.918 million to £6.001 million and has increased the total net assets including pension liability as at 31 July 2012 from £50.486 million to £50.846 million.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

23 Lease obligations

	Consolidated 2013 £000	Restated Consolidated 2012 £000	University 2013 £000	Restated University 2012 £000
Obligations under finance leases for land and buildings falling due as follows:				
Within one year	291	303	291	303
Between two and five years	1,633	1,440	1,633	1,440
Over five years	3,594	4,078	3,594	4,078
	5,518	5,821	5,518	5,821
Operating lease commitments expiring:				
Within one year	2,644	2,211	2,644	2,211
Between two and five years	9,777	7,187	9,777	7,185
Over five years	19,109	14,410	19,109	14,410
	31,530	23,808	31,530	23,806
Representing:				
Land and buildings	30,972	23,299	30,972	23,299
Other operating leases	558	509	558	507
	31,530	23,808	31,530	23,806

The finance lease obligations for the year ended 31 July 2012 have been restated as set out in note 22.

24 Capital commitments

	Consolidated 2013 £000	Consolidated 2012 £000	University 2013 £000	University 2012 £000
Authorised but not contracted				
At end of year	4,036	2,942	4,036	2,942
Authorised and contracted				
At end of year	945	507	945	507

25 Contingent liabilities

	Consolidated 2013 £000	Consolidated 2012 £000	University 2013 £000	University 2012 £000
At end of year	292	292	292	292

This represents a grant from the Church of England Central Board of Finance, which becomes payable in the event of the university withdrawing teacher training facilities.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

26 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of year 2012-13 and the publication of the Financial Statements.

27 Reconciliation of consolidated operating surplus to net cash from operating activities

	Consolidated 2013 £000	Restated Consolidated 2012 £000
Surplus on continuing operations after depreciation of fixed assets at valuation	3,189	6,001
Depreciation	4,120	3,986
Loss on sale of investment	-	5
Loss on sale of fixed assets	35	13
Unrealised gain/(loss) on exchange	23	(38)
Prior year adjustment re finance lease	-	277
Deconsolidation of Students' Union	355	-
Deferred capital grants released to income	(1,093)	(1,135)
Investment income	(160)	(142)
Interest payable	1,362	1,733
FRS 17 Pension Actuarial gain/(loss)	4,410	(7,892)
(Decrease)/increase in FRS 17 Pension Provision	(3,903)	7,958
Decrease in stocks	19	6
(Decrease)/increase in debtors	(590)	1,194
(Decrease) in creditors less than 1 year	(89)	(3,051)
(Decrease) in creditors more than 1 year	(4)	(372)
(Decrease)/increase in provisions	(283)	400
Net cash inflow from operating activities	7,391	8,943

28 Financing

	Finance Leases £000	Mortgages and Loans £000
At beginning of prior year	6,391	20,374
Prior year adjustment	(277)	-
At beginning of prior year (restated)	6,114	20,374
Capital repayments	(203)	(3,848)
Prior year adjustment	(90)	-
At beginning of year	5,821	16,526
Capital repayments	(303)	(1,352)
Loan acquired in year	-	37
At end of year	5,518	15,211

The finance lease obligations for the year ended 31 July 2012 have been restated as set out in note 22.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

29 Analysis of the balance of cash and cash equivalents as shown in the balance sheet

a) Consolidated

	Consolidated 2013 £000	Consolidated 2012 £000	Change in Year £000
Short-term investments	12,326	11,303	1,023
Movement in liquid resources	12,326	11,303	1,023
Bank balances	776	1,144	(368)
	13,102	12,447	655

b) University

	University 2013 £000	University 2012 £000	Change in Year £000
Short-term investments	12,326	11,300	1,026
Movement in liquid resources	12,326	11,300	1,026
Bank balances	730	399	331
	13,056	11,699	1,357

30 Reconciliation of net cash flows to movements in net debt

	Consolidated 2013 £000	Consolidated 2012 £000
Net debt at beginning of prior year	(9,900)	(13,569)
Prior year adjustment	-	277
Net debt at beginning of prior year (restated)	(9,900)	(13,292)
Decrease in cash in the period	(368)	(181)
Increase/(decrease) in short term deposits	1,023	(568)
Net decrease of debt	1,618	4,040
Prior year adjustment for finance lease	-	101
Change in net debt	2,273	3,392
Net debt at end of year	(7,627)	(9,900)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

31 Analysis of changes in net debt

	At beginning of year £000	Prior year adjustment £000	Restated £000	Cash flows £000	At end of year £000
Cash at bank and in hand	1,144	-	1,144	(368)	776
Short-term deposits	11,303	-	11,303	1,023	12,326
Debts due within one year	(1,588)	(63)	(1,651)	4	(1,647)
Debts due after one year	(21,137)	441	(20,696)	1,614	(19,082)
	(10,278)	378	(9,900)	2,273	(7,627)

32 Access to Learning Fund

The purpose of the Access to Learning Fund is to provide financial help to students, whose access to higher education might be inhibited by financial constraints, or who, for whatever reason, including physical or other disabilities, face financial difficulties.

The Fund is administered in accordance with the terms and conditions for the payment of Access to Learning Funds to institutions that are laid down by the Department for Business, Innovation and Skills.

The Access to Learning Fund grant is available solely for students; the university acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

	2013 £000	2012 £000
Balance unspent at beginning of year	34	25
Funds received in the year	155	167
	189	192
Disbursed to students	(149)	(153)
Administration fees	(5)	(5)
Balance unspent at end of year	35	34

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

33 Related party transactions

Financial Reporting Standard No. 8 'related party disclosures' requires the disclosure of material transactions between the University of Gloucestershire and any related parties. The University of Gloucestershire has taken advantage of the exemption permitted by the Financial Reporting Standard No. 8 not to disclose transactions with other group companies which have been eliminated on consolidation, and government departments and their sponsored bodies.

For the year ended 31 July 2013 expenses totalling £1,347 (2012: £10,887) were claimed by five Directors and Trustees (2012: 9) in respect of their responsibilities as Directors and Trustees.

All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the university's financial regulations and usual procurement procedures.

During the year, sales of £28,556 (2012: £129,850) and purchases of £32,362 (2012: £77,941) relating to education and placements were transacted with Gloucestershire County Council, of which Mr Peter Bungard, a Council member since 1 May 2012, is Chief Executive. At the year end a balance of £565 (2012: £nil) was due from Gloucestershire County Council. A balance of £310 was due to the Council at 31 July 2012.

The university has entered into partnership arrangements with Gloucestershire College, of which Mr Greg Smith was the Principal until 31 August 2013, and South Gloucestershire and Stroud College, of which Mr Martin Jones is Vice Chair. The partnership arrangement known as the 'Strategic Alliance' is for the delivery of vocational training courses. During the year, sales of £125,650 (2012: £6,300) and purchases of £162,582 (2012: £265,365) relating to education and the partnership arrangement were transacted with Gloucestershire College. Sales of £33,215 (2012: £nil) and purchases of £3,592 (2012: £nil) relating to the partnership arrangement were transacted with South Gloucestershire and Stroud College. Grants of £167,269 (2012: £800,388) have been received from HEFCE for the development of the partnership and delivery of training. At the year end a balance of £750 was due from Gloucestershire College (2012: £nil); there were no outstanding balances with South Gloucestershire and Stroud College. A balance of £900 was due to Gloucestershire College at 31 July 2012.

On 1 August 2012 the Students' Union transferred its trade and assets to a new company, The University of Gloucestershire Students' Union Limited, which from that date has been governed by its own Board of Directors, of which Mr Rikesh Patel is President. The new company is a separately constituted entity in which the university has no financial interest, control or significant influence over policy decisions. The university continues to support the core activities with a block grant on an annual basis which include Student Representation; Student Opportunities; support for Student Volunteering; Student Events and Entertainments; and Student Sport and Societies. During the year sales of £77 and purchases of £401,728 relating to core activities were transacted with the new company. At the year end a balance of £15,094 was due to The University of Gloucestershire Students' Union.

There were no other material transactions between the University of Gloucestershire and any related parties.

34 The National College for Teaching and Leadership

The university, acting as agent for the National College for Teaching and Leadership (formerly the Teaching Agency), disbursed £1,406,488 (2012: £235,644) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2013. The training bursaries have not been included in the Income and Expenditure account of the university.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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35 Connected charities

On 1 August 2012 the University of Gloucestershire Students' Union transferred all of its assets and liabilities to a new company, The University of Gloucestershire Students' Union Limited. The university has no financial interest, control or significant influence over policy decisions of the new company and with effect from 1 August 2012 the financial results of the company are no longer consolidated into the university group accounts, (see note 10).

Up to 31 July 2012 the University of Gloucestershire was connected to the University of Gloucestershire Students' Union which was a charity that fell within paragraph 28 of schedule 3 of the Charities Act 2011.

The charitable objects of the University of Gloucestershire Students' Union were as follows:

- the principle aim of the Union is to advance the intellectual, academic and social development of the members through the provision of such services and activities as may be desirable and practicable;
- to advance the academic and educational interests of the members;
- to develop and promote a strong commercial base to generate additional income to further the aims of the Union;
- to promote co-operation and to extend links between the Union, the university and the wider community;
- to liaise with, affiliate to, and work together with any appropriate organisation(s) or individual(s);
- to operate in a fair and unprejudiced manner at all times, allowing for the expression of views.

36 Pension Schemes

a) Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply inter alia to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a "pay as you go" basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers and lecturers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001–31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate ranged between 6.4% and 8.8%, depending on a member's Full-Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The total consolidated pension costs under the Teachers' Pension Scheme for the university were:

	2013 £000	2012 £000
Contributions to Teachers' Pensions	2,124	2,105

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) 'retirement benefits'; the TPS is a multi-employer pension scheme. The university is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the university has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The university has set out above the information available on the scheme and the implications for the university in terms of the anticipated contribution rates.

b) Universities Superannuation Scheme

The university participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The university is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, 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 period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. 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 (ie 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 three years following the valuation then 2.6% per annum thereafter.

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.

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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 (ie 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 an 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 actuarial valuation is as 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 fully 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 Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

- other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis;
- the normal pension age was increased for future service and new entrants to age 65;
- flexible retirement options were introduced;
- contributions were uplifted to 7.5% pa and 6.5% pa for FS section members and CRB section members respectively;
- if the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions;
- 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%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the university'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.

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.

At 31 March 2013, USS had over 148,000 active members and the university had 12 active members participating in the scheme.

The total pension cost for the university was £90,304 (2012: £75,762). This includes £11,640 (2012: £9,758) outstanding contributions at the balance sheet date. The contribution rate payable by the university was 16% of pensionable salaries.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

c) Gloucestershire County Council Superannuation Scheme

Non-academic staff belong to the Gloucestershire County Council Superannuation Scheme. The scheme is a defined benefits scheme in the UK and is externally funded. A full actuarial valuation was carried out at 31 March 2010 by a qualified independent actuary, Hymans Robertson and projected forward to 31 July 2013. A revised actuarial valuation to 31 March 2013 is currently being prepared.

Latest actuarial valuations	31 March 2010
Market value of assets at date of last valuation	£1,054m
Investment returns per annum	6.10%
Salary scale increases per annum	4.80%
Pension increases per annum	3.30%
Price inflation	3.80%

The estimate of contributions expected to be paid in the next year (year ending 31 July 2014) are £2.337m at a contribution rate of 19.5%.

The major assumptions used by the Actuary were:

	31 July 2013	31 July 2012	31 July 2011
Pension increase rate	2.80%	2.20%	2.70%
Salary increase rate	4.60%	4.00%	4.50%
Expected return on assets	5.70%	4.70%	6.20%
Discount rate	4.60%	4.10%	5.30%
Inflation assumption	2.80%	2.20%	2.70%

The Actuary has provided the assets and liabilities data for the purpose of FRS 17 disclosures. The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 July 2013	Value £000 31 July 2013	Long-term rate of return expected at 31 July 2012	Value £000 31 July 2012	Long-term rate of return expected at 31 July 2011	Value £000 31 July 2011
Equities (UK & overseas)	6.40%	999,001	5.50%	751,326	7.00%	791,410
Bonds	3.80%	273,028	3.30%	312,751	4.60%	279,311
Property	4.60%	78,948	3.70%	76,161	5.10%	64,709
Cash	3.40%	28,851	2.80%	34,115	4.00%	35,988
		1,379,828		1,174,353		1,171,418

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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The assets attributable to the university were:

	Value 31 July 2013 £000	Value 31 July 2012 £000	Value 31 July 2011 £000
Equities (UK & overseas)	35,234	24,747	23,883
Bonds	9,170	10,440	9,046
Property	2,896	2,320	2,171
Cash	965	1,160	1,086
	48,265	38,667	36,186

The following amounts at 31 July 2013 and 31 July 2012 were measured in accordance with the requirements of FRS 17:

	31 July 2013 £000	31 July 2012 £000
Analysis of the amount shown in the Balance Sheet		
Total market value of assets	48,265	38,667
Actuarial value of scheme liabilities	(64,464)	(58,769)
Deficit in the scheme - net pension liability	(16,199)	(20,102)

The following amounts have been recognised in the performance statements in the year to 31 July 2013 under the requirements of FRS 17:

	2013 £000	2012 £000
Analysis of amounts charged to the Income and Expenditure Account		
Current service cost	2,350	1,953
Loss due to curtailments	20	120
	2,370	2,073
<i>Other finance income</i>		
Expected return on pension scheme assets	(1,861)	(2,295)
Interest on pension scheme liabilities	2,446	2,599
Net charge to other finance costs	585	304
Total Income and Expenditure charge before taxation	2,955	2,377

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	2013 £000	2012 £000
Analysis of the amount that would be recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Gain/(loss) on assets	5,859	(1,502)
Loss on change of assumption	(1,449)	(6,390)
Actuarial (loss)/gain recognised in STRGL before taxation	4,410	(7,892)
Past service gain	-	-
	4,410	(7,892)
Movement in deficit during the year		
Deficit in scheme at beginning of year	(20,102)	(12,144)
Movement in the year:		
Current service cost	(2,350)	(1,953)
Employer Contributions	2,448	2,311
Impact of Settlements and Curtailment	(20)	(120)
Net Return on Assets	(585)	(304)
Actuarial gain/(loss)	4,410	(7,892)
Deficit in scheme at end of year	(16,199)	(20,102)

History of Experience Gains and Losses:

	Year to July 2013 £000	Year to July 2012 £000	Year to July 2011 £000	Year to July 2010 £000	Year to July 2009 £000
Difference between the expected and actual return on assets	5,859	(1,502)	3,797	2,755	(3,526)
Value of assets	48,265	38,667	36,186	28,896	22,086
Percentage of assets	12.14%	(3.88%)	10.50%	9.53%	(16.00%)
Experience (losses)/gains on liabilities	-	(531)	141	-	-
Total present value of liabilities	(64,464)	(58,769)	48,330	48,397	43,234
Percentage of the total present value of the liabilities	0.00%	0.90%	0.30%	0.00%	0.00%
Actuarial gains/(losses) recognised in the STRGL	4,410	(7,892)	7,953	2,246	(8,457)
Total present value of liabilities	64,464	58,769	48,330	48,397	43,234
Percentage of the total present value of the liabilities	6.84%	(13.43%)	16.46%	4.64%	(19.56%)

The actuarial valuation for FRS 17 at 31 July 2013 showed a decrease in the deficit from £20.102m to £16.199m.

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Details of experience gains and losses for the year to 31 July 2013:

	2013 £000	2012 £000
Difference between the expected and actual return on scheme assets:		
Surplus/(deficit)	5,859	(1,502)
Percentage of scheme assets at the end of the period	12.14%	(3.88%)
Total amount recognised in the statement of recognised gains and losses:		
Cumulative deficit	(3,987)	(8,397)
Current year gain/(loss)	4,410	(7,892)
Percentage of the present value of the scheme liabilities	6.84%	(13.43%)

In respect of the Gloucestershire County Council Superannuation Scheme, the university contributions reflect the Local Government Superannuation (Amendment) Regulations 1993 which require fully-funded pension commitments.

The total consolidated pension costs for the university were:

	2013 £000	2012 £000
Contributions to the Gloucestershire County Council Superannuation Scheme	2,289	2,159

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

d) Church of England Funded Pensions Scheme

The University of Gloucestershire participates in the Church of England Funded Pensions Scheme and employs one member of the scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the University of Gloucestershire is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- an investment strategy of:
 - o for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to two/three by 31 December 2029, with the balance in return-seeking assets; and
 - o for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets;
- investment returns of 4.4% pa on gilts and 5.9% pa on equities;
- RPI inflation of 3.8% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.8% pa; and
- post-retirement mortality in accordance with 80% of the SINA tables, with allowance made for improvements in mortality rates from 2003 according to the “medium cohort” projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1.0% for females.

For schemes such as the Church of England Funded Pension Scheme, paragraph 9(b) of FRS 17 requires the University of Gloucestershire to account for pension costs on the basis of contributions actually payable to the scheme for the year.

Following the results of the 2009 valuation, changes were made to benefits being built up in the scheme from January 2011 and the University of Gloucestershire’s contribution rate was set at 38.2% of pensionable stipends (of which 14.7% is in respect of £262m shortfall in the scheme and 23.5% is in respect of accrual of future benefits and the day to day expenses of running the scheme).

Contribution rates will be reviewed at the next valuation of the scheme, due as at 31 December 2012.

	2013 £000	2012 £000
Contributions to the Church of England Funded Pensions Scheme	8	4

e) Other pension schemes

	2013 £000	2012 £000
Contributions to other schemes	6	6



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