



UNIVERSITY OF
GLOUCESTERSHIRE

at Cheltenham and Gloucester

University of Gloucestershire

FINANCIAL STATEMENTS

2016/17





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MEMBERS OF COUNCIL AND MAJOR COMMITTEES

MEMBERS OF COUNCIL FOR THE PERIOD 1 AUGUST 2016 TO 28 NOVEMBER 2017

Ms J Anderson (appointed 22 November 2016)
Ms E Andrews
Mr P Bungard
Mr M Burgess
Prof F Chambers (resigned 31 August 2017)
Prof J Crampton CBE DL (Chair)
Mr P Davies
Mr C Fung (appointed 16 May 2017)
Ms N de longh (appointed 16 May 2017)
Dr F Harsent (resigned 19 April 2017)
Mr S Harvey (resigned 30 June 2017)
Ms B Hodson OBE (resigned 1 April 2017)
Ms V Hatton (appointed 28 June 2017)
Mr D Jones (appointed 4 October 2016)
Mr M Jones
Mr S Marston
Mr A Mawby
Mr S Maycock (appointed 3 October 2017)
Mrs K Morgan OBE DL (Vice-Chair)
Prof A Parker (appointed 1 September 2017)
Ms M Patrick (appointed 16 May 2017)
Mrs P Sissons
Rt Revd R Springett
Mr A Taylor
Mrs P Taylor (resigned 31 March 2017)
Ms R Ward (resigned 27 June 2017)

Board Apprentices

Mr P Kamalaneson (appointed 1 September 2017)
Ms C Walwyn (appointed 1 September 2017)

MEMBERSHIP OF MAJOR COUNCIL COMMITTEES AS AT 31 JULY 2017

Audit Committee

Mr P Bungard *
Mr M Burgess
Mr P Davies
Mr C Fung
Mr M Jones
Mr J Hunt (co-opted member)

Council and Foundation Standing Group

Mrs K Morgan OBE DL *
Ms D Allen
Dr C Baker
The Revd Canon Dr A Braddock
Mr I Davies
Dr P Giddings
Revd B Goodwin
Mr S Hyde-White
Ms B Langdon
Mr S Marston
Prof A Parker
Rt Revd R Springett
Ms R Upson
Mr M Wagstaff

Finance and General Purposes Committee

Mr A Mawby *
Mr S Marston
Ms M Patrick
Mrs P Sissons
Mr A Taylor
Revd D Munro (co-opted member)

Governance and Nominations Committee

Prof J Crampton CBE DL *
Mr S Marston
Mrs K Morgan OBE DL
Mrs P Sissons

Remuneration and Human Resources Committee

Mrs K Morgan OBE DL *
Mr P Bungard
Prof J Crampton CBE DL
Ms N de longh
Ms V Hatton
Mr M Jones
Mr A Mawby

HONORARY POSTS, OFFICERS AND ADVISERS

HONORARY POSTS

Chancellor

Baroness Rennie Fritchie DBE

Pro Chancellors

Sir Henry Elwes
Rt Revd R Treweek

OFFICERS

Executive Managers

Vice-Chancellor
Mr S Marston

Deputy Vice-Chancellor
Dr R O'Doherty

Pro Vice-Chancellor (Operations)
Ms M Melling

Director Finance and Planning
Mrs C Stallard

University Secretary and Registrar
Dr M Andrews

Director Human Resources
Mrs R Davies

Executive Director Estates Strategy
Mr D White

Deans

Dean of Business and Enterprise
Dr G Jones

Dean of Academic Development
Prof D James

Company Secretary

Dr M Andrews

REGISTERED OFFICE

Fullwood House
Park Campus
The Park
CHELTENHAM
Gloucestershire
GL50 2RH

The university is an exempt charity, a company limited by guarantee, registered in England and Wales:
Registration Number 06023243

ADVISERS

Solicitors

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55 Colmore Row
BIRMINGHAM
B3 2FG

Registered External Auditors

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

Registered Internal Auditors

RSM Risk Assurance Services LLP (resigned 31 July 2017)
St Philips Point
Temple Row
BIRMINGHAM
B2 5AF

KPMG LLP (appointed 1 August 2017)
St Nicholas House
31 Park Row
NOTTINGHAM
NG1 6FQ

Bankers

The Royal Bank of Scotland plc
PO Box 9
31 The Promenade
CHELTENHAM
GL50 1LH

* denotes Chair



OPERATING AND FINANCIAL REVIEW

EXECUTIVE SUMMARY

This report reviews the University's activities in the year 2016-17 in the context of the challenges and risks within which the University operates, and comprises the following sections:

Section 1: Summary of the Year

Section 2: Strategic Priorities

- 2.1 Strategic Goals
- 2.2 Achievements in 2016/17
- 2.3 Enabling Students to Reach their Full Potential
- 2.4 Teaching and Support for Learning
- 2.5 Research
- 2.6 Partnerships
- 2.7 Strategic Enablers

Section 3: Financial Performance

- 3.1 Key Financial Highlights
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Section 4: Future Plans, Risks and Developments

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- 6.1 Introduction
- 6.2 Summary of the University's Structure of Corporate Governance
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OPERATING AND FINANCIAL REVIEW

SECTION 1: SUMMARY OF THE YEAR

- 1.1 The Academic and Financial Year 2016/17 was another successful year for the University of Gloucestershire. It was a year of considerable turbulence in the external environment. The referendum to leave the European Union has created uncertainties for universities as for other sectors, notably in relation to future arrangements for recruitment of students and staff from the EU and access to funds for research and business development. The year also saw the enactment of the Higher Education and Research Act 2017, creating a new regulatory framework for universities operating within an increasingly competitive market. There has been extensive public debate about the value, and cost, of higher education.
- 1.2 During the year, the University developed a new corporate strategic plan for the period 2017-2022. This reflected extensive consultation with staff, students, Council members and external stakeholders. Building on the successful delivery of our previous strategic plan for 2012-2017, it gives the University a revised and updated framework of core goals which we have used as a guide in choosing our priorities and focusing our efforts and investments during the year.
- 1.3 The first goal is to provide a breadth and richness of experience that enables all our students to reach their full potential. We deliberately prioritised a goal that encompasses the whole experience of our students, including but going well beyond their formal taught curriculum. Our primary programme for achieving this goal is "Your Future Plan", a comprehensive, structured support package to help all students, from their first arrival at the University, to build their employability skills, with access to a wide range of experiences and opportunities for work placements, internships, volunteering and student leadership roles. During the year, we have seen encouraging growth in student participation, with 1,897 students completing a self-assessment skills analysis, 2,372 students undertaking work placements, and 404 students achieving an employability award. Each School has developed an employability action plan.
- 1.4 Our aim is to equip our students to flourish and succeed in all aspects of their life. But we recognise that securing good employment and building a successful career are key goals for the vast majority of our students and their families, and a primary measure of the value of their higher education. We were pleased that this year's results from the Destinations of Leavers from Higher Education (DLHE) survey showed 94.9% of our new graduates going into employment or further study, with the proportion going into professional employment rising 5.3 percentage points to 71.6%. During the year, the Government released several reports based on analysis of the new Longitudinal Education Outcomes (LEO) dataset. Again, we were pleased with what those showed about the proportion of our graduates in sustained employment, including self-employment, 1, 3 and 5 years after graduation, being in the top 15% of universities on several indicators. Through ongoing development of Your Future Plan, we aim to keep improving on these results.
- 1.5 Our second goal is to provide teaching and support for learning of the highest quality. During the year, we have pursued this goal through implementation of our "Re-thinking Enhancement" programme, shifting our focus and our procedures to put more emphasis on enhancement, innovation and improvement while still maintaining robust

quality assurance. This has included the development of a new course portal, bringing together relevant datasets to enable course teams to identify areas for improvement. We have prioritised development programmes for our Academic Subject Leaders and Academic Course leaders, and we have worked closely with the Students' Union to promote active student engagement in learning. The Academic Development Unit has supported colleagues across our 8 Schools in the innovative use of technology to support learning, and in reviewing our assessment practice.

- 1.6 In June the Government released the first University ratings using the new Teaching Excellence Framework. The University was rated Silver, and the accompanying narrative commented: "The University metrics, supplemented by the submission, indicate that students from all background achieve excellent outcomes. High proportions of students continue with their studies and progress to employment or further study". The latest National Student Survey results released in the summer showed overall satisfaction falling 2 percentage points to 84%, in line with the fall across the higher education sector. In all eight of the NSS sub-domains, the University achieved a satisfaction score above the sector average. The new University of Gloucestershire strategic plan states a goal to work towards an NSS satisfaction rate of at least 90%, and our Academic Strategy provides the framework for pursuing that. Two more of our academic staff were awarded National Teaching Fellowships this year, maintaining our position as one of the most successful universities in securing NTF awards and reinforcing our commitment to supporting the professional qualification and recognition of our staff.
- 1.7 Our third goal is to undertake research and professional practice which enriches students' learning and creates impact and benefit for others. During the year, we have continued to build up the range and quality of our research outputs within our 6 chosen Research Priority Areas. These RPAs have been mapped to relevant Units of Assessment used for the purposes of the Government's Research Excellence Framework. We are supporting academic staff who have actual or planned research outputs in these areas, with all outputs being reviewed externally to assess their likely REF rating. During the year, we have secured an increased range and volume of research contracts, many from the EU's Horizon 2020 and Erasmus+ programmes.
- 1.8 Our fourth goal is to build partnerships which create opportunity, innovation and mutual benefit for the communities we serve. The University is proud to be the University of, and for, Gloucestershire. We take seriously our responsibilities as an anchor institution, seeking to promote the economic and social wellbeing of the communities we serve. Some key partnerships have developed strongly during the year. Working with our NHS partners, we have introduced new pre-registration nursing and nursing associate programmes in response to their need for qualified staff, representing a significant addition to our subject portfolio. Working with GFirst Local Enterprise Partnership and businesses, we have restructured the business service offer from our Growth Hub, achieving all of the targets set for the first phase of the Growth Hub and securing new EU funding to support an extended range of business support programmes. We have welcomed Bath College into our Strategic Alliance of Further Education Partners. We are working with the County and District Councils through the "Leading Places" programme to help create a long-term

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vision for Gloucestershire. And the University is an active contributor to the Gloucester Culture Board, leading a project to create a hub for cultural entrepreneurs.

- 1.9 In addition to these four goals, our new strategic plan identifies six "enablers" - Governance, People and Culture, Finance, IT and Estates, Internationalisation, and Sustainability. As reported elsewhere in these accounts, our financial position remains strong, with increased turnover and healthy surplus. That financial strength reflects in particular our success in student recruitment. Despite increasing competition in recruitment, total student numbers in 2016/17 were 7% higher than the previous year, including a 8% year on year increase in the core UK/EU undergraduate population. Although applications have fallen in the recruitment cycle leading to entry in autumn 2017 for both University of Gloucestershire and the HE sector, we further increased our conversion rate of applications to acceptances. The University launched our first HE apprenticeship programmes in health during 2016/17 and we have developed a range of further HE and degree apprenticeships for introduction next year.
- 1.10 We have substantially increased our investment in the University estate. During 2016/17, construction of the new, 800-bed student village at Pittville was completed in partnership with Uliving, offering an exceptional quality of living accommodation for students. We secured planning permissions for a major redevelopment of the Oxstalls campus in Gloucester, with construction work well under way for a new Business School and Growth Hub, and new sports facilities, all on track for completion in summer 2018. Similarly, construction of new accommodation for 300 students at the historic Blackfriars site in the centre of Gloucester in partnership with Cityheart is on schedule for completion next summer. Taken with our investment in upgrading and refurbishment of existing buildings, equipment and IT, this represents a major improvement and expansion of the teaching, research and living environment we can provide for students and staff.
- 1.11 In summer 2017 we received the results of our latest biennial staff satisfaction survey. Overall staff satisfaction has risen again compared with the last survey in 2015, which itself was an improvement on results of the 2013 and 2011 surveys. On 34 questions there was an improvement in satisfaction, compared with 8 where there was a worsening. The aggregate indicator of being an "Employer of Choice" is now 89%, slightly ahead of the average of other universities within the Capita benchmarking group, and well ahead of the 81% average for all of the organisations within the Capita dataset. The University won the Gold Award in two categories at this year's Times Higher Education Leadership and Management Awards, being ranked best university in the sector for outstanding financial performance and for marketing/communications.



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SECTION 2: STRATEGIC PRIORITIES

The University of Gloucestershire's vision is to enable transformation, particularly for our students.

Over the period of the 2012-2017 strategy, the University has been working to:

- provide students with excellent learning experiences through outstanding learning and teaching support
- promote enterprise, employability and wider economic, social and cultural benefit for the community
- embed research, scholarship, practice and consultancy in all our activities
- build strong relationships with selected partners for mutual benefit, and
- be a successful and sustainable organisation

2.1 The University values: nurture, creativity, sustainability, service, respect, and trust.

The University has now set out its strategic goals for 2017-2022. In seeking to achieve our mission and vision, we will pursue four strategic goals, each of which has a clear ambition for the end of the strategy period. These are:

1. To provide a breadth and richness of experience that enables all our students to reach their full potential
 - Reach the upper quartile of universities for graduate-level employment
 - Grow our student numbers by at least one third
2. To provide teaching and support for learning of the highest quality
 - Achieve the highest rating in the government's Teaching Excellence Framework
3. To undertake excellent research and innovative professional practice which enrich students' learning and create impact and benefit for others
 - Achieve world-leading and internationally excellent status for over 50% of the research submitted to the Research Excellence Framework
4. To build partnerships which create opportunity, innovation and mutual benefit for the communities we serve
 - Increase the range and impact of our partnerships with business, colleges, public services and international partners.

We want our academic community to be distinguished by the quality of relationships between students and staff, valuing the face to face, operating on a human, personalised scale, and welcoming a diversity of views and experience. We want to be outward looking, intensively engaged with others to enrich our learning and research, and working in partnership for mutual benefit.

2.2 Achievements in 2016/17

2016/17 has been a period of significant development. Major investment in our facilities is in progress to improve our students' experience, and we have created transformation in academic and support structures to better support learning. The University continues to develop the quality and volume of outputs across our Research Priority Areas, and new and existing partnerships are being entrenched to ensure sustainable and mutually beneficial relationships are established for the present and the future.

2.3 To provide a breadth and richness of experience that enables all our students to reach their full potential

• Student experience and satisfaction

We want each student, during their time at the University, to gain the skills, knowledge, insight and confidence to transform their own lives for the better.

Our National Student Survey results in 2017 show that the University is ahead of the sector average in all sections of the survey: teaching, learning opportunities, assessment and feedback, academic support, organisation and management, learning resources, learning community, and student voice.

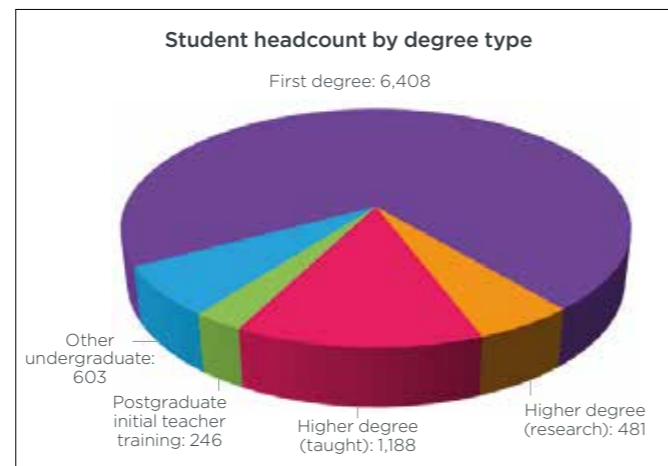
Courses with 100% overall satisfaction are:

- BEd Primary Education (FS/KS1)
- BA/BSc Geography
- BA Landscape Architecture
- FdSc Sports Coaching and Development
- BSc Sports Development and Coaching
- BA Sociology

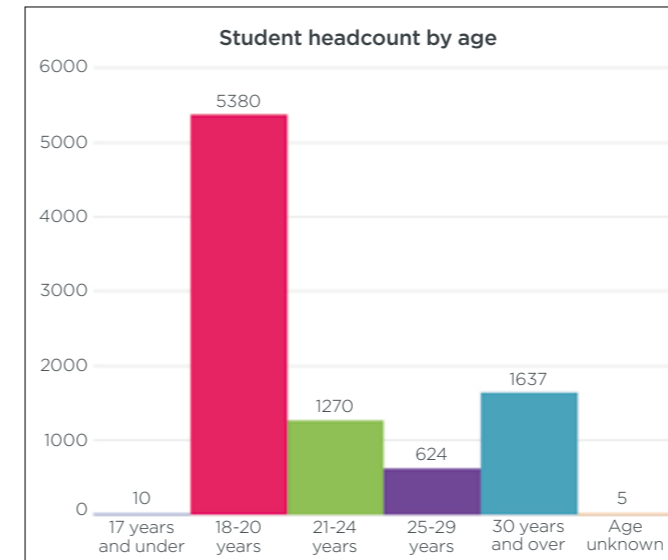
A further 18 courses achieved satisfaction of 90% or above, nearly half of our courses.

• Recruitment and growth

Depending on future trends in student demand, we aim to grow our student numbers by at least one third over the next five years, in order to deliver more fully our goal to educate, and to increase our resilience. The number of students accepted to study undergraduate programmes has risen by 24% since 2012. Undergraduates continue to be the biggest student group at the University, although the University attracts a wide range of student groups studying at different higher education levels, from foundation degrees to postgraduate research:



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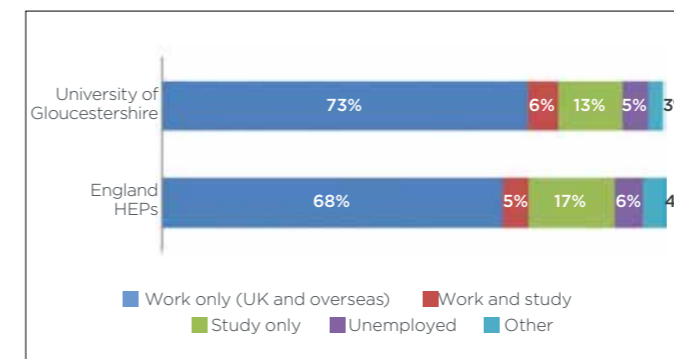
In a static undergraduate UK recruitment market where competitors are displaying a slight decline in applications, the University of Gloucestershire attracted 9% more applications and 10% more firm choices for 2016/17 compared to the previous year. Over a two year period this equates to 18% more applicants and 28% more pre-clearing firm choices.

• Employability

We provide our students with the opportunities and support they need to develop into highly employable graduates. We aim to empower them to become confident architects of their own future. Every student is encouraged to start developing their Future Plan from their very first term at university, so that by the time they graduate they are well-equipped to make a successful transition to the next stage of their career.

The HEFCE's report on the University's submission to the Teaching Excellence Framework (TEF) found: "an integrated approach to careers, volunteering and placements that effectively enhances student employability, including offering shared facilities for business services and economic development, which provides opportunities for students to engage directly with businesses".

At 94.9%, overall employability of University graduates remains consistently high (Destination of Leavers from Higher Education (DHLE) return). The percentage of students in graduate level jobs has increased to 72%, an improvement of 6% on the previous year.



The University is in the top 15% in the UK for graduates in sustained employment in year three and year five in the national Longitudinal Education Outcomes dataset.

The University continues to promote to students the "Your Future Plan" programme, which helps develop self-awareness, employability and career confidence right from the start of students' courses. We help to guide students to 'explore, decide, and achieve' in three key areas:

- work experience
- skills development
- career management

The University is widening the offer of "Your Future Plan" to support a broader range of "futures", including self-employment and further study, respecting students as individuals and helping transform themselves into the best they can be for the future.

2.4 To provide teaching and support for learning of the highest quality

We want each graduate to leave equipped to achieve their potential more fully and ready to pursue their ambitions more successfully, for the benefit of society, their families and themselves.

The HEFCE's TEF report found "a personalised approach to learning through which each student is encouraged to develop a bespoke learning plan supported by personal tutors to secure high levels of student engagement with their studies".

• Teaching Excellence

The University participated in the Teaching Excellence Framework (TEF), and received a silver award that recognises the University's high quality teaching and learning that consistently exceeds rigorous national quality requirements. The personalised approach to learning, the high quality specialist teaching facilities and an institutional culture that recognises and rewards excellent teaching were all recognised by the TEF panel.



• Learning spaces

The University is committed to investing over £100m in its estate over the next five years. Our learning and teaching will increasingly be enriched and supported by the use of technology, but we will continue to place face-to-face engagement and human relationship at the heart of effective learning. The focus of the University's estate development is to ensure students benefit from flexible and resilient campuses for learning over the next five years and beyond, where students can rely on an enhanced virtual learning environment, excellent social learning spaces, and high quality spaces for learning. The University's results in the NSS for satisfaction with learning resources satisfaction increased from 80% to 86% between 2013 and 2017, and are above sector average. New funds to stimulate the development and embedding of effective technology enhanced learning have been made available in 2016/17, funding 22 new projects.

The HEFCE's TEF report found: "an institutional approach to developing high quality specialist teaching facilities and digital resources with support for students in developing study and research skills".

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• Academic strategy

The implementation of the University's academic strategy continues. We are proud of the number of our staff who have been recognised as National Teaching Fellows and Fellows of the Higher Education Academy, and continue to make it a priority to help staff develop excellent pedagogic skills. 55% of academic staff have teaching qualifications, ahead of the sector average. A programme of work to develop assessment practice is in train to promote innovation and good practice, supported by new funds to pilot developments in technology enhanced learning. The HEFCE's TEF report found: "implementation of an institutional culture that facilitates, recognises and rewards excellent teaching, encouraging staff to attain professional recognition and teaching qualifications."

A University Festival of Learning in June provided a chance to celebrate and reflect upon learning and teaching in The University of Gloucestershire and beyond. University staff, and colleagues from collaborative partners, local schools and the NHS joined the University in presentations and showcases.

• Portfolio development

The University continues to develop its course portfolio, including nursing and Cyber. We are also supporting skills development with new Higher Apprenticeships and Degree Apprenticeships, where students gain a degree qualification while studying alongside their work commitments.

The HEFCE's TEF report found: "effective close monitoring of student engagement with personal tutoring and a University-wide approach to induction to support high retention rates".

The University's Quality Framework has been redesigned in order to move from a system that is heavily focused on assurance to one that is enhancement-led and enables us to achieve the ambitions set out in the University's Academic Strategy through improved data, a strong student voice through subject and course representatives, and efficient governance.

2.5 To undertake excellent research and innovative professional practice which enrich students' learning and create impact and benefit for others

Our staff create transformation, through supporting students to learn and through research leading to new knowledge, understanding and application.

Research activity is fundamental to the identity of Higher Education. We focus on research which can be applied to benefit others. We aim to build upon our strengths and continue to develop excellence in research and practice in selected fields. We are investing in areas of research excellence that align with our subject strengths and strategic priorities, and seek out funding to support our work. Nearly £2m of funding for research was received by the University in 2016/17.

We are supporting our teaching staff to engage in research, and providing all our research-active staff with support through our developing Academic Career Framework.

We want students and staff to share a sense of excitement about the opportunities of research, and share a commitment to real-world impact. This includes providing opportunities for undergraduate and postgraduate students to engage with research – as demonstrated by our graduate attributes. Our research students also expect a high-quality research environment, consistent with our research degree awarding powers. The 2017 Post Graduate Survey (PRES) showed that 93.5% of students agreed with the statement "My supervisor(s) have the skills and

subject knowledge to support my research". The survey also showed that 73% of University of Gloucestershire research students felt that they were given appropriate support and guidance for teaching compared with the sector average of 60%.

As a learning-led institution, our strategic aim for research is that it should inform and enrich teaching as well as creating new knowledge. It is integral to our mission to develop excellence in research and practice in selected fields, and seek peer recognition through the Research Excellence Framework. 44% of research graded "world leading" or "internationally excellent" in the most recent Research Excellence Framework (CCRI: 71%, and Sport and Exercise 53%).

2.6 To build partnerships which create opportunity, innovation and mutual benefit for the communities we serve

As a University, we work with partners to transform the wellbeing and prosperity of our community. We pursue this purpose of transformation through relationships.

• Community support

Mutually beneficial partnerships will support our success and the achievement of our goals, as we also support others to succeed and achieve their goals. The University is proud to be the University of, and for, Gloucestershire and we value the support we have received over many years from the county. Staff and students committed 40,000 hours of volunteering time over the last three years.

The Oxstalls Masterplan provides opportunities for the University to invest with partners in sporting facilities for the benefit of students and the community. Working with the City and County Councils and a range of sporting bodies, (including Aspire Sports and Cultural Trust which manages the Oxstalls Sports Park and Tennis Centre), the University is looking to link together and expand the sporting facilities available on Oxstalls campus and the Oxstalls Sports Park (including Plock Court playing fields).

• International Pathway Partnership

Our International Pathway Partnership with INTO University Partnerships Ltd has now completed its fourth full year of operation, providing recruitment to pathway programmes and a source of international students progressing to the University. The jointly controlled entity Board is continuing to consider projections and the business model in a highly challenging market. As a result the Board agreed to £4.4m of the jointly controlled entity's debt being written off, £1.7m from the University and £2.7m from INTO University Partnerships Ltd.

• Support for businesses

The University continues to build on the successes of the Growth Hub, offering support and advice to Gloucestershire businesses, through funded projects, working through the expanded Growth Hub Network and transitioning into the new, larger facility at Oxstalls. The Growth Hub has throughout 2016/17 developed programmes of support for start-up businesses and entrepreneurs, with incubation spaces for both external clients and University student enterprise activity. The number of business support interventions achieved over the last three years was 7,934, with 2,200 businesses and pre-start individual entrepreneurs. Of these 905 were supporting designated high growth businesses.

The newly-established University of Gloucestershire in Business (UiB) is bringing together the externally-facing functions of the University: Employability, Business Engagement and Partnership, the Growth Hub, New Ventures and Enterprise, and

OPERATING AND FINANCIAL REVIEW

the University Funding Office. UiB will support the development of new partnerships and support engagement with the wider business community.

We are committed to our role as an "anchor institution", forming part of the character of the place and contributing to the wellbeing and sustainability of our community for the long term. Strong partnerships are critical to the successful implementation of this strategic plan, including partnerships with business and employers, with further education colleges and international partners, with providers of public services, and with cultural and community groups.

Case study: The University of Gloucestershire is working with NHS Trusts in Gloucestershire to address nursing shortages by introducing a BSc Hons pre-registration degree programme in Nursing from 2017.

The Department for Health, the Nursing and Midwifery Council, and the Royal College of Nursing are predicting a national shortage of registered nurses of almost 50,000 this year. Gloucestershire has been experiencing its own nursing shortages. It is estimated that the county needs around 450 new nurses a year and the NHS Trusts serving Gloucestershire are reporting significant challenges in attracting and retaining nurses.

A new project led by the University in partnership with Gloucestershire Hospitals NHS Foundation Trust, 2gether NHS Foundation Trust, Gloucestershire Care Services NHS Trust and the NHS Gloucestershire Clinical Commissioning Group is looking to tackle these shortages by introducing a new BSc Honours degree programme in Nursing as from September 2017. This will build on the University's existing higher education programmes in health and care.

2.7 Enablers of the Strategic Plan:

• People and culture

The University is a people-based organisation. Achievement of all our goals depends on the skills, professionalism and engagement of our staff. The highest priority amongst our enablers is therefore to recruit, retain and motivate excellent staff, and to create a working environment in which all staff can achieve their full potential and be part of the transformational purpose of the University. We are proud of the quality of our staff. Nineteen academics have been designated National Teaching Fellows by the Higher Education Academy in recognition of their excellence as teachers and 55% are professionally qualified as teachers. During the period of the 2012-2017 strategic plan, we developed a new People and Culture Strategy, and we made good progress in improving staff satisfaction as measured in biennial surveys. During the period of the new strategic plan, we will build on that progress. In particular, we intend to focus on building a culture of empowerment, engagement and accountability with more space for staff to exercise professional judgement and initiative, within a framework of agreed goals.

Our 2017 Staff Survey demonstrated an improvement on all 14 of the areas of the survey and on 34 of the questions compared to the 2015 survey. 87% of the staff who responded reported that they feel proud to work for the University. These results reflect the commitment of our staff to the students who study here. Our staff are supported by training, learning and professional development opportunities provided by the University and we saw a 10% increase in the number of staff stating that they had benefitted from these opportunities. Of the 18 aspects on which we can benchmark ourselves against the sector, we achieved equal or better results on 16 aspects.

The survey results show that our staff feel part of the University, believe in the work that they do, feel supported and able to develop and learn themselves.

The University received two national awards in the Times Higher Education Leadership and Management awards, recognising Outstanding Financial Performance, and Outstanding Marketing and Communications.

• Finance

The Finance Strategy supports the delivery of the University's Strategic, Operational and Departmental Business Plans. The Strategy is designed to ensure the long term financial viability of the University, delivering an integrated approach linking academic, financial and business planning issues, enabling investment and development and underpinning the delivery of an excellent student experience.

Our financial results for the year are reviewed in Section 3.

• IT and Estates

The University's Oxstalls campus, which is already home to The Growth Hub, will become the new base for the University's Business School bringing business education, economic development and business services under one roof. This represents the next major step for the University, working with the GFirst Local Enterprise Partnership, to integrate the Business School with The Growth Hub and expand its teaching, research and knowledge exchange activities, creating a strong centre for business support, innovation and enterprise in the county. Sporting facilities are also being developed and a new sports hall is being built including multiple indoor pitches to enable a wide range of sports to meet national and, in some cases, potentially international standards. In addition to new all-weather outdoor pitches there will also be a new cricket pavilion and an improved cricket pitch. A dual use agreement is being developed to enable the effective sharing of the facilities between the University and Gloucester City Council to support wider community use. Concurrent developments for nursing and the redevelopment of the Blackfriars site in Gloucester into high quality student accommodation will help ensure a greater breadth and richness of experience for students.

A new student village has been created at Pittville in Cheltenham, and provides accommodation for 800 students, student services and office space.

IT and Library Services have been brought together to provide an integrated service delivering Academic Engagement and Information Management, Customer Service Management and Technical Delivery. Systems developments have included migration of the library management system to a new platform, integrating student information and services through new student hubs and a student portal. The University has worked with JISC on a Learning Analytics pilot.

Use of library resources continues to grow, with 780,000 visits to libraries and over 1 million uses of the resources. Highlights include a 35% increase in use of e-books, and 10% increase in the use of Inter-Library Loans.

• Internationalisation

The University of Gloucestershire is committed to being an academic community with a global outlook, recognising that our stakeholders are best served by an internationally engaged institution which furthers opportunities for intercultural learning, teaching and research. This requires an institution-wide approach to internationalisation which aligns with our focus on sustainability.

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The University has drawn up its first Internationalisation strategy to cover 2017-2022. The strategy aims, as one of its strands, to enable students to broaden their experience through overseas trips and placements. There have recently been student field trips to Guangzhou, Ho Chi Minh City, Hong Kong, New York, Milan and Barcelona. For the seventh year running, ten students participated in the Sport Malawi project which enabled them to spend four weeks in Malawi, working with local practitioners to deliver workshops in sports coaching, outreach and education overseas. We have developed new partnerships with universities and colleges in Hong Kong, Myanmar, Vietnam and Malaysia.

• Sustainability

In 2016/17 the new Sustainability Strategy 2017-22 was developed and approved by Council, which provided the foundations and resources to begin this five year strategic phase. The strategy was released on 8 June 2017 at the Sustainability Showcase event in the University Festival.

2016/17 also saw a second successful year for the Sustainability Internships Programme (SIP), which placed 14 unique internships against its target of ten. The SIP was a Finalist in the 2016 Green Gown Awards and designated an Outstanding Flagship Project by the UN University.



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.

The University has prepared its financial statements in accordance with FRS 102 and the financial highlights below show an improvement on last year.

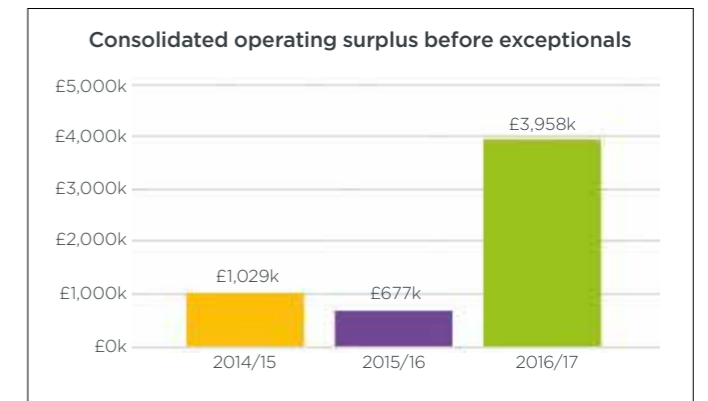
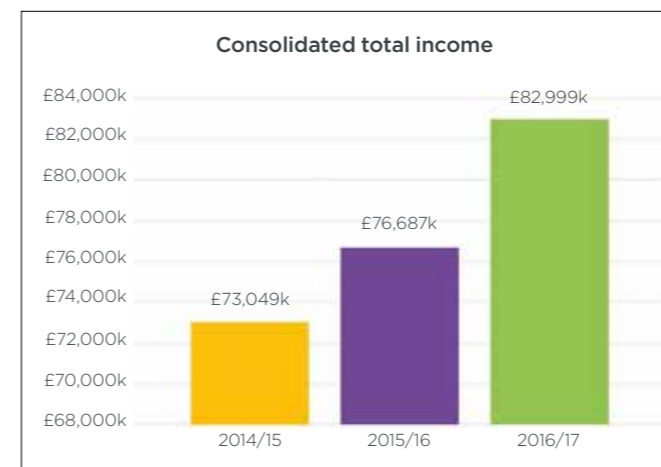
3.1 Key financial highlights

- The net asset position before pension provisions has improved to £77.7m (2016: £69.9m);
- The core surplus for the year has grown to £4.0m (2016: £0.7m);
- The year-end liquidity position has strengthened, with net liquidity rising to 130 days (2016: 119);
- We have arranged an additional loan facility of £20m to finance the Oxstalls capital project and continued investment in the Estate and infrastructure;
- We have re-financed to consolidate loans to save on interest payments.

3.2 Review of the year

• Operating performance

On core operations, the University reports a consolidated surplus for the year of £4.0m (2016: £0.7m) this is before a gain in the jointly controlled entity of £1.7m. After accounting for the jointly controlled entity and asset disposals the consolidated surplus was £5.8m (2016: £5.2m). With an improved net asset position of £77.7m before pension liability (2016: £69.9m), 2017 was a good performance in line with our finance strategy targets building on strong operating performance over the last seven years. The cash generated in the year, re-financing and a new loan facility has enabled the University to invest £13.4m in capital this year.



The jointly controlled entity with INTO University Partnerships Ltd has now completed its fourth full year of operation. The jointly controlled entity Board is continuing to consider projections and the business model in a highly challenging market. As a result the Board agreed to £4.4m of the jointly controlled entity's debt being written off, £1.7m from the University and £2.7m from INTO University Partnerships Ltd. Excluding this write off the University's share of the result would have been a loss of £(0.5)m (2016: £(0.7)m).

• Capital investment

Capital investment in the year has continued to deliver additional and upgraded space and facilities for new and expanding courses as well as the maintenance of our Estate. Work also started on a major capital investment with the expansion of the Oxstalls campus constructing a new Business School and an expanded Growth Hub, developing Sports facilities with a new sports hall and all weather pitches and cricket pavilion, as well as nursing facilities. In order to finance the Oxstalls project a loan facility of £20m was agreed with HSBC. Other major estates capital investment is the completion of work at Pittville. IT continue to support the business which included a capital investment in new servers during the year.

o Investment in cyber and business partnerships

Investment at the Cyber Security and Conference Centre at Berkeley and cyber security facilities at the University Park campus has been financed by the GFirst LEP Gloucestershire Growth Deal 2015 to 2021, with HM Government providing Local Growth Capital Funding. GFirst LEP has worked with the University as a strategic lead organisation, in conjunction with Gloucestershire County Council as the accountable body, to support the development with £3m of funding made available. £1.5m of this was received in 2016/17 and £1.1m was received during 2015/16. The final £0.4m is due to be claimed in 2017/18. The University and South Gloucestershire and Stroud College have continued to work closely to allocate the funding to prepare the site to deliver the required facilities and services.

Local Growth Capital Funding has also been made available to develop the Business School and Growth Hub. The funding received as at July 2017 was £1m. The total funding available of £5m is on target to be claimed and received by September 2018.



OPERATING AND FINANCIAL REVIEW

• Long term debt (secured loans)

Following a successful re-financing exercise of consolidating our loans and settling the finance lease on the Elwes building at the Park campus, our long term borrowings (secured loans) at year end are £16.3m. This figure includes £1.8m of borrowings against a new loan facility agreed with HSBC of £20m to assist the financing of the Oxstalls capital project. The gearing ratio has increased to 25%.

• 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 £6m. At the balance sheet date £25.0m was placed on deposit with a number of banks; average monthly balances held by deposit takers over the year were £23.9m (2016: £15.3m).

The year-end liquidity position has continued to exceed the target of 75 days set out in the Strategic Plan and at the year-end was 130 days (2016: 119 days).

• 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 FRS 102.

Under the Gloucestershire County Council Superannuation Scheme the net pension liability (LGPS) as at 31 July 2017 has increased to £33.0m (2016: £29.3m; 2015: £29.4m). The movement in the liability this year is due to the increase in the present value of the expected future liabilities being greater than the growth of expected asset returns.

The Universities Superannuation Scheme (USS) and Church of England Funded Pension Scheme (CEFPS) are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University for members and are therefore accounted for as defined contribution retirement benefit schemes. The net pension liabilities for any contractual commitment to fund past deficits have been identified within provisions. USS: £378k (2016: £365k) CEFPS: £23k (2016: £28k).

The Teachers' Pension Scheme (TPS) is a multi-employer unfunded scheme and the University's share of assets and liabilities cannot be separately identified. This scheme is therefore accounted for as a defined contribution retirement benefit scheme. As the scheme is unfunded there is no deficit recovery plan.

Employer contributions to pension schemes were as follows:

Pension Scheme	Current Contribution Rate	2016-17 £000	2015-16 £000
LGPS	16.4% plus £1.1m pa	3,447	3,318
USS	18.0%	210	187
TPS	16.48%	2,561	2,471
Others including Church of England Scheme	39.9% (CEFPS)	8	14
Total		6,226	5,990

3.3 Financial sustainability and key performance indicators

Management actions in 2016/17 have further strengthened the financial position of the University, ensuring the continuation of a stable platform to enable it to face the current and future challenges in the HE sector.

This was the second year of the 2015-2018 finance strategy which focuses on delivering a successful and financially sustainable academic institution with a sound financial base that is properly resourced to enable the University to pursue strategic opportunities. A more commercial approach is being embedded to reflect the changing external environment in which we operate. Our partnerships and the growing volume of Business Development income. The key performance indicators in this Strategy are actively monitored to support delivery of the University's financial goals. Regular business review planning meetings are also held through the year to monitor progress against School and Department key performance indicators supporting the University's operational and business plans.

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The key objectives of the current Strategy are to:

- provide continued financial sustainability to enable the University to deliver its strategic objectives;
- promote a culture of commercial awareness across the University;
- increase and diversify income, in the face of potentially static fees and an uncertain external environment;
- provide resources to support our corporate priorities;
- provide a framework for improving profitability;
- provide a basis for improved investment in infrastructure, balancing recurrent and capital spend;
- manage risk effectively with robust policies and practices.

Performance against the targets included in the Finance Strategy is set out below:

Key Financial Indicator	Performance 2015-16 to 2016-17	Finance Strategy Target 2015 to 2018
Surplus before gains on fixed assets and investments and share of results of jointly controlled entity	0.9% increasing to 4.8%	4.5-6% of income
EBITDA as a % of total income	8.9% increasing to 13.8%	10% of income
Net liquidity days	119 days increasing to 130 days	75 days
Cash generation from operating activities	8.4% increasing to 16.5%	10% of income by 2018
Gearing - external borrowings (all borrowings and service concessions)	22% increasing to 25%	Less than 45% of income
Pay as a % of total income	55% improving to 54%	Not to exceed 55% of income
Annual growth in total income	6.5% average over the last 3 years	To average 3% over the 3 year period
Growth of diversified income (non-regulatory fees and grant income)	4% decreasing to 2%	Growth of 5% of non-regulatory fees and grant income
Investment in capital and maintenance - capital	6.4% increasing to 16.1%	Investment as a % of income: 5%
- recurrent maintenance	3% decreasing to 2.8%	2.5%

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. The University paid 95.9% (2016: 95.14%) of the 10,552 invoices received within 30 days of them being determined as valid and undisputed. The average (median) payment time for invoices was 11.2 days (2016: 15 days). The University did not make any payments in respect of the late payment of invoices.

3.5 Value for Money

An annual report on Value for Money is presented 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 make the best use of the resources that it has available, to deliver intended services and maximise the benefit achieved from those services. The report recognises that the higher education sector remains under pressure to evidence that it is delivering value for money to students.

The primary aim for the Value for Money Plan 2016/17 was to ensure departmental activity supported strategic developments to improve value for money and the generation of savings. The Strategic Planning and Projects Team is supporting the University to approach long term planning and project management in a more cohesive way. Project frameworks are being used to standardise approaches to project management and provide portals to consolidate data for academic staff leaders so they can better lead their courses, subject communities, and schools.

3.6 Accounting systems

The University continues with the development of the Agresso accounting software and related system with an upgrade planned for 2017/18. The Forecasting tool "Corporate Planner" has been used successfully for pay forecasting and modelling and a student number planning model is in development with roll out planned for 2017/18.

3.7 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of the year 2016/17 and the publication of the Financial Statements.

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SECTION 4: FUTURE PLANS, RISKS AND DEVELOPMENTS

The University Council maintains a close eye on sector trends and political and economic developments and has in place monitoring mechanisms to assess how future University performance may be affected by emerging events.

• Academic Developments

The University is well positioned to respond swiftly to new initiatives such as the growth of Higher Apprenticeships and the introduction of new Teaching Excellence Framework metrics and Longitudinal Education data. Review of the Academic Portfolio to respond to regional employer requirements for STEM graduates is already underway, supported by developments at the Berkeley site in relation to Cyber and Advanced Renewables activity. Developments in education and training for the Health sector will also feature strongly in development of our portfolio and partnership activities.

The sector is facing an immediate challenge of demographic changes resulting in a reduction in School leavers over the next 2 to 3 years. Whilst this will increase competition in an already competitive market, the University has an excellent track record in maintaining and growing market share, and enters this period in a confident position. Whilst preparing for some potential contraction in new entrant numbers, the University is also mindful of the projected demographic increase in demand for Higher Education places which will follow in years ahead.

Preparations are in hand for entry into the next sector Research Excellence Framework exercise, reinforcing the University commitment to research activities. Success in securing European Structural and Investment Funds of £3.5m will support increased interaction with business, especially SMEs and start-ups, over the three year period. Four projects: continuation and expansion of the Core Growth Hub (CORE); Gloucestershire Research and Innovation Programme (GRIP); Gloucestershire's Accelerated Impact Network (GAINS); and the Start and Grow Enterprises (SAGE) commenced towards the end of 2016/17 and will be fully operational for 2017/18 and 2018/19.

• Financial Performance

The University financial plans are driven by the over-arching financial strategy including meeting key financial performance indicators. These indicators are monitored alongside compliance with bank loan financial covenants. In addition the University actively manages compliance with ratios set out in the Pittville student residence contract.

• The University Estate

Construction is now well underway for the Oxstalls Masterplan projects which will deliver impressive new facilities for Business School, Growth Hub, and Sports activities. Strong local partnerships underpin the successful delivery and future operation of these facilities, which will facilitate increased Business and Community engagement. Funding from some Sports' National Governing bodies and Growth Deal funds are being invested alongside University cash and borrowings.

Investment plans for over £100m are transforming our teaching, learning and accommodation spaces and aim to:

- develop and repurpose accommodation across the University estate so that it supports the subject community groupings;

- provide accommodation required to meet growth in student numbers;
- improve the quality of the learning environment and promote social learning space on campus;
- upgrade our general teaching and specialist teaching spaces;
- promote our sustainability principles and to effectively manage our carbon reduction commitments and travel plan targets .

• Student Residences

In partnership with private providers, the University aims to provide student residences which offer affordable, high quality university managed accommodation for all undergraduate students that request a room.

The first phase of this has been the opening of the Pittville Student Village, which has transformed the offer of student living accommodation in Cheltenham. The next phase is the construction of the Blackfriars development in Gloucester which will open in September 2018 as the Business School moves to Gloucester. Discussions have commenced with developer and funder in relation to a further expansion of this development.

• External Events and Regulation

Negotiations for the UK exit from the EU will take time to fully agree and the University will take opportunities as they arise during this transition and negotiation period. Our strategic aims remain unchanged and the University will continue to embrace interaction, partnership and contractual arrangements with European organisations.

Uncertainty regarding future Government Regulated fee rates and regulations is a cause for concern and may evolve over time. Scenario modelling will play a critical part in the University understanding and preparing itself for any changes from previous planning assumptions. Current projections have assumed modest inflationary increases, in line with the Teaching Excellence Framework commitments.

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SECTION 5: 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 Council have taken into account the Charity Commission's guidance on public benefit and are satisfied that the activities of the University as described in these financial statements fully meet the public benefit requirements.

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 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. University also supports access to arts, musical and other cultural events. This includes long standing support for the internationally acclaimed Cheltenham Festivals. In 2016/17 the University played an active role in the Cheltenham festivals, such as the Literature Festival and Jazz Festival. The University has a formal Memorandum of Agreement with the Cheltenham Trust and is an active contributor to its work. The University is also playing a leading role in the work of the Gloucester Culture Trust.

Education at the University of Gloucestershire reaches far beyond the classroom. Our Strategic Plan emphasises our commitment to the development of graduates who are engaged, enquiring, empowered, empathetic and ethical. We pride ourselves on being an academic community that is student-centred, learning-led and research-informed.

Of the 8,926 students registered at the University 19% identified themselves as having a disability, 12% identified themselves as part of the black and minority ethnic (BME) communities resident in the UK and 9.7% were from countries other than the UK. The University is committed to extending the diversity of its student body and runs a programme of outreach and financial support to ensure that there is fair and equal access to all.

The Widening Participation and Outreach unit provides strong relationships between the University and the wider community supporting schools, colleges, local groups and other regional and national networks in promoting progression to higher education. The team provides a breadth of activities and events which are focused on aspirational and supportive sessions for school and college students to inform and inspire them on higher education options, how to apply to university and the financial support available. In 2016/17 the outreach team undertook 239 activities with schools and colleges, ranging from primary school children to lifelong learners. Just over 9,000 students engaged in outreach activities over the year. Activities take place on and off campus.

The University works predominantly with schools and colleges, including 50 institutions in its 'compact' network in Gloucestershire and neighbouring counties, and the three colleges within the strategic alliance (Bath College, Gloucestershire College, and South Gloucestershire and Stroud College). 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 about their options. Interventions are in place to work with a wide range of students to ensure our 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, as well as opportunities to work with Subject Specialist WP and Outreach Support Officers such as accessing subject taster sessions and personal statement master classes.

In 2016/17 the University provided around £3.5m in financial support to students through fee discounts, fee waivers and bursary awards. The University supports students from under-represented groups by offering financial support and a large financial assistance fund. Scholarships and bursaries are available to those who progress onto a course at the University having previously studied at a partner college, whilst fee discounts are provided to alumni who wish to progress to postgraduate study. Examples include the University Bursary of up to £1,000 for students studying at a local partnership school or college and up to £9,000 per year for care leavers. A Disabled Sports Scholarship is also available to encourage diversity in our sporting community.

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SECTION 6: CORPORATE GOVERNANCE

6.1 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, with the amended and latest set of Articles approved by the Privy Council on 4 May 2016.

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) Higher Education Code of Governance, 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 Memorandum of Accountability and Assurance.

6.2 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 strategic oversight of its finances, property and investments and the general business of the University. Following the amendments to the Articles of Association approved in May 2016, Council has a membership of 20: 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: Audit Committee, Finance and General Purposes Committee, Governance and Nominations Committee, Employment Policy Committee (until 27 June 2017), Remuneration Committee (until 27 June 2017), Remuneration and Human Resources Committee (from 27 June 2017), and the Council and Foundation Standing Group. 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 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, 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 and estates development. 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 **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.

In June 2017, Council agreed that it should merge the Employment Policy Committee (which had responsibility for the oversight of human resource strategy, policies and associated procedures) and Remuneration Committee (responsible for making recommendations to Council on the pay and conditions of service and severance arrangements of the Vice-Chancellor, and to agree pay and conditions for all other members of University Executive Committee) to form a new **Remuneration Committee** (RHRC). This new committee is responsible for the development of remuneration and reward policies for senior staff together with terms and conditions of employment for such staff, and for discussion of Human Resources Strategy for all staff. It is intended that there will be benefits from a single committee having an holistic view of all staff policy and pay matters, including senior staff. With a view to ensure transparency it has, in addition, been agreed that a Student Member of Council (normally the Students' Union President) would be included in the membership of RHRC.

The University takes very seriously the need to set pay levels for all staff, that are proportionate, that reflect the level of responsibility of the role, and enable us to attract and retain the staff of the highest calibre. In line with HEFCE's new guidance on senior staff remuneration arrangements (HEFCE Circular 17/2017), the RHRC has regard to the "Good Pay Guide for Charities and Social Enterprises" issued by the Chief Executives of Voluntary Organisations. This guidance was considered by the RHRC at its meeting in October 2017.

In the light of ongoing debate about the pay of senior University staff, and particularly Vice-Chancellors, the Council and the RHRC, have kept the issue under close review. The Vice-Chancellor's remuneration is reported on page 32 of these accounts. Since his appointment in 2011, in no year has the Vice-Chancellor been awarded a pay increase higher than the national pay award for University staff. This year, the Council agreed that the President of the Students' Union should become a member of the RHRC. The Vice-Chancellor himself is not a

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member of that Committee, but attends for relevant agenda items. The pay ratio at the University of Gloucestershire in 2015/16 between the Vice-Chancellor and the median basic salary for staff at the University was 4.63, compared with a UK average of 6.4.

The **Council and Foundation Standing Group** oversee those aspects of the University's mission and objects relating to its Anglican identity.

The Council recognises that, in accordance with best practice recommended in the CUC Higher Education Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. During 2015/16 a detailed, comprehensive, and externally-led review was undertaken by the Leadership Foundation for Higher Education (LFHE). The review combined a desk-based study with interviews with members of Council and its officers, observations of Council and its committees, a detailed questionnaire and other activities. The University's governance structures and arrangements were evaluated against the CUC Higher Education Code of Governance and other benchmarks and comparisons made against the practices employed elsewhere in the higher education and other sectors.

The reviewers concluded that: "The corporate governance arrangements are sound and compare well against the CUC Code and Council discharges its legal and regulatory obligations. The Council and its members have clearly played a key part in the University's progress in recent years." A number of recommendations for further improvement were also provided in the report and the University Secretary has implemented a number of changes to address them, particularly those relating to improving the diversity of Council's membership and developing its involvement in the life of the University.

An internal audit of corporate governance was held during 2016/17 and the auditor's opinion was that Council could take substantial assurance that the controls upon which the organisation relied to manage its governance were suitably designed, consistently applied, and operating effectively.

6.3 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 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Accountability and Assurance agreed between the Higher Education Funding Council for England and the University's Council, the Council, through its Accounting 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 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.

6.4 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.

6.5 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 Memorandum of Accountability and Assurance 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 achievement 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 31 July 2017 and up to the date of approval of the financial statements.

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During the year the University has revised 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's new Strategic Plan and reflects the importance of the four 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. A detailed reporting schedule is in place to ensure that the relevant information is reviewed and reported in a timely manner to appropriate audiences. An internal audit conducted in April 2017 concluded that the Council could take substantial assurance that the controls upon which the organisation relies to manage the identified risk are suitably designed. Due to the relatively recent refreshment of the University's approach to risk management during 2016/17, the internal auditors also concluded that Council could take reasonable assurance that the controls in place to manage the risk were consistently applied.

Risk management is fully incorporated into the corporate planning and decision-making processes of the institution, and informs the work undertaken by Internal Audit. The University Executive Committee has a standing agenda item to review all key risks, to report on progress of action plans that introduce new mitigations, risk trajectories, and projected (residual) risk. While the identification of new and emerging risks may occur at any point during the year, and annual risk workshop is held at the start of the academic year to refresh the Risk Register. It has been embedded at school and 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 School 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 school or departmental level. Detailed business continuity and disaster recovery plans, both at an institutional and a school or departmental level, are also in place. In addition, risk management is included as a core element of the University's Higher Education Leadership and Management programme for managers.

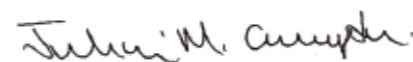
In addition to this, Council oversees the University's performance in meeting its strategic objectives through the planning and monitoring of the annual Operating Plan. Regular updates on performance are presented to Council during the year, with a full year-end report considered in November. The Operating Plan for the following year is approved by Council every June. An internal audit of some aspect of strategic planning and management information, including supporting strategies, is normally undertaken as part of the annual internal audit plan. In 2016/17 a review into the Information Strategy was conducted. This review concluded that the Council could take reasonable assurance that the controls in this area are suitably designed and consistently applied.

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 last assurance review conducted by The Higher Education Funding Council for England (HEFCE) to examine how the University exercises accountability for the public funding it receives concluded that the University was 'not at higher risk' for financial sustainability, good management and governance matters, and that it 'meets requirements' for quality and standards matters. That conclusion represents the highest level of assurance rating that can be achieved on HEFCE's 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.

The Operating and Financial Review set out on pages 6-20 was approved by the Council of the University of Gloucestershire on 28 November 2017, and was signed on its behalf by:



Professor Julian Crampton
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 2017 which comprise the Statement of principal accounting policies, the Consolidated and University statement of comprehensive income and expenditure, the Consolidated and University statement of changes in reserves, the Consolidated and University balance sheet, the Consolidated and University cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2017 and on the group's surplus, and its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the university's governing body, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's governing body those matters we are required to state to it 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 the university's governing body as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the governing body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may

cast significant doubt about the university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governing Body are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 6 to 20 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the university and its environment obtained in the course of the audit, we have not identified material misstatements in strategic report and the directors report.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated July 2017 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of Governing Body for the financial statements

As explained more fully in the Financial responsibilities of the University's Council set out on pages 19-20, the Council (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, and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MARK BISHOP ACA Senior Statutory Auditor

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

28 November 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and in accordance with the Statement of Recommended Practice – Accounting in Further and Higher Education Institutions (2015 SORP). These financial statements are prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of the University of Gloucestershire and all its subsidiary undertakings drawn up to 31 July each year.

2 Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Provisions

In recognising provisions, the company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

3 Going concern

The Council has reviewed the budget for the year to 31 July 2018 and the financial forecasts for the following two years and has adopted the guidance provided by the Financial Reporting Council (FRC) under *Going Concern Basis of Accounting and Reporting on Solvency & Liquidity Risks: Guidance for Directors of UK Companies 2016*.

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 14 to the accounts.

The University's share of the results in its jointly controlled entity has been consolidated in the financial statements and accounted for under the gross equity method. The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated and University statement of comprehensive income and expenditure. Details of this and the basis for consolidation are provided in note 15 to the accounts.

The consolidated financial statements do not 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

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

Government 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.

Government 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.



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

6 Recognition of income

Income from the sale of goods or services is credited to the Consolidated and University statement of comprehensive income and expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount or fee waiver and credited to the Consolidated and University statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and Scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated and University statement of income and expenditure on a receivable basis.

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 Donations and endowments

Non exchange transactions where we receive value from a donor without providing equal value in return are donations or endowments.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Endowment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

8 Tangible fixed assets

Fixed Assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Freehold Land and Buildings

Certain freehold land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Leasehold Land and Buildings

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.

9 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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. 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

10 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.

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.

11 Stocks

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

12 Taxation

Effective from 1 August 2007, the University became a Company Limited by Guarantee and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is therefore potentially exempt from taxation in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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 and Gloucestershire ISC Limited are liable for UK corporation tax. The companies have agreed to pay the lower of their 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.

13 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.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the surplus or deficit.

14 Finance and operating leases

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

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, and classified as finance leases.

Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease.

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



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

15 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.

Any derivative financial instruments are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

16 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' Pension Scheme, the Universities Superannuation Scheme (USS) for academic staff, The Church of England Funded Pensions Scheme (CEFPS) for Clerical staff and to the Gloucestershire Local Government Pension Scheme for non-academic staff. These are independently administered schemes.

Contributions to the Schemes are recognised as an expense in the year 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 102 for the Local Government Pension Scheme.

The USS and CEFPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University for members due to the mutual nature of the schemes and therefore these are accounted for as defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits in accordance with the latest agreed deficit funding plan.

The TPS is a multi-employer unfunded scheme for which it is not possible to identify the assets and liabilities to the University for members due to the mutual nature of the scheme and therefore this is also accounted for as a defined contribution retirement benefit scheme. As the scheme is unfunded there is no deficit recovery plan.

17 Employment benefits

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

18 Repairs and maintenance costs

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

19 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.

20 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.

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

21 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.

22 Bad and doubtful debts

The University regularly considers its debt book for recoverability 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.

23 Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the balance sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

24 Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2017

	Notes	Consolidated 2017 £000	Consolidated 2016 £000	University 2017 £000	University 2016 £000
Income					
Funding body grants	1	7,327	7,121	7,327	7,121
Tuition fees and education contracts	2	60,930	55,842	60,930	55,842
Research grants and contracts	3	1,322	1,091	1,322	1,091
Other income	4	13,030	12,259	13,030	12,259
Investment income	5	272	310	251	260
Donations and endowments	6	118	64	103	65
Total income		82,999	76,687	82,963	76,638
Expenditure					
Staff costs	7	44,669	42,290	44,669	42,290
Fundamental restructuring costs	11	291	411	291	411
Depreciation of tangible fixed assets	12	4,916	4,784	4,916	4,784
Other operating expenses	8	27,496	26,069	27,487	26,031
Interest and other finance costs	9	1,669	2,456	1,669	2,456
Total expenditure		79,041	76,010	79,032	75,972
Surplus before other gains and share of operating surplus/(deficit) of joint controlled entity		3,958	677	3,931	666
Gain on disposal of fixed assets	13	-	5,276	-	5,276
Share of operating surplus/(deficit) in jointly controlled entity		1,746	(745)	-	-
Gain on investments		124	37	73	15
Surplus before tax		5,828	5,245	4,004	5,957
Taxation		-	-	-	-
Surplus for the year		5,828	5,245	4,004	5,957
Actuarial gain/(loss) in respect of pension schemes		(1,677)	1,879	(1,677)	1,879
Currency translation differences		(30)	2	(30)	2
Total comprehensive income for the year		4,121	7,126	2,297	7,838
Represented by:					
Endowment comprehensive income for the year		176	65	95	40
Restricted comprehensive income/(loss) for the year		13	(27)	13	(27)
Unrestricted comprehensive income for the year		3,932	7,088	2,189	7,825
		4,121	7,126	2,297	7,838
Surplus for the year attributable to the University		5,828	5,245	4,004	5,957

All items of income and expenditure related to continuing activities.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2017

Consolidated	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation Reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2015	2,727	47	21,785	6,977	31,536
Surplus/(deficit) from the statement of comprehensive income	65	(27)	5,207	-	5,245
Other comprehensive gain	-	-	1,881	-	1,881
Transfers between revaluation and income and expenditure reserve	-	-	1,607	(1,607)	-
Total comprehensive income for the year	65	(27)	8,695	(1,607)	7,126
Balance at 1 August 2016	2,792	20	30,480	5,370	38,662
Surplus from the statement of comprehensive income	176	13	5,641	-	5,830
Other comprehensive loss	-	-	(1,707)	-	(1,707)
Transfers between revaluation and income and expenditure reserve	-	-	1,583	(1,583)	-
Total comprehensive income for the year	176	13	5,517	(1,583)	4,123
Balance at 31 July 2017	2,968	33	35,997	3,787	42,785

University	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation Reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2015	2,313	47	24,486	6,977	33,823
Surplus/(deficit) from the statement of comprehensive income	40	(27)	5,944	-	5,957
Other comprehensive gain	-	-	1,881	-	1,881
Transfers between revaluation and income and expenditure reserve	-	-	1,607	(1,607)	-
Total comprehensive income for the year	40	(27)	9,432	(1,607)	7,838
Balance at 1 August 2016	2,353	20	33,918	5,370	41,661
Surplus from the statement of comprehensive income	95	13	3,897	-	4,005
Other comprehensive loss	-	-	(1,707)	-	(1,707)
Transfers between revaluation and income and expenditure reserve	-	-	1,583	(1,583)	-
Total comprehensive income for the year	95	13	3,773	(1,583)	2,298
Balance at 31 July 2017	2,448	33	37,691	3,787	43,959

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

CONSOLIDATED AND UNIVERSITY BALANCE SHEET AS AT 31 JULY 2017

Notes	Consolidated	Consolidated	University	University
	2017 £000	2016 £000	2017 £000	2016 £000
Non-current assets				
Fixed assets	96,638	88,408	96,638	88,408
Investments	2,549	2,324	2,082	1,936
	99,187	90,732	98,720	90,344
Current assets				
Stocks	57	60	57	60
Debtors	10,361	6,037	10,703	6,363
Investments	25,046	20,202	25,046	20,202
Cash and cash equivalents	1,418	3,033	1,342	2,970
	36,882	29,332	37,148	29,595
Creditors: amounts falling due within one year	(23,812)	(16,228)	(23,812)	(16,225)
Net current assets	13,070	13,104	13,336	13,370
Total assets less current liabilities	112,257	103,836	112,056	103,714
Creditors: amounts falling due after more than one year	(31,890)	(29,496)	(31,890)	(29,496)
Provisions				
Pension provisions	(34,895)	(31,215)	(34,895)	(31,215)
Other provisions	(2,687)	(4,463)	(1,312)	(1,342)
Total net assets	42,785	38,662	43,959	41,661
Restricted reserves				
Income and expenditure reserve - endowment fund	2,968	2,792	2,448	2,353
Income and expenditure reserve - restricted reserve	33	20	33	20
Unrestricted reserves				
Income and expenditure reserve - unrestricted	35,997	30,480	37,691	33,918
Revaluation reserve	3,787	5,370	3,787	5,370
Total reserves	42,785	38,662	43,959	41,661

The Financial Statements on pages 23-49 were approved by the Council of the University of Gloucestershire on 28 November 2017, and were signed on its behalf by:

Julian M. Crampton

Professor Julian Crampton
Chair of Council

Stephen Marston

Stephen Marston
Vice-Chancellor

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

CONSOLIDATED AND UNIVERSITY CASH FLOW YEAR ENDED 31 JULY 2017

		Consolidated	Consolidated	University	University
	Notes	2017 £000	2016 £000	2017 £000	2016 £000
Cash flow from operating activities					
Surplus for the year		5,828	5,245	4,004	5,958
Adjustment for non-cash items					
Depreciation	12	4,916	4,784	4,916	4,784
(Gain) on investments		(124)	(37)	(73)	(15)
Decrease in stock		3	14	3	14
Decrease/(increase) in debtors	16	(1,051)	268	(1,056)	274
(Decrease)/increase in creditors	18	4,529	(925)	4,527	(921)
Increase in pension provisions	21	2,006	1,681	2,006	1,681
(Decrease)/Increase in other provisions	21	(24)	2	(32)	1
Share of operating (surplus)/deficit in joint controlled entity		(1,746)	745	-	-
Adjustment for investing or financing activities					
Investment income	5	(273)	(310)	(251)	(260)
Interest payable	9	468	1,375	468	1,375
Endowment income		(118)	(64)	(103)	(65)
(Profit)/loss on the sale of fixed assets		26	(5,276)	26	(5,276)
Capital grant release to income		(984)	(1,083)	(984)	(1,083)
Exchange gain/(loss)		(30)	2	(30)	2
Net cash inflow from operating activities		13,426	6,421	13,421	6,469
Cash flows from investing activities					
Proceeds from sales of fixed assets		-	9,307	-	9,307
Capital grant receipts		3,031	1,395	3,031	1,395
Investments		723	595	723	595
Investment income		179	192	169	144
Payments made to acquire fixed assets		(13,172)	(4,893)	(13,172)	(4,893)
Proceeds from sales of intangible assets		109	-	-	-
New non-current assets		(833)	(1,662)	(707)	(1,662)
New deposits		(4,844)	(6,977)	(4,844)	(7,005)
		(14,807)	(2,043)	(14,800)	(2,119)
Cash flows from financing activities					
Interest paid		(657)	(646)	(657)	(646)
Interest element of finance lease payments		(284)	(457)	(284)	(457)
Endowment cash received		118	64	103	65
New secured loans		17,450	-	17,450	-
Repayments of amounts borrowed		(12,374)	(1,345)	(12,374)	(1,345)
Capital element of finance lease rental payments		(4,487)	(387)	(4,487)	(387)
		(234)	(2,771)	(249)	(2,770)
Increase/(decrease) in cash and cash equivalents in the year		(1,615)	1,607	(1,628)	1,580
Cash and cash equivalents at beginning of the year	29	3,033	1,426	2,970	1,390
Cash and cash equivalents at the end of the year	29	1,418	3,033	1,342	2,970

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

		Consolidated	Consolidated	University	University
	Notes	2017 £000	2016 £000	2017 £000	2016 £000
1 Funding body grants					
<i>Recurrent grant</i>					
Higher Education Funding Council		5,803	5,653	5,803	5,653
National College for Teaching and Leadership		435	342	435	342
Skills Funding Agency		129	59	129	59
<i>Specific grants</i>					
Higher Education Funding Council redundancy compensation		40	48	40	48
<i>Deferred capital grants</i>					
Buildings	20	552	529	552	529
Equipment	20	368	490	368	490
		7,327	7,121	7,327	7,121
2 Tuition fees and education contracts					
Full-time Home and EU students		54,169	49,807	54,169	49,807
Full-time International students		3,272	3,222	3,272	3,222
Part-time students		2,811	2,667	2,811	2,667
Other (short course) fees		678	146	678	146
		60,930	55,842	60,930	55,842
3 Research grants and contracts					
Research Councils		40	3	40	3
UK based charities		38	68	38	68
European Commission grants		816	801	816	801
Other grants and contracts		428	219	428	219
		1,322	1,091	1,322	1,091
4 Other income					
Residencies, catering and conferences		8,127	7,848	8,127	7,848
Release from deferred capital grants		64	64	64	64
Other services rendered		1,564	1,981	1,564	1,981
Other income		2,369	2,366	2,369	2,366
Gains on refinancing		433	-	433	-
Movement in fair value of derivatives		473	-	473	-
		13,030	12,259	13,030	12,259
5 Investment income					
Investment income on endowments	22	187	154	163	140
Other investment income		85	156	88	120
		272	310	251	260
6 Donations and endowments					
New endowments	22	49	25	30	16
Donations with restrictions	24	69	38	69	38
Unrestricted donations		-	1	4	11
		118	64	103	65

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

7 Staff	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
Staff costs				
Wages and salaries	33,707	32,814	33,707	32,814
Social security costs	3,398	2,812	3,398	2,812
Pension costs	7,564	6,664	7,564	6,664
	44,669	42,290	44,669	42,290

Staff numbers by department

	2017	2016
Academic departments	423	400
Central administrative	446	458
Other including manual	12	15
Total staff numbers	881	873

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

Emoluments of the Vice-Chancellor

	2017 £000	2016 £000
Salary	167	165
Pension contributions	26	25
	193	190

Please refer to page 18 of the Corporate Governance section for the University's approach to setting pay of the Vice-Chancellor and senior staff.

Emoluments of members of Executive (including the Vice-Chancellor)

The remuneration paid to members of the University Executive Group who served during the year including salary, non-consolidated performance pay, pension contributions and any pay in lieu of notice:

	2017 £000	2016 £000
Salary and non-consolidated performance pay	1,016	958
Pension contributions	158	148
	1,174	1,106

Members of Executive whose emoluments are included above

The above numbers includes all members who were employed during the year. There were nine members of the Executive team at the year end.

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:

	2017 Numbers	2016 Numbers
£100,001 - £110,000	2	2
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£160,001 - £170,000	1	1
	5	4

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel defined as those members of the senior management team who form the University Executive Committee.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

8 Other operating expenses	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
Consumable and non-capital items	2,479	1,795	2,479	1,795
Academic administration	859	590	859	590
Books and periodicals	645	646	645	646
Rents and premises	4,765	4,367	4,764	4,366
Heat, light, water and power	788	908	788	908
Repairs and general maintenance	1,919	2,311	1,919	2,311
Staff development and training	438	433	438	433
Staff travel and subsistence	1,201	1,229	1,201	1,229
Student travel and subsistence	1,351	1,087	1,351	1,087
Student bursaries	2,402	2,060	2,398	2,055
Marketing and agent commission	1,553	1,413	1,553	1,413
Postage, telephone, printing and reprographics	730	709	730	709
Insurance and finance	1,130	1,851	1,129	1,823
Project fees expensed	458	-	458	-
Professional fees and contractors	3,314	3,195	3,311	3,191
Course franchising and partnerships	1,382	1,317	1,382	1,317
Purchases for resale	1,222	1,232	1,222	1,232
Equipment operating lease rentals	276	352	276	352
Students' Union grant	372	373	372	373
Loss on disposal of fixed assets	26	-	26	-
Other expenses	186	201	186	201
	27,496	26,069	27,487	26,031

Included within professional fees

	2017	2016
External auditor's remuneration - University	75	51
External auditor's remuneration - other group	2	-
External auditor's remuneration - non-audit services	65	47

9 Interest and other finance costs

	2017	2016
Finance lease	284	457
Loan interest	657	646
Movement in the fair value of derivatives	-	272
Net charge on pension schemes	728	1,081
	1,669	2,456

10 Analysis of total expenditure by activity

	2017	2016
Academic departments	33,501	31,021
Academic services	10,697	9,071
Research grants and contracts	799	1,164
Residences, catering and conferences	7,307	7,281
Premises	6,922	7,319
Administration	17,321	17,006
Other expenses	2,494	3,148
	79,041	76,010

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

11 Fundamental restructuring costs

Although the formal Voluntary Severance and Early Retirement Programme was closed during the year ended 31 July 2012, if staff reductions are proposed during any restructuring process, voluntary severance is still considered dependent on opportunities for redeployment. Reorganisation costs for the current year for the Group and University are £291,000 (2016: £411,000).

	Freehold land and buildings	Leasehold land and buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000
12 Tangible fixed assets					
a) Consolidated					
Cost/valuation					
At beginning of year	102,432	10,362	24,258	1,536	138,588
Additions at cost	1,006	68	2,004	10,294	13,372
Transfers at cost	6,663	(6,663)	-	-	-
Disposals	(32)	(1)	(248)	(201)	(482)
At year end	110,069	3,766	26,014	11,629	151,478
Depreciation					
At beginning of year	28,996	3,025	18,159	-	50,180
Charge for the year	2,581	178	2,157	-	4,916
Disposals	(7)	(1)	(248)	-	(256)
At year end	31,570	3,202	20,068	-	54,840
Net book value					
At year end	78,499	564	5,946	11,629	96,638
At beginning of Year	73,436	7,337	6,099	1,536	88,408
b) University					
Cost/valuation					
At beginning of year	102,432	10,362	24,258	1,536	138,588
Additions of cost	1,006	68	2,004	10,294	13,372
Transfers at cost	6,663	(6,663)	-	-	-
Disposals	(32)	(1)	(248)	(201)	(482)
At year end	110,069	3,766	26,014	11,629	151,478
Depreciation					
At beginning of year	28,996	3,025	18,159	-	50,180
Charge for the year	2,581	178	2,157	-	4,916
Disposals	(7)	(1)	(248)	-	(256)
At year end	31,570	3,202	20,068	-	54,840
Net book value					
At year end	78,499	564	5,946	11,629	96,638
At beginning of year	73,436	7,337	6,099	1,536	88,408

Short leasehold land and buildings with a 2016 carrying value of £5,317k were held under finance leases. During the year, the finance lease was settled as part of the refinancing exercise. As such, those assets previously held under finance lease have been transferred to freehold land and buildings.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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 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.

Freehold land at Oxstalls, The Folley and Hardwick was revalued as at 1 August 2014 by Bruton Knowles, Chartered Surveyors.

If both freehold and leasehold land and buildings had not been revalued before being deemed as cost on transition, and on the assumption that the assets transferred from the Gloucestershire County Council were at nil cost, they would have been included at the following historical cost amounts:

	University Land and buildings	
	2017 £000	2016 £000
Cost	91,593	90,289
Aggregate depreciation based on cost	29,189	27,500

13 Service concession arrangements

The University has one service concession arrangement where service delivery has commenced. On 21 January 2016 the University entered into a 46 year contract with a third party provider for the creation of a student village at Pittville to include the refurbishment of existing student accommodation to house 215 students and the construction of new accommodation for an additional 577 students.

The University nominates rooms in the student village on an annual basis. As at 31 July 2017 the construction of the new accommodation was nearing completion for the start of the 2017-18 Academic Year. During the year ended 31 July 2017 the University nominated all of the accommodation available for the 2017-18 Academic Year.

Movement in service concession arrangement assets:

The asset value of the service concession included in debtors as at 31 July 2017 is £4,375k (2016: £1,084k).

Movement in service concession arrangement liabilities:

The total liability relating to the service concession included in creditors: amounts falling due within one year as at 31 July 2017 is £4,375k (2016: £1,084k).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

14 Non-current investments

	Endowment asset investments £000	Other fixed asset investments £000	Total £000
Consolidated			
At beginning of year	2,319	5	2,324
Additions at cost	833	-	833
Impairment	210	-	210
Disposals	(818)	-	(818)
At year end	2,544	5	2,549
University			
At beginning of year	1,931	5	1,936
Additions at cost	707	-	707
Impairment	154	-	154
Disposals	(715)	-	(715)
At year end	2,077	5	2,082

The non-current investments have been valued at market value.

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	Principle business activity
Fullwood Park Limited	100%	100 Ordinary £1 shares	Provision of conference and catering services and property development
Gloucestershire ISC Limited	100%	1 Ordinary £1 share	Holding interests in joint venture activities

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.

b) The Janet Trotter Trust

The activities of The Janet Trotter Trust, a registered charity, are consolidated within endowment reserves on the grounds that the University has a controlling influence over its activities. The accounts of The Janet Trotter Trust for the year to 31 July 2017 show total net assets of £520,130 (2016: £438,441) and net income and movement in funds for the year of £29,976 (2016: £2,591).

c) Other fixed asset investments

Other fixed asset investments include the share capital held by the University in Uliving@Gloucestershire Holdco Limited. The University holds 5,030 £1 ordinary shares in the company, which comprises 10% of the issued share capital. The company was set up to manage the contract for the construction and running of the Pittville student village (see note 13).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

15 Investment in Jointly Controlled Entity

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 jointly controlled entity. The remaining 50% share of INTO Gloucestershire LLP is owned by INTO University of Gloucestershire 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 jointly controlled entity to be members of the Pension Scheme.

On 20 February 2013, Gloucestershire ISC Limited entered into a revolving loan facility 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 2017 a capital balance of £600,000 (2016: £600,000) was outstanding under this agreement.

The Board agreed to £4.4m of the jointly controlled entity's debt being written off, £1.7m from the University and £2.7m from INTO University Partnerships Limited.

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-masters programmes. The arrangement is treated as a jointly controlled entity 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.

16 Debtors

	Consolidated 2017 £000	Consolidated 2016 £000	University 2017 £000	University 2016 £000
Trade debtors	2,461	1,681	2,461	1,681
Other debtors	1,110	1,118	1,110	1,117
Service concession arrangements (note 13)	4,375	1,084	4,375	1,084
Amounts owed by subsidiary companies	-	-	945	928
Amounts due from jointly controlled entity	603	600	-	-
Prepayments and accrued income	1,812	1,554	1,812	1,553
	10,361	6,037	10,703	6,363

Included within other debtors is £1,068,000 in respect of an interest bearing loan due from Uliving@Gloucestershire Finco Limited; the balance comprises capital of £1,032,000 and interest of £36,000. The loan to Uliving@Gloucestershire Finco Limited was used by the company as part of the overall financing of the Pittville student village project (see note 13). The loan is for a period of 46 years with capital repayments to be made over the last 11 years.

17 Current investments

	Consolidated 2017 £000	Consolidated 2016 £000	University 2017 £000	University 2016 £000
Short term deposits	25,046	20,202	25,046	20,202

18 Creditors: amounts falling due within one year

Secured loans	1,579	1,319	1,579	1,319
Unsecured loans	-	22	-	22
Obligations under finance leases	-	442	-	442
Service concession arrangements (note 13)	4,375	1,084	4,375	1,084
Payment received on account	1,131	875	1,131	875
Trade creditors	1,133	1,333	1,133	1,333
Social security and other taxation payable	877	848	877	848
Pensions	730	718	730	718
Deferred capital grants	1,255	1,284	1,255	1,284
Accruals and deferred income	12,732	8,303	12,732	8,300
	23,812	16,228	23,812	16,225

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

19 Creditors: amounts falling due after more than one year	Consolidated	Consolidated	University	University
	2017 £000	2016 £000	2017 £000	2016 £000
Secured loans	14,701	9,855	14,701	9,855
Unsecured loans	-	9	-	9
Other creditors	100	100	100	100
Derivatives	1,211	1,685	1,211	1,685
Deferred capital grants	15,878	13,802	15,878	13,802
	31,890	25,451	31,890	25,451
Obligations under finance lease	-	4,045	-	4,045
	31,890	29,496	31,890	29,496
Analysis of secured and unsecured loans				
Due within one year	1,579	1,341	1,579	1,341
Due between one and two years	3,320	1,329	3,320	1,329
Due between two and five years	4,710	3,710	4,710	3,710
Due in five years or more	6,673	4,825	6,673	4,825
	16,282	11,205	16,282	11,205
Analysis of finance leases				
Due within one year	-	442	-	442
Due between one and two years	-	502	-	502
Due between two and five years	-	1,927	-	1,927
Due in five years or more	-	1,616	-	1,616
	-	4,487	-	4,487

During the year, the University re-financed all of its existing interest bearing loans and finance leases into a new loan for £15.7 million with the Royal Bank of Scotland. This loan runs to October 2026 and is managed using a series of short term interest contracts at LIBOR + 1.45%. This loan is secured on University property.

A further £20 million loan facility was taken out with HSBC to fund the development of a new business school building and sports centre at the Oxstalls campus. £1.8 million was drawn down in the year to 31 July 2017 and it is anticipated that the remainder will be drawn down by January 2019. The loan has an initial term of five years, with an option to extend for a further two years. This loan is also secured on University property.

To reduce uncertainty, a swap contract with the Royal Bank of Scotland was put in place in 2005 to fix a proportion of the loan interest at 4.56%. This swap contract runs until 2025. This has been included in the balance sheet at the year-end valuation.

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 loans is £9,000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

20 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	9,276	2,595	11,871
Equipment	3,088	127	3,215
	12,364	2,722	15,086
Cash received			
Buildings	-	2,328	2,328
Equipment	574	129	703
	574	2,457	3,031
Released to income and expenditure			
Buildings	(552)	(58)	(610)
Equipment	(368)	(6)	(374)
	(920)	(64)	(984)
At end of year			
Buildings	8,724	4,865	13,589
Equipment	3,294	250	3,544
	12,018	5,115	17,133

21 Provisions	INTO Gloucestershire LLP £000	Defined benefit obligations £000	Obligation to fund deficit on USS and CEFPS £000	Pensions £000	Other £000	Total £000
Consolidated						
At beginning of year	3,121	29,288	393	1,534	1,342	35,678
Utilised during the year	-	1,677	-	(255)	-	1,422
Transfer from income and expenditure account	-	2,070	8	180	(30)	2,228
Share of gross assets	(45)	-	-	-	-	(45)
Share of gross liabilities	(1,701)	-	-	-	-	(1,701)
At end of year	1,375	33,035	401	1,459	1,312	37,582
University						
At beginning of year		29,288	393	1,534	1,342	32,557
Utilised during the year		1,677	-	(255)	-	1,422
Transfer from income and expenditure account		2,070	8	180	(30)	2,228
At end of year		33,035	401	1,459	1,312	36,207

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

22 Endowment reserves

	Restricted permanent endowments £000	Expendable endowments £000	Total 2017 £000	Total 2016 £000
Consolidated				
At beginning of year				
Capital	1,856	1,421	3,277	3,213
Accumulated income	91	(576)	(485)	(486)
	1,947	845	2,792	2,727
New Endowments	-	41	41	25
Investment income	159	26	185	154
Expenditure	(114)	(61)	(175)	(153)
	45	6	51	26
Increase in market value of investments	69	56	125	39
At end of year	2,061	907	2,968	2,792
Analysis by type of purpose				
Fellowships and scholarship prizes	-	2	2	22
Prize funds	13	88	101	122
Other funds	2,048	817	2,865	2,668
	2,061	907	2,968	2,792
Analysis by asset				
Current and non-current asset investments			2,543	2,319
Cash and cash equivalents			425	473
			2,968	2,792
University				
At beginning of year				
Capital	1,855	907	2,762	2,730
Accumulated income	91	(500)	(409)	(417)
	1,946	407	2,353	2,313
New Endowments	-	22	22	16
Investment income	160	2	162	140
Expenditure	(114)	(48)	(162)	(132)
	46	(24)	22	24
Increase in market value of investments	69	4	73	16
At end of year	2,061	387	2,448	2,353
Analysis by type of purpose				
Fellowships and scholarship prizes	-	2	2	2
Prize funds	13	88	101	122
Other funds	2,048	297	2,345	2,229
	2,061	387	2,448	2,353
Analysis by asset				
Current and non-current asset investments			2,075	1,930
Cash and cash equivalents			373	423
			2,448	2,353

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

23 Revaluation reserve

	Consolidated 2017 £000	Consolidated 2016 £000	University 2017 £000	University 2016 £000
Revaluations				
At beginning of year	27,815	27,815	27,815	27,815
At end of year	27,815	27,815	27,815	27,815
Contributions to depreciation				
At beginning of year	(22,445)	(20,838)	(22,445)	(20,838)
Released in year	(1,583)	(1,607)	(1,583)	(1,607)
At end of year	(24,028)	(22,445)	(24,028)	(22,445)
Revaluation reserve				
At end of year	3,787	5,370	3,787	5,370
At beginning of year	5,370	6,977	5,370	6,977

24 Restricted reserve

At beginning of year	20	47	20	47
New endowments and donations	79	38	79	38
Expenditure	(66)	(65)	(66)	(65)
At end of year	33	20	33	20
Analysis by type of purpose				
Scholarships and bursaries	10	10	10	10
Other funds	23	10	23	10
	33	20	33	20

25 Lease obligations

Future minimum lease payments under non-cancellable operating leases are as follows:

Within 1 year	2,397	3,678	2,397	3,678
Between 2 and 5 years	5,395	8,911	5,395	8,911
Over 5 years	5,764	10,631	5,764	10,631
	13,556	23,220	13,556	23,220
Representing:				
Land and buildings	13,381	22,956	13,381	22,956
Other operating leases	175	264	175	264
	13,556	23,220	13,556	23,220

26 Capital commitments

Authorised but not contracted				
At end of year	9,587	48,480	9,587	48,480
Authorised and contracted				
At end of year	23,292	2,260	23,292	2,260

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

27 Contingent Liabilities

The University has received a grant of £250,000 (2016: £250,000) from the Church of England Central Board of Finance, which becomes payable in the event of the University withdrawing teacher training facilities.

28 Events after the reporting period

No significant post balance sheet events occurred during the period after the end of the year 2016-17 and the publication of the Financial Statements.

29 Cash and cash equivalents

	At beginning of year £000	Cash flows £000	At end of year £000
Consolidated			
Cash at bank and in hand	3,033	(1,615)	1,418
Short term deposits	20,202	4,844	25,046
	23,235	3,229	26,464
University			
Cash at bank and in hand	2,970	(1,628)	1,342
Short term deposits	20,202	4,844	25,046
	23,172	3,216	26,388

30 Related party transactions

To capture information on related party transactions, the University has written to members of Council. Due to the nature of the University's operations and the composition of Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of Council has a connection. All such connections are declared annually in the Register of Council Members Interests. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations with regards to procurement.

Relevant significant relationships held by members of Council who served in the year are:

- Mr P Bungard is Chief Executive of Gloucestershire County Council
- Mr S Marston a board member of Gloucestershire College, a board member of GFirst LEP and a board member of South Gloucestershire and Stroud Commercial Services Ltd
- Mr M Burgess is Principal of Gloucestershire College and a board member of GFirst LEP
- Mr M Jones is Governor and Vice-Chair of South Gloucestershire and Stroud College and a director of South Gloucestershire and Stroud Commercial Services Ltd
- Ms R Ward is President of the Gloucestershire Students' Union
- Ms E Andrews is Education Officer of the Gloucestershire Students' Union
- Mr A Taylor is a Partner in Bruton Knowles

For the year ended 31 July 2017 expenses totalling £2,423 (2016: £2,127) were claimed by 4 Directors and Trustees in respect of their responsibilities as Directors and Trustees. The University does not remunerate its external Directors and Trustees. The salaries of members of staff who serve on Council do not include any element specific to this role.

During the year, the University supplied INTO Gloucestershire LLP with goods and services to the value of £974,292 (2016: £1,085,268), the balance included in trade debtors at 31 July 2017 was £221,509 (2016: £1,403,539). The University also received services from INTO Gloucestershire LLP during the year to the value of £68,213 (2016: £68,869), the balance included in trade creditors at 31 July 2017 was £12,804 (2016: £nil).

The jointly controlled entity with INTO University Partnerships Ltd has now completed its fourth full year of operation. As outlined earlier in the operating and financial review, the jointly controlled entity Board is continuing to consider projections in a highly challenging market. As a result the Board agreed to £4.4m of the jointly controlled entity's debt being written off, £1.7m from the University and £2.7m from INTO University Partnerships Limited.

The interest of £30,649 (2016: £27,246) due from INTO Gloucestershire LLP to Gloucestershire ISC Limited on the revolving loan is detailed in note 15.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

31 The National College for Teaching and Leadership

The University, acting as agent for the National College for Teaching and Leadership, disbursed £599,300 (2016: £694,300) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2017. The training bursaries have not been included in the income and expenditure of the University.

32 Pension Schemes

a) Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. Under the definitions set out in FRS 102, the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution plan. The University has set out below the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). 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' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' 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 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- new employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

Following the Hutton report in March 2011 and subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

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

	2017 £000	2016 £000
Contributions to Teachers' Pensions	2,561	2,471

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

b) Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the statement of comprehensive income and expenditure is £210,107 (2016: £187,939).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the University cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.6%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.4%	2.2%

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

Male members' mortality	98% of SAPS SINA ("light") YoB tables - No age rating
Female members' mortality	99% of SAPS SINA ("light") YoB tables - rates down 1 year

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8
	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

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. The total contributions made for the year ended 31 July 2017 were £4.486m, of which employer's contributions totalled £3.447m and employees' contributions totalled £1.039m. The agreed contribution rates for future years are 16.4% for employers plus a contribution of £1m towards the deficit and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based on the last full actuarial valuation carried out at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary, Hymans Robertson.

	31 March 2016
Latest actuarial valuations	31 March 2016
Market value of assets at date of last valuation	£1,703m
Investment returns per annum	4.00%
Salary scale increases per annum	2.40%
Pension increases per annum	2.10%
Price Inflation	2.10%

The estimate of contributions expected to be paid in the next year (year ending 31 July 2018) are £3,626m at a contribution rate of 16.4% until the next actuarial valuation change in April 2018.

The major assumptions used by the Actuary were:

	31 July 2017 %	31 July 2016 %	31 July 2015 %
Pension increase rate	2.50	1.90	2.60
Salary increase rate	2.80	2.20	4.00
Expected return on assets	2.70	2.40	3.60
Discount rate	2.70	2.40	3.60
Inflation assumption	2.50	1.90	2.60

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

The mortality assumptions assume that the current rate of improvements have peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average life expectancies at age 65 are:

	31 July 2017 %	31 July 2016 %	31 July 2015 %
<i>Current pensioners</i>			
Males	22.4	22.5	22.5
Females	24.6	24.6	24.6
<i>Future pensioners (at age 45)</i>			
Males	24.0	24.4	24.4
Females	26.4	27.0	27.0

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of the investment organisations. The assets in the scheme were:

	Value 31 July 2017 £000	Value 31 July 2016 £000	Value 31 July 2015 £000
Equities (UK and Overseas)	1,473,150	1,294,440	1,173,110
Bonds	427,000	375,200	343,770
Property	149,450	131,320	122,055
Cash	85,400	75,040	19,020
	2,135,000	1,876,000	1,657,955

The amounts recognised in the Consolidated and University statement of income and expenditure, in accordance with the requirements of FRS 102 are:

	2017 £000	2016 £000
<i>Amounts included in staff costs</i>		
Current service cost	4,786	3,921
Past service cost (including curtailments)	12	70
	4,798	3,991
<i>Amounts included in interest and other finance costs</i>		
Interest income on plan assets	(1,726)	(2,268)
Interest on pension scheme liabilities	2,444	3,339
Net charge to other finance costs	(718)	1,071
<i>Amount recognised in other comprehensive income</i>		
Return on pension plan assets	(8,125)	(4,048)
Changes in demographic assumptions	126	-
Changes in assumptions underlying the present value of plan liabilities	7,624	3,102
Experience (gains)/losses arising on defined benefit obligations	2,052	(933)
	1,677	(1,879)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

An analysis of the amount shown in the balance sheets at 31 July 2017 and 31 July 2016 is:

	31 July 2017 £000	31 July 2016 £000
Total market value of assets	83,087	70,678
Actuarial value of scheme liabilities	(116,121)	(99,966)
Deficit in the scheme - Net pension liability recorded within pension provisions	(33,034)	(29,288)

The movements in the net liability are as follows:

	31 July 2017 £000	31 July 2016 £000
<i>Movement in net defined (liability) during the year</i>		
Net defined liability in scheme at 1 August	(29,288)	(29,423)
Current service cost	(4,786)	(3,921)
Employer contributions	3,447	3,318
Impact of settlement and curtailment	(12)	(70)
Net interest on the defined (liability)	(718)	(1,071)
Actuarial gain/(loss)	(1,677)	1,879
Net defined (liability) in scheme at 31 July	(33,034)	(29,288)

Movement in present value of the pension scheme during the year

	31 July 2017 £000	31 July 2016 £000
Present value at 1 August	99,966	91,088
Current service cost (net of member contributions)	4,786	3,921
Past service costs (including curtailments)	12	70
Net interest	2,444	3,339
Plan participants' contributions	1,039	1,022
Actuarial gain/(loss)	9,802	2,169
Actual benefit payments	(1,928)	(1,643)
Present value at 31 July	116,121	99,966

Movement in the fair value of the scheme assets

	31 July 2017 £000	31 July 2016 £000
Fair value at 1 August	70,678	61,665
Expected return on assets	8,125	4,048
Interest income on plan assets	1,726	2,268
Actual contributions paid by University	3,447	3,318
Plan participants' contributions	1,039	1,022
Actual benefit payments	(1,928)	(1,643)
Fair value at 31 July	83,087	70,678

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

History of experience gains and losses:

	Year to July 2017	Year to July 2016	Year to July 2015	Year to July 2014	Year to July 2013
<i>Difference between the expected and actual return on assets</i>					
Amount (£000)	8,125	4,048	3,262	489	5,859
Percentage of assets at year end	9.78%	5.70%	5.30%	0.91%	12.14%
<i>Experience gains/(losses) on liabilities</i>					
Amount (£000)	(2,052)	933	517	(1,532)	-
Percentage of liabilities at year end	(1.77)%	(0.93)%	(0.57)%	1.94%	0.00%

d) Church of England Funded Pensions Scheme

The University of Gloucestershire participates in the Church of England Funded Pensions Scheme for stipendiary clergy and employs one member of the scheme out of a total membership of approximately 8,400 active members. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the Consolidated and University statement of comprehensive income and expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- investment returns of 2.6% pa on gilts and 4.6% pa on return-seeking assets;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% pa; and
- mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
<i>% of pensionable stipends</i>		
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision for the year ended 31 December 2016 is set out in the table below. The liability reported at 31 July 2017 is based on the latest information available to 31 December 2016. As the University only has one member in the pension fund and the level of contributions after 31 December 2016 is consistent with the prior year, there will not be a material movement in the liability between 31 December 2016 and 31 July 2017.

	2016 £	2015 £
Balance Sheet liability at 1 January 2016	28,000	31,000
Deficit contributions paid	(3,000)	(3,000)
Interest cost	1,000	1,000
Remaining change to the balance sheet liability*	(3,000)	(3,000)
Balance Sheet liability at 31 December 2016	23,000	28,000

*comprises change in agreed deficit recovery plan and change in discount rate between year-ends

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2016	December 2015	December 2014
Discount rate	1.5%	2.5%	2.3%
Price inflation	3.1%	2.4%	2.7%
Increase to total pensionable payroll	1.6%	0.9%	1.2%

e) Other pension schemes

	2017	2016
Contributions to other schemes	-	£5,000



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