



UNIVERSITY OF
GLOUCESTERSHIRE

at Cheltenham and Gloucester

FINANCIAL STATEMENTS

UNIVERSITY OF GLOUCESTERSHIRE

2013
2014

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MEMBERS OF COUNCIL AND MAJOR COMMITTEES

MEMBERS OF COUNCIL FOR THE PERIOD 1 AUGUST 2013 TO 18 NOVEMBER 2014

Mr P Bungard
Mr M Burgess (appointed 1 May 2014)
Prof F Chambers
Mr P Davies
Dr F Harsent
Mr S Harvey
Ms B Hodson OBE
Mr M Jones
Mr S Marston
Mr A Mawby
Mrs K Morgan OBE DL
Ms A Noble
Mr R Patel
Rt Revd M Perham (Vice-Chair)
Prof Sir P Scott (Chair)
Mr G Smith (resigned 29 November 2013)
Mr A Taylor
Mrs P Taylor
Mr S Treble

MEMBERS OF MAJOR COUNCIL COMMITTEES AS AT 31 JULY 2014

Audit Committee

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

Council and Foundation Standing Group

Rt Revd M Perham *
Mr S Marston
Mrs P Taylor

Council, Trades Unions and Managers Consultative Committee

Mr S Harvey *
Prof F Chambers
Mr P Davies
Mr M Jones
Mr S Marston
Ms A Noble
Mrs P Taylor
Mr S Treble

Employment Policy Committee

Mr S Harvey *
Mr P Davies
Mr M Jones
Ms A Noble
Mrs P Taylor

Finance and General Purposes Committee

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

Governance and Nominations Committee

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

Honorary Awards Committee

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

Remuneration Committee

Prof Sir P Scott *
Mr P Bungard
Dr F Harsent
Mr S Harvey
Rt Revd M Perham

* denotes Chair

OFFICERS AND ADVISERS

HONORARY POSTS

Chancellor

Baroness Rennie Fritchie DBE

Pro Chancellors

Sir Henry Elwes

Rt Revd M Perham

OFFICERS FOR THE PERIOD 1 AUGUST 2013 TO 18 NOVEMBER 2014

Executive Managers

Vice-Chancellor

Mr S Marston

Deputy Vice-Chancellor

Dr R O'Doherty

Pro Vice-Chancellor (Operations)

Ms M Melling

Director Finance & Planning

Mrs C Stallard

Director Human Resources

Ms L Pow

Academic Registrar and University Secretary

Mrs J Thackray

Deans of Faculty

Faculty of Media, Arts and Technology

Dr B Calvert

Faculty of Applied Sciences

Mr M Cogger

Business School

Prof S Hill

Institute of Education and Public Services

Ms S Yates

Company Secretary

Mrs J Thackray

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

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Bankers

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CHELTENHAM
Gloucestershire
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OPERATING AND FINANCIAL REVIEW

EXECUTIVE SUMMARY

This report reviews the university's activities in the year 2013-14 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 Summary
- 2.2 Learning and Teaching
- 2.3 Enterprise, Employability and Wider Economic Benefit
- 2.4 Research and Scholarships
- 2.5 Partnerships
- 2.6 A Successful Organisation

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OPERATING AND FINANCIAL REVIEW

SECTION 1: SUMMARY OF THE YEAR

- 1.1 2013-14 was a successful year for the University of Gloucestershire, with some important achievements.
- 1.2 Our core purpose and first objective as a university is to provide an outstanding experience of teaching and learning for our students. It was particularly gratifying that the results of the National Student Survey released in August 2014 showed a four percentage point rise in overall satisfaction, from 80% last year to 84% this year. That is our best ever result, and one of the largest improvements in the higher education sector. It reflected a great deal of work by staff across the university to analyse and respond to the summer 2013 NSS results. There were particularly impressive improvements in satisfaction with learning resources, academic support, and organisation and management. Several courses achieved 100% satisfaction, and satisfaction with the 'personal development' component was above the sector average.
- 1.3 In pursuance of this first objective on teaching and learning, during the year we have developed the university's academic strategy, with a particular focus on building strong subject communities as the focus of engagement for students and staff. We have validated a range of new courses for introduction in autumn 2014, and extended the range of professional development support for staff. Throughout the year, we have been making preparations to restructure the academic year from 2014-15 so as to provide enhanced opportunities for students, integrating more time for co-curricular activities alongside the formal curriculum, as well as putting all of our assessment activities on line - submission, marking and feedback.
- 1.4 Our second core objective is to promote the employability of our students and to contribute to the economic, social and cultural wellbeing of the county. This year's survey of the Destinations of Leavers from Higher Education showed a 4 percentage point rise from 90% to 94% in the proportion of our first degree graduates going into a job or further study within six months of leaving. That puts us amongst the top 20 universities in the country on that measure. It reflects the expansion of opportunities for students to gain work experience and internships through the Degreeplus programme, and the partnership between all Schools of the university and the careers team to help students gain generic and employability skills. The university is building a reputation as a centre of sporting excellence, with a wide array of partnerships with sports governing and coaching bodies, creating opportunities for students to participate both in competitive sport at the highest level and a wide range of coaching, work experience and volunteering activities.
- 1.5 A major development during the year has been the formation of a Growth Hub, developed and operated jointly with GFirst Local Enterprise Partnership, as a new centre for the provision of business support services. This ground breaking initiative to integrate the work of a university and a Local Enterprise Partnership has won recognition and financial investment from the government and the Higher Education Funding Council. The Growth Hub will open for business at the university's Oxstalls campus in October 2014. Its activities will over time be integrated with the development of the university's Business School.
- 1.6 Our third objective is to achieve excellence in our selected areas of research. During the year, we submitted our return to the national Research Excellence Framework, which peer reviews the quality of research in all UK universities. We have put in train investment in six chosen areas for future research excellence, with stronger research leadership.
- 1.7 Within our fourth objective of forming strong partnerships, we have maintained excellent relations with the university Students' Union, particularly in promoting stronger student engagement in teaching and learning and working together on sustainability. The Strategic Alliance with Gloucestershire College and South Gloucestershire and Stroud College continues to build, with an increasing range of higher education programmes approved by the university and delivered in the colleges, and growing progression of students from the colleges to the university. In the international sphere, student recruitment has been impacted by the government's migration policies. During the year, we launched with INTO our joint venture Pathway Centre for international students, and continued to pursue our strategic goal of consolidating on fewer, stronger collaborative partnerships.
- 1.8 Our fifth and final goal is to sustain a successful and sustainable university. Changes in government policies on student finance and control of student numbers continue to work their way through the system, increasing competition for student recruitment. The university has been able broadly to sustain student intakes in 2013-14, and 2014-15. As these accounts show, we have achieved another healthy operating surplus for the fifth year running, with outturn in line with the original budget. This reflects continuing strong financial management and cost control.
- 1.9 We continue to invest in the estate, with new facilities for the Growth Hub and for new and expanding courses. Towards the end of the year, we announced Uliving as the preferred developer for a new student village complex to be built at the university's Pittville site in Cheltenham. Gloucestershire continues to be in the front rank of UK universities for our achievements in sustainability across the full range of our activities - teaching, learning, research and operations.

OPERATING AND FINANCIAL REVIEW

SECTION 2: STRATEGIC PRIORITIES

2.1 Summary

The university's Strategic Plan for 2012-2017, approved by Council in February 2012, sets out the key strategic priorities, values and future vision of the university, and provides a framework for deriving annual operating plans including annual priorities and targets. Five main themes have been developed to deliver the vision, and progress against each of the actions identified in the annual operating plan is regularly reported to Council and the University Executive Committee.

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

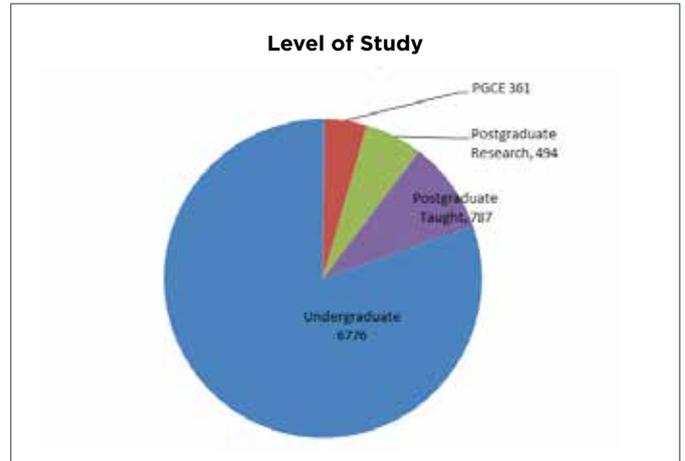
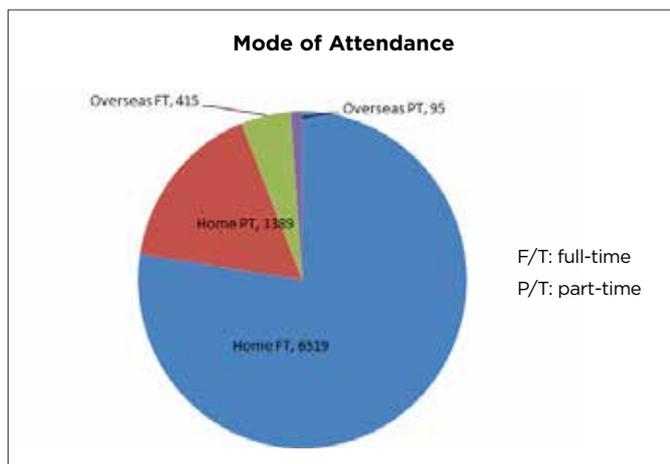
- Learning and teaching
- Enterprise, employability and wider economic benefit
- Research
- Partnerships
- Successful organisation

2.2 Learning and teaching

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

Teaching students is the university's primary activity. The university had 12,353 active students registered on courses leading to an award from the university during the period 1 August 2013 to 31 July 2014, including those being taught through the Joint Venture with INTO University Partnerships Ltd. Of these active students, 8,418 were taught by university staff either on courses at our campuses in Gloucestershire or through distance-learning; 368 were taught by collaborative partners in the UK on courses franchised by the university. The breakdown of those students by mode of attendance and level of study is shown in the charts below.

2,314 students were taught by collaborative partners in the UK on courses which are validated by the university and lead to a university award and 1,257 students were taught by collaborative partners overseas on courses franchised or validated by the university.



• Academic Strategy

In keeping with our Learning and Teaching Strategy, Research Strategy, enterprise and employability plans, and our overall priorities for the student experience as articulated through our University Strategic Plan, in 2013-14 we have been working on the next stage of our Academic Strategy to build on the good progress over the past three years. The Academic Strategy will be finalised for the 2014-15 academic year following significant consultation and input from many colleagues and discussion at Academic Board.

As a result of the Academic Portfolio Review, new courses are being launched for 2014-15 in several subjects, building on the existing subject strengths to lever opportunities for growth and diversification in line with local economic needs and areas of buoyant recruitment. Notable examples are Fashion and Product Design.

We continue to work with partners in the Strategic Alliance and other further education colleges to broaden the range of subject pathways in Gloucestershire into higher education, reflecting the subject interests and expertise of the partner organisations. We also have the first cohort of international pathway students progressing onto university courses in September 2014 from the INTO joint venture Pathway Centre.

In order to offer the highest quality experience for our students and staff, plans for further alignment of courses, research and enterprise are underway, ensuring stronger subject communities. The Research Priority Areas are cross-university themes in receipt of investment to build applied and focused research programmes engaging staff and students across the university. Students are supported with formation of business ideas, start up, and incubation, and recognised through Enterprise Awards.

The Growth Hub will increase business engagement with the curriculum, particularly in areas of importance to the Gloucestershire economy. The aim is to develop subject communities with a critical mass of students and staff offering an excellent learning environment.

• Enhanced student year

Plans to enhance the student year for 2014-15 and beyond are being implemented from September 2014, with an extended academic year to allow greater integration of skills development within the curriculum and additional time for co-curricular

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activities to ensure students are better prepared for employment and life. Students will develop their 'Future Plans', working with guidance from their personal tutors. An emphasis is placed on Degree+plus opportunities, ensuring more students take part in volunteering, placements and paid work experience. Employability awards and recognition through the Higher Education Achievement Record (HEAR) will ensure students are able to present a rounded CV to employers.

• Effective use of learning technologies

All students will now be able to submit most of their coursework electronically following the development of an electronic submission service as part of the university's Electronic Management of Assessment (EMA) project. A trial of the submission service was undertaken early in 2014, with a pilot group of modules. Submission, marking and return of feedback and marks will all take place electronically for most coursework. This is a significant project involving investment in resources and close working between many professional and academic teams in the university.

The effective use of learning technologies has been promoted through the integration of the Mahara e-portfolio system within the university's Moodle virtual learning environment, and the further development of Moodle for the use of online summative and formative assessment activities. Resources have also been developed as part of the EMA project to enhance the digital literacy skills of students and members of staff in relation to structuring and manipulating electronic documents. In addition, effective use of learning technologies has been developed through discussion and implementation of 'flipped classroom' methodologies, whereby 'content' elements of face-to-face classroom activities can be presented to students prior to a teaching session, thereby supporting the application of knowledge within a teaching session itself. Much of the pre-session elements will be provided to students through the use of appropriate learning technologies.

• Professional development for staff

The first cohort of the postgraduate certificate in Academic Practice (PGCAP) successfully completed the course, with 19 participants gaining recognition as fellows of the Higher Education Academy.

The PGCAP forms part of the university's Academic Staff Development Framework, which aims to support managers and members of staff to identify development opportunities relating to post/role and aspirations, and supports the staff review and development (SRD) scheme. During 2013-14, the opportunities provided by the full ASDF were published to all members of staff, themed around:

- o Learning and teaching enhancement.
- o Quality assurance.
- o Research.
- o Leadership development.
- o Professional development.

Further enhancement of the Staff Development Framework will take place during 2014-15, including submission of the Framework to the Higher Education Academy for accreditation against the UK Professional Standards Framework. In preparation for this submission, the Framework has been used to support members of staff to apply for senior fellowship of the Higher Education

Academy. Six members of staff were successful in being recognised as senior fellows during 2013-14.

The Reflection on Academic and Professional Practice scheme was implemented across the university in 2013-14. The scheme is compulsory for all members of staff on 'Teaching and Scholarship' and 'Teaching and Research' role profiles and consists of two developmental elements: a peer-observed teaching session; and a professional discussion and reflection.

Three university teaching fellowships were awarded in April 2014 to: Debby Thacker (School of Humanities); Roy Jackson (School of Humanities) and Matt Wood (School of Natural & Social Sciences).

2.3 Enterprise, employability and wider economic benefit

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

• Enterprise

Academic schools continue to support local businesses through the provision of consultancy services, applied research, professional and specialist short courses and Masters level study, together with work-based training designed and delivered directly with employers.

Business and enterprise developments during the year 2013-14 included:

- o Creation of the new Growth Hub that will drive high value, innovative and enterprising growth for the businesses of Gloucestershire, with a reformed university Business School at its core.
- o Continued delivery of the regional Innovation Voucher scheme with support from the European Regional Development Fund (ERDF). The programme supports development of innovation in local companies seeking to achieve significant change and growth through HE consultancy support.
- o Two new Knowledge Transfer Partnerships were awarded during 2013-14 and the demand for additional projects is increasing.
- o The ERDF funded incubation service has developed well, with five incubation centres now operating in Cheltenham, Gloucester and the Forest of Dean. A strong business mentor network has been established with local business leaders to support the tenants and programme network members.
- o The student and staff enterprise programme, 'Venture', continued during 2013-14 with student, staff and alumni engagement continuing to increase, and new courses launched in two faculties.
- o A new student business project has been launched. Re:Fresh harnesses talent from students, graduates and alumni of the University of Gloucestershire initially in areas of marketing, design and digital services. The work is overseen by academics and commissioned on an individual basis.

• Growth Hub

The university has continued to strengthen its partnership with GFirst LEP (the local enterprise partnership for Gloucestershire); working together on the design and launch of the Growth Hub project which is funded through university and LEP matched funding together with the £2.7m HEFCE Catalyst award. The Growth Hub, which has government backing, is enabling the university and the GFirst LEP to co-locate and will be the first of its kind in the country.

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The Growth Hub is to provide a one-stop shop for businesses to access a diverse range of coordinated and integrated business services from a number of service providers and advisory bodies. Tailored business services will be provided for those companies and start-ups with potential for high growth. The partnership will boost the development of world-class companies, increase exports and fast-track entrepreneurial start-ups with high growth potential.

Delivering services from the university's Oxstalls campus in Gloucester from October 2014, the plans for the Growth Hub include the creation of a network of resource centre 'spokes' across the county using existing facilities and the development of an online business portal. This combined approach of online resources and face to face delivery of services will enable the Growth Hub to offer a range of business services to include one-to-one consultations, access to business research and consultancy support and skills placement programmes including work experience and apprenticeships.

The university has contributed to the development of the LEP's Strategic Economic Plan (SEP) and its bid to the EU Investment Fund (SIF). Both bids have been successful with £10m secured from the SEP and additional revenue support from SIF to finance the on-going development of the Growth Hub until 2021.

• Growth Hub links with the Business School

A Business Advisory Board has been established for the Growth Hub and Business School. The Growth Hub will draw on and integrate with the university's Business School to develop a set of high quality services for skills development, research, innovation and knowledge transfer that are rooted in real business experience, and to build lasting relationships with employers that have a direct impact on the student experience.

• Student employability

The university has worked to increase student participation in their future career and employment opportunities.

There are a number of opportunities available to students through the university's *Degreeplus* programme - including workplace internships, work placements, volunteering opportunities and completing personal Employability Awards.

This year saw 105 students taking internships across a wide range of employers (a 15% increase on the previous year). Each internship comprises 80 hours of voluntary work experience within an organisation, gaining invaluable work-place experience and contributing to both their own and the host organisations' development.

3,064 students were supported in applying for, and then accessing and being supported on, work-based placements as part of their academic studies.

Through the *Degreeplus* programme 139 students became volunteers within local organisations across a wide spectrum of community life. This element of the programme was only launched for 2013-14, and so represents a successful start to the university encouraging students to take part in volunteering outside of the organisation.

85 students managed to successfully complete the university Employability Award (compared to 52 the previous year). The award recognises a student's ability to reflect and improve on the development of their personal employability-related skills, and in turn raises their confidence to compete within the job market.

Much progress has been made in terms of developing the employability awareness of our students during 2013-14, but plans have also been put in place to ensure that this is enhanced for 2014-15. This includes the purchase and technical development of specialist software that will enable students to update, track and report their relevant co-curricular capabilities, experiences and achievements, leading to students being enabled to have a fuller and detailed set of outcomes on their final Higher Education Achievement Report (HEAR) at the conclusion of their studies.

The new marketing campaign for student recruitment has been centred on the support the university provides for students wishing to seek high quality employment and careers post-study. Entitled 'My Future Plan' this reflects the advice and guidance students receive from staff members, alongside the use of the new software to assist students in developing a career plan in their first year of study, which will be monitored and followed up by university tutors and advisers.

• Community engagement

o Festivals

The university is located in a county that hosts, on average, one festival every week. An increasing number of students are engaging with these high profile events through placements, internships and volunteering; in particular with the 2000 Trees Festival, the Wychwood Festival and Cheltenham Festivals. This year the university also supported the 'Rock the Cotswolds' event. The university is instrumental in the Cheltenham Design Festival, including running the very successful Design Academy which allows 14 to 16 year olds from schools in the Cheltenham area to develop their talents. Local schoolchildren also got their chance to perform at Cheltenham's internationally renowned Jazz Festival with sponsorship from the University of Gloucestershire.

o Sports volunteering

Volunteer coaches continue to provide one to one coaching through 'No Limits', the long standing university project that provides sport and physical activity to young people with disabilities. This same concept is now being delivered to disabled adults combining the skills of students from sports and performing arts to deliver engaging activities to Day Centre clients in the county. The Gloucester wheelchair rugby team, which is a partnership between the university, Gloucester RFC and GB Wheelchair Rugby is set to enter the National league structures in the autumn. Students pursuing placements and internships provide management, coaching and fitness and sports science support to the players and the university's new Disability Sport Scholarship Fund offers bursaries and technical support to students with Paralympic potential. Other new partnerships have been put in place in Wheelchair basketball, VI (visually impaired) Cricket, Goalball and Trampoline to make the most of the coaching talent amongst our students and to enable people to access exciting and inspiring activities at our campuses.

o Public Events

The university continues to work with schools and the wider community through its Outreach unit and also offers opportunities for the public to attend free lectures during the year through the inaugural lecture programme. This year, this included lectures on topics such as the importance of the humanities in today's world by Professor Shelly Saguaro and an overview of work by Richard Billingham, whose most recent video on shopping channel television was broadcast on Channel 4. An international audience

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was invited through the use of skype to participate in a 24 hour lecture delivered by Professor Adam Hart on ants and bees at the start of Biology week 2013. During the year, the Professor also co-presented a two part series for BBC television on the science and ecology of the honey bee. Other social events, such as a tea dance, were also arranged for the local community.

2.4 Research and scholarship

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

In keeping with our Research Strategy and the overall priority for research in the University Strategic Plan, during 2013-14 we have been developing six Research Priority Areas, we have submitted to the 2014 REF national exercise, we have launched an Open Access Research Repository, and we have further developed the enabling environment for research and post graduate research students.

We will be launching the six Research Priority Areas (RPAs) at a university research celebration day in the autumn term, but we have convenors and leadership groups in place, initial investments in fixed-term staffing, and many examples of success in terms of external funding for the underpinning research programmes. Some RPAs are at a more advanced stage, with significant momentum behind funded research programmes.

The 2014 Research Excellence Framework (REF) submission was completed in November 2013, where we submitted to six units of assessment from subject areas in two of our faculties. The focus was on a high quality submission like all other universities. This was also the first time we had been required to submit impact case studies. We will know the outcomes in December 2014.

The Open Access Research Repository was launched in March 2014, and is gaining momentum with over 700 research outputs uploaded. This is an important development in order to raise the profile of our research, but also to ensure we develop a clear policy for open access in order to fulfil current requirements in the UK HE sector.

We have been working to develop the culture to support and enhance research, ensuring staff reviews have some focus on individual research priorities, and that Research Leaders are developed and supported to manage the research development within their areas. The Professoriate are now better aligned with research leadership roles, ensuring a close relationship with line managers. Increased local planning is shaping research investment, often building on areas with research funding potential. All research centres have been reviewed, ensuring those continue to align with the RPAs, and that they are better supported. Research centres have been reduced from 25 to 13. We are more actively promoting research through the website and social media.

In 2013-14 we have been developing our postgraduate research (PGR) plans, to ensure we work to a programme of improvements in the management and administration of PGR provision, and the data that underpin much of that work. We have re-structured, resulting in a new research administration office in Academic Registry with a responsibility for PGR administration, working closely with faculty staff and staff in the newly formed Academic Development Unit.

2.5 Partnerships

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

• Students' Union

The partnership with the Students' Union has continued to be positive during 2013-14, with a continued sense of commitment to working together to improve the student experience.

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

In 2013-14, the Students' Union once again organised the now annual Student Led Teaching Awards (SLTAs), which invited students to vote for outstanding teaching and support staff. The awards attracted a record number of nominations from students, and the ceremony was held jointly with the university's own staff excellence awards at the Cheltenham Town Hall in April 2014.

In the 2014 NSS results final year students giving a positive answer to the question 'I am satisfied with the Students' Union at my institution' rose to 66% this year (a 6% increase). This now puts the Students' Union on the sector average.

The Students' Union won an NUS Award for 'Innovation & Enterprise' beating larger Unions who were also short-listed.

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

• Strategic Alliance

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

The partnership continues to develop and both colleges were actively engaged in the university's academic portfolio review with additional higher education programmes approved for franchise/validation from 2014-15.

The three institutions now have reciprocal agreements for senior members of staff to join the governance structure of each and together have been able to influence the Strategic Economic Plan for Gloucestershire, specifically with respect to the 'GREEN' and 'Growth Hub' initiatives.

OPERATING AND FINANCIAL REVIEW

These initiatives, alongside joint staff development events and enhanced bursary packages, have led to a rise in students from both partners progressing to University of Gloucestershire awards during 2013-14.

• Partnership with schools

The university prides itself on its close connections with local schools and further education colleges and invests in a full annual outreach programme. In the last twelve months the Outreach and Widening Participation Team has undertaken over 150 different activities in local schools/colleges. Over 100 of these engagements were with our 50 Compact Partners.

The activities undertaken are wide ranging, from primary school engagement to Access to HE learners, with the main focus of raising aspirations to progress to higher education. Specific activities are delivered to attract groups currently under-represented in HE, for example males in primary teaching are vastly underpopulated. A conference day was organised this year to attract more males into primary teaching, highlighting the benefits, dispelling stereotypes and showcasing current male students who shared their experiences.

In addition to these activities the university has delivered two very successful residential summer schools for year 12 and year 10 students. Tracking of the participants shows that students who attended one of these residential events are more likely to progress to the university. They are also more likely to come from a family background with no parental experience of Higher Education.

The university continues to offer a 14 week mentoring programme to its local Compact Schools/Colleges, where current students have mentored over 130 Gloucestershire learners to aspire to higher education.

• Joint Venture with INTO University Partnerships Ltd

In February 2013, the university entered into a new joint venture partnership with INTO University Partnerships Ltd who specialise in partnerships with universities in the UK, US and China, working with them to expand access to, and transform the quality of, the international student experience. This initiative involved establishing a Pathway Centre with the aim of attracting additional international students to the university via a series of university validated pathway programmes designed to bridge the gap between their home education system and UK university study at both undergraduate and postgraduate level. The first students commenced their pathways in October 2013 with a second cohort joining the Centre in January 2014. Many of those students who were successful have opted to transfer to main university programmes starting in September 2014.

• International partnerships

The university has continued to focus on its international partnerships this year with the aim of increasing recruitment to the institution via more proactive involvement with progression pathways and reviewing and consolidating the existing collaborative portfolio. Following a revision to the international strategy in February 2014, efforts have been focused on a small number of key markets for both recruitment and the identification of potential new partnerships.

In line with our strategy, the university took action to further consolidate the numbers of our collaborative partners to ensure that they are fully supported and to explore opportunities for additional growth in the next 12 to 24 months.

2.6 A successful organisation

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

The university is proud of its reputation in:

- o Providing outstanding support for students' learning in a personal, nurturing environment.
- o A breadth and richness of experience which prepares students for rewarding lives and successful careers.
- o Making an outstanding contribution to the well-being of Gloucestershire.

• Student recruitment

The Higher Education sector continues to see growth in the introduction of private providers and is subject to high levels of competition regionally, nationally and internationally. In spite of higher levels of competition the university was able to maintain its overall student recruitment position in 2013-14. This year, universities were competing strongly for ABB+ candidates. The University of Gloucestershire attracted almost one fifth of its UK undergraduate entrants with ABB+ (or equivalent) grades and its average entry tariff increased against the previous year.

• Support for our students

2013-14 has seen a number of developments to enhance student support within the university. These include:

- o To demonstrate the breadth and range of our student experience, 2013-14 saw the launch of the university's **'Your Future Plan'** campaign. Its aim is to underline for applicants and students our commitment to helping them build up, during their time with us at the university, the knowledge, capability, experience and understanding to make the most of their careers and future lives once they leave. This enables our students to carry out internships and work placements, engage in volunteering opportunities and, with the guidance of a personal tutor, develop a strong CV and life skills for the future.
- o In June 2014 the university was awarded the **Buttle Trust Quality Mark** for our support for students who are care leavers or have a care background. The Buttle Trust is a national charitable organisation that supports children and young adults from a care background. The Quality Mark is awarded to HEIs and FE colleges who have in place a credible plan to support students from a care background and demonstrate that support to help students to be successful.
- o In November 2013 a new **Faith Space** was opened at the Park Campus in Cheltenham. This Faith Space is for use by students from all faith groups.
- o The Student Services team was successfully re-assessed for its continued achievement of the **Matrix standard** for effective advice and guidance service to students. This is an annual quality assurance event that takes place in between the main evaluation event every three years.
- o The university was recognised by the annual Times Higher Education Leadership & Management Awards by being shortlisted for the **'Outstanding Student Services'** category. The nomination was centred on the university's approach to incorporating student employability with general support, and therefore making it simpler for students to get support for their all-round development.

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• Improving business processes

The university has made a commitment to improve processes, reduce unnecessary bureaucracy and improve the experience for students and staff. In support of this goal a Business Improvement manager was appointed in 2014 and a number of process improvement projects were initiated.

Process improvement projects are approved by a Process Enhancement Steering Group that reports to the University Executive. In addition, local and smaller improvement projects can be initiated locally. We have developed a standard process improvement approach which can be adapted depending on the size and the scale of the project. In line with LEAN principles the approach follows an iterative four step continuous improvement cycle: Plan-Do-Check-Act cycle. Early successful projects have included process improvement for postgraduate recruitment, for student withdrawal and deferral and for course changes. The emphasis in the first year of this new initiative has been on student facing processes.

• Our people and culture

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

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

We have made particular progress with the 'performance, development and recognition' actions in the strategy this year. For example, over 90% of our managers have attended training on improving the quality and impact of performance and development discussions, we have developed and launched an academic staff development framework, and we have introduced a new staff review and development scheme including an element of 360° feedback for all staff. In addition we refreshed the Staff Excellence Awards which include the Student-led Teaching Awards and received very positive feedback on the changes.

We have continued a programme of review and restructuring. This year we have focused on our Library and Information Service and on bringing our Teaching and Learning Innovation Unit and Research Office together into an Academic Development Unit to support our emerging Academic Strategy.

In our June 2013 staff survey, 80% of respondents agreed, or tended to agree, that the university is a good place to work. Many of the survey results had improved substantially since 2011, and this year we have developed an action plan to build on this progress and address the issues we know we need to improve. The next staff survey will take place in June 2015.

• Equality and diversity

Under the Equality Act 2010 the university has developed objectives to support individuals and groups with protected characteristics under five headings. They are: students, monitoring, accessible environments, culture and staffing. The university continues to consult with staff, the representative bodies and students and invite involvement from a range of local and regional equality organisations representing all protected characteristics under the Act.

To ensure that the university remains committed to providing a quality student and staff experience, a university wide Equality and Diversity group meets quarterly supporting equality and diversity, and building a strong sense of community within the university, as well as supporting our positive links with local communities. During 2013-14 a number of key activities have taken place, which demonstrate the university's on-going commitment:

- o All existing staff have been encouraged to undertake equality and diversity refresher training.
- o The current Equality Objectives have been extensively reviewed and well-attended focus groups have been held on each campus canvassing ideas and priorities for the university from staff and students in addressing current issues helping to identify specific actions for the years ahead which are relevant and proportionate to current needs.
- o A template for the Equality analysis of all major projects, policies and services has been developed in the year and trialled with a view to rolling this out in 2014-15 to ensure that the impact of changes in equality law is taken into account as part of the decision making.
- o All committee members from the university's student-led sports clubs continue to participate in workshops that support them to be 'equality-aware', reiterating that the university has an expectation that they will challenge any discriminatory behaviour within their clubs.
- o A confidential Employee Assistance Programme service has been introduced to provide 24/7 support to staff for a wide range of issues.
- o A wider range of workforce data on protected characteristics is being collected to meet the new HESA reporting requirements.

• Anglican Identity

During 2012-13, the university reviewed the ongoing significance of our Anglican identity, to consider how it is expressed in our current activities. A report setting out the conclusions reached by the review is available on the university's website, with links to the wide range of activities which reflect our historical identity. One component is the continuing role of the university's Foundation, comprised of some 200 Foundation Fellows, roughly half of whom are clergy. The report sets out the range of ways in which the Fellows support the university's work.

Through 2013-14 a steering group, led by the Vice-Chair of Council, has continued to meet to further the discussions and strategies related to this theme.

There have been a number of student events related to this work, led by the Chaplaincy Team, which enabled students to take part in debates within the university through their interest societies. These events have proved popular with those taking part and those spectating, and it is planned that these will continue to develop in 2014-15.

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• Sustainability

The University of Gloucestershire's long-term commitment to placing sustainability at the heart of the institution is underlined by its inclusion in core policy and strategic documents such as the university's Strategic Plan 2012-17.

The year 2013-14 has seen continued progress in embedding sustainability across operational and academic activities, as part of a whole-of-institutional approach that promotes living and learning for a more sustainable world. The table below reports on progress against performance measures identified in Goal 5 of the Strategic Plan:

Pathway	Focus	2013-14
Performance	Scope 1 and 2 carbon emissions reduction	Meeting of HEFCE interim carbon performance targets for scope 1 and 2 CO ₂ . Reduction of 30% against 2005 baseline calculations.
	New Sustainable Travel Action Plan	University executive approved a new institutional <i>Sustainable Travel Action Plan</i> after an extensive staff and student survey and consultation exercise.
	Actions to reduce Scope 3 'indirect' carbon emissions	Emissions from all scope 3 indirect sources were quantified and targets established in 2013 and actions implemented in 2014 to reduce these.
	Education for Sustainability (Efs)	Participation in the drafting of national QAA and HEA guidelines document for Efs. Funding and expert mentoring offered to colleagues working on embedding sustainability into teaching and learning across faculties.
	Research	Continued delivery of high quality, relevant research in sustainability on higher education, agriculture, behaviour change and community engagement, tourism and management, biosciences and sports sciences. Exploring tangible opportunities with Indonesia. Environmental and Sustainability outputs submitted to REF in autumn 2013.
	New Sustainable Catering Policy and improved performance	The university has worked closely with Baxter Storey which has led to the meeting of ambitious targets and improved availability of sustainable local, seasonal, organic foods, and greater vegetarian options across outlets.
Profile	Benchmarking and awards	In 2013-14 the university was shortlisted for 4 Green Gown awards (sustainable catering; social enterprise; continuous improvement; leadership) and was recognised through i) a UNU Flagship Award for its partnership work with QAA and HEFCE (2013); and ii) Special recognition award as most consistent high performer in the Green League (2013).
	Reputation	The university was invited to open eight staff development conferences held at HE institutions across the UK in 2014-15 and acted as Quality Reviewer for Huddersfield University and mentor to the HEA's Green Academy.
Partnerships	Local partnership development	Local community partnerships have flourished, with collaborative ventures established with several Gloucestershire organisations including Ecotricity, Forest Green Rovers and Cheltenham Green Doors as well as the LEP.
	Internal partnerships	Four new Degreeplus sustainability internships established for students with Regional Centre of Excellence partners. New partnership established with Chaplaincy which led to the launch of the student-led Open Voice event, in support of initiatives linked to the university's Anglican identity.
	International partnerships	Led the Copernicus Alliance for Sustainability in Higher Education International Conference and drafted the UNESCO <i>Higher Education for Sustainability Global Review 2005-2014</i> . International partnerships have been greatly enhanced through the EU funded University Educators for Sustainable Development (UE4SD) project, which is led by the university and involves partners from 33 countries and 55 HE institutions.
Participation	Student experience - NUS survey	The quality of the student experience relating to sustainability remains high as evidenced by the NUS/HEA student survey.
	Sustainability staff and student participation activities	Involvement of staff and students has been good with healthy response rates in the 2013 Sustainable Travel Surveys and online consultation responses. Enthusiastic engagement with Fairtrade Fortnight activities such as the cake bake-off. Staff also had opportunities to join discussions for the HEFCE SD Framework and QAA-HEA ESD Guidelines consultation meetings. Refreshed membership and activity through the SDC. <i>Sustainability Fast Facts, Learning for Sustainable Futures</i> brochure and <i>Sustainable Development Committee Briefings</i> on staff news have all received positive feedback from staff. Full uptake of the <i>Learning for Sustainable Futures</i> project grants, with 8 live projects in 2013-14 working on curriculum development across all faculties and several professional departments. Partnership work with SU led to a new initiative to develop training in Efs for student representatives and SU officers.

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SECTION 3: FINANCIAL PERFORMANCE

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

3.1 Key financial highlights

- Improved net current asset position to £6.1m (2013: £5.2m).
- Further reduction in long term debt to £17.4m (2013: £19.1m).
- Maintained strong year end liquidity position with an improvement in net liquidity days to 81 days (2013: 79).
- A sound performance achieving a surplus of 4.9% of income (2013: 6.3%) before the results of the JV.
- Additional investment in the estate and infrastructure.

3.2 Review of the year

• Operating performance

The university reports a consolidated surplus of £3.5m (2013: £4.4m) before the share of the operating loss in the joint venture and exceptional items with an improved net asset position of £74.1m before pension liability (2013: £73.9m). This was a good performance which further builds on four previous years of strong operating performance with a decrease in long term debt of £1.7m and an improved year end cash position.

The operating surplus for the year of £2.4m (2013: £4m) includes the share of the loss of the joint venture with INTO University Partnerships Ltd of £1.1m, in its first full year of operation. Although financial losses were incurred in the period, this is in line with the early years of the business plan and student numbers continue to increase.

During the year the university entered into a procurement process for the creation of a new student village at the Pittville campus to encompass the complete refurbishment of the existing residences as well as an additional set of town houses and communal flats. To accommodate the new development, some of the old teaching facilities which have not been used since 2011 will have to be demolished. The remaining net book value of these buildings (£1.8m) has been written down to £nil in 2013-14.

During the year, the university secured an award of £1m from the local enterprise partnership for Gloucestershire and £2.7m from the HEFCE Catalyst Fund and this will be used to develop the Growth Hub as a new centre for the provision of business support services.

Investment has continued in maintaining and upgrading our estate and additional funding has also been provided, as part of a three year capital investment strategy, to deliver additional space and facilities for new and expanding courses.

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

• Fixed assets and capital investment

o Estates

As well as the planned maintenance programme for teaching facilities and student accommodation, the focus of the capital plan in 2013-14 has been to provide space and specialist facilities to accommodate new and expanding academic courses.

At the Hardwick Campus, a mezzanine floor is being installed in the main building to substantially increase floor area to accommodate a new fashion course, providing space for studios that will hold specialised equipment. A new soundproofed film studio is being built at the Park Campus to support the growth in student numbers seen within the Media School and space within the Dunholme Villa at Park has been re-purposed to provide dedicated, specialised workshop and teaching accommodation to provide appropriate facilities for a new Product Design course.

At Francis Close Hall, science laboratories have been re-fitted to increase capacity to accommodate more students and the general teaching spaces have been upgraded. An extension to accommodate specialist performing art spaces is planned at the Oxstalls Campus for 2014-15 and planning permission is currently being sought.

In addition to the improvements in teaching facilities, space at the Oxstalls Campus has been reconfigured to provide appropriate modern facilities to accommodate the requirements of the Growth Hub.

o ICT

In 2013-14 ICT and equipment spend included investment in:

- Computer and Audio Visual Refresh Programme.
- Business information systems developments.
- IT developments aligned with the Academic Portfolio Review.
- New developments, such as a new video streaming service and Office 365 for students.

Whilst the majority of the investment in 2013-14 focused on the updating and replacement of technical infrastructure, significant investment was also made in new developments such as a student-led timetabling system and the student coursework project which will enable electronic submission, marking and return of feedback and marks for most coursework.

• Long-term debt, including finance leases

At the year end, long term liabilities had reduced by £1.7m and all covenants were complied with. The gearing ratio further reduced this year, from 30% (2012-13) to 27% (2013-14).

• Liquidity and treasury management

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

Deposits held with any one bank should not exceed £5m. At the balance sheet date £13.1m was placed on deposit; average monthly balances held by deposit takers over the year were £13.4m (2013: £11.5m).

The year end liquidity position has continued to improve and at the year end was 81 days (2013: 79 days) exceeding the target of 75 days set out in the Strategic Plan.

• Pensions and pension liability

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

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Under the Gloucestershire County Council Superannuation Scheme the net pension liability (LGPS) as at 31 July 2014 has increased to £25.2m (2013: £16.2m; 2012: £20.1m). The liability continues to fluctuate considerably each year dependent on anticipated rates of return in future years. The increase in the liability as at 31 July 2014 is largely due to falling real bond yields which have only partially been offset by stronger asset returns.

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

Employer contributions to pension schemes were as follows:

Pension Scheme	Current Contribution Rate	2013-14 £000	2012-13 £000
LGPS	15.3% plus £1.1m pa	2,727	2,289
USS	16.0%	126	90
TPS	14.1%	2,199	2,124
Others including Church of England Scheme	38.2% (CofE)	13	8
Total		5,065	4,511

3.3 Financial sustainability and key performance indicators

Management actions in 2013-14 have further strengthened the net asset position of the university, ensuring the continuation of a stable financial platform to enable it to face the current and future challenges in the HE sector.

As part of the development of the 2012-17 Strategic Plan, and in order to support delivery of the university's operational and business plans, a Finance Strategy for 2012-2015 has been developed. This will be reviewed and updated in 2014-15 to ensure that the key performance indicators are still appropriate and that they will continue to ensure delivery of the university's financial goals which are, as follows:

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

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

Key Financial Indicator	Performance 2012-13 to 2013-14	Finance Strategy Target 2012 to 2015
Surplus before share of results of JV	6.3% falling to 4.9%	3% - 5%
Net liquidity days	79 days increasing to 81 days	75 days
Cash generation from operating activities	11% consistent with prior year	10% of turnover
Gearing ratio	30% improving to 27%	30%
Long-term liabilities (mortgages and leases)	27% improving to 25%	Less than 30% of turnover
Pay as a % of total income	54 % increasing to 55%	Not to exceed 53% of income
Annual growth in total income	2% increase over the year	To average 3% over the three year period
Diversification of the income base (percentage of income represented by non-regulated fees and other income)	1.5% increase over the year	Growth of one percentage point pa
Investment in capital and recurrent maintenance	7.5% improving to 8.3%	Capital investment at 5% of turnover

Regular business review planning meetings are held to monitor progress against department and faculty key performance indicators supporting the University's operational and business plans.

3.4 Payment of creditors

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

3.5 Value for money

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

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3.6 Accounting systems

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

3.7 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of the year 2013-14 and the publication of the Financial Statements.

3.8 Future plans, risks and developments

Government reform of the HE sector continues to have significant impact on the sector with the removal of limits on the student number recruitment of highly qualified applicants (A level grades of ABB+ or equivalent) this year and the complete removal next year of student number control. This will provide both an opportunity and a threat to the university and plans are in place to build on the successful undergraduate recruitment this year to maximise the opportunities available.

In managing the 2015-16 recruitment cycle, we will continue to apply what worked well this year, notably the extensive use of personalised communications using the new CRM system, increased focus on open days, making the best use of our accommodation and a well-managed clearing campaign. Key areas of focus are:

- Redesign of the website to make it more user-friendly and a better show-case for our selling points.
- Promotion of our extensive new facilities.
- Delivery of a bespoke marketing programme for the Business School, drawing on links to the Growth Hub.
- Making full use of the improved NSS results which should translate into increases in league table positions.
- Promotion of 'Your Future Plan', to provide every undergraduate with a personal career plan.
- Building on the links with colleges and schools.
- Emphasising more strongly in our communications 'what we stand for'.

Other key priorities for the year include:

- Putting in place the updated and revised Academic Strategy.
- Completing the contractual negotiations for the Pittville student village.
- Delivery of the Growth Hub project in partnership with GFirst LEP.
- Pursuing implementation of the University's research priorities with a view to a successful submission to the 2020 REF exercise.



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SECTION 4: PUBLIC BENEFIT STATEMENT

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

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

The prime beneficiaries are the students of the University of Gloucestershire who are engaged in learning and research activities. Other beneficiaries include employers, businesses, school children and the general public. Staff and students also engage in voluntary action in the local community and overseas, for example in Malawi where the university has led a sport-based project for several years. The university also provides access to arts, musical and other cultural events. This includes long standing support for the internationally acclaimed Cheltenham Festivals. In 2014 the university played an active role in the Cheltenham Design Festival for the third year. The university has a formal partnership with the Cheltenham Museum and Art Gallery, is an active contributor to the work of Cheltenham Trust and supports the JOLT theatre festival in Gloucester.

Support for business is a growing activity. In 2014 the university partnered with GFirst LEP to launch a Growth Hub, based at the Oxstalls Campus, integrating services for businesses, to provide a one stop shop for the region. As part of this initiative the university secured investment of £2.7m from the Higher Education Funding Council. The Growth Hub was developed after extensive stakeholder feedback from the business community in Gloucestershire and is part of the LEP's strategic growth plan.

Education at the University of Gloucestershire reaches far beyond the classroom. Our Teaching and Learning Strategy has four priorities: independent and collaborative learning; learning for life and employment; learning for the future; research/practice-informed learning and teaching. In 2013-14 the university had 12,353 active students registered on courses leading to an award from the university of which 8,418 were taught by university staff on courses provided at our campuses in Gloucestershire or delivered by distance-learning and 368 were taught by collaborative partners in the UK on courses franchised by the university. Of the 8,418 students taught by university staff, 12.12% had identified themselves as disabled, 12.14% as part of the black and minority ethnic (BME) communities resident in the UK and 6.06% were from overseas. The university is committed to extending the diversity of its student body and has committed to a programme of outreach and financial support to ensure that there is fair and equal access to all.

The Outreach unit provides a link between the university and the wider community supporting schools, colleges, local groups and other regional and national networks in promoting progression to higher education. The team provides support sessions for school and college students to brief them on higher education options, how to apply to university and the financial support available. In 2013-14 the outreach team undertook 150 activities with schools and colleges, ranging from primary school children to lifelong learners. 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 two colleges within the strategic alliance (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 of 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.

In 2013-14, the university provided circa £3.5m in financial support to students; through discounts, fee waivers, and scholarship and bursary awards. The university supports students from low income families, under-represented groups, and from low participation neighbourhoods, by offering fee waivers. Scholarships and bursaries are available to both our Home and International students to reward academic excellence, whilst discounts are provided to alumni who wish to progress to postgraduate study. Examples include the university Bursary of £500 for UK students with a household income of less than £25k, and the Disabled Sports Scholarship providing a £1,000 cash award, together with further sports support, to disabled students to encourage diversity in our sporting community.

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SECTION 5: CORPORATE GOVERNANCE

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

5.1 Introduction

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

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

5.2 Summary of the university's structure of corporate governance

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

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

In the conduct of its formal business, in addition to a strategic away day held each year, the Council meets six times a year. It has a number of formally constituted committees which are: Audit Committee, Finance and General Purposes Committee, Governance and Nominations Committee, Employment Policy Committee, Council Trades Unions and Managers Consultative Committee, Remuneration Committee, Council and Foundation Standing Group, and Honorary Awards Committee. 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 largely from the staff and students of the university. Its principal role is to direct and regulate the teaching and learning and research work of the university and to advise Council accordingly.

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

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

The **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.

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

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

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

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

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

The Council recognises that, in accordance with best practice recommended in the CUC Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. A comprehensive review of the effectiveness of the university's governance arrangements was undertaken in 2010-11, and it is anticipated that the next review will take place during 2015-16. The anticipated revision to the CUC Code of Governance will be considered by the Governance and Nominations Committee and Council as soon as it is available, and any necessary changes to procedure introduced.

An internal audit of the university's corporate governance arrangements was undertaken in 2013-14. The review concluded that Audit Committee could take substantial assurance that the controls in place to manage the risk of inadequate corporate governance arrangements were suitably designed, consistently applied, and effective.

5.3 Financial responsibilities of the university's Council

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

Working through its established sub-committees, the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and to enable it to ensure that the financial statements are prepared in accordance with the university's Articles of Association, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education (and preparing for the 2014 SORP), and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the university's Council, the

Council, through its Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the university for that year. In preparing these financial statements, the Council has ensured that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the university will continue in operation.

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

- Ensure that funds from the Higher Education Funding Council for England, the National College for Teaching and Leadership, and other sources are used only for the purposes for which they have been given.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the university and prevent and detect fraud.
- Secure the economical, efficient and effective management of the university's resources and expenditure.

5.4 Disclosure of information to auditor

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

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

OPERATING AND FINANCIAL REVIEW

5.5 Statement of Internal Control

As the governing body of the University of Gloucestershire, the Council recognises that it has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Articles of Association and the Financial Memorandum with HEFCE.

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

The system of internal control is based on an ongoing review process designed to identify the principal risks to the achievements of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended July 2014 and up to the date of approval of the financial statements.

During the year the university has continued to develop and strengthen its Risk Management Policy and Procedures in order to better recognise and manage the risks it faces in the delivery of its strategic aims. The risk framework is aligned with the University Strategic Plan and reflects the importance of the five institutional goals in the Plan. It has been designed to cover all risks including governance, management, quality, reputational and financial, whilst focusing on the most important risks. The risk register provides an appraisal of the pre-mitigation and post-mitigation position for each risk, including a likelihood/impact matrix. The post-mitigated residual risk is a composite judgement by the risk owner of the position following the application of mitigating actions and the extent to which those actions have been progressed. A detailed reporting schedule is in place to ensure that the relevant information is reviewed and reported in a timely manner to appropriate audiences. An internal audit conducted in May 2014 concluded that the Council can take substantial assurance that the controls upon which the organisation relies to manage risk are suitably designed, consistently applied and effective.

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 mitigation and residual risk, as well as to identify new and emerging risks. It has been embedded at faculty/department level by ensuring that the annual planning cycle includes a review of the risks facing each unit, together with clear mitigation plans, closely aligned with institutional level risks. Each faculty and central department has revised its own risk register to align with the institutional framework so that there is a clear link between the risks reported at an institutional level and at a faculty/departmental level.

Detailed business continuity and disaster recovery plans, both at an institutional and a faculty/departmental level, are also in place. In addition, risk management is included as a core element of the university's Higher Education Leadership and Management programme for managers.

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 HEFCE could place reliance on the university's accountability information and that the university therefore demonstrated that it has effective systems for risk management, control and governance. That conclusion represents the highest level of assurance rating that can be achieved on HEFCE's four-point rating scale.

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

The Operating and Financial Review set out on pages 5-20 was approved by the Council of the University of Gloucestershire on 18 November 2014, and was signed on its behalf by:

Professor Sir Peter Scott
Chair of Council

Stephen Marston
Vice-Chancellor

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

We have audited the financial statements of the University of Gloucestershire (the 'university') for the year ended 31 July 2014 which comprise the statement of principal accounting policies, the Group income and expenditure account, the Group statement of historical cost surpluses and deficits, the university and Group balance sheet, the Group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the university's Council and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group and university's affairs as at 31 July 2014 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010 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 institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation; and
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the funding council's Financial Memorandum, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following 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.

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

JOHN GOLDING Senior Statutory Auditor

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

18 November 2014

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 General

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

2 Accounting convention

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

3 Going concern

The Council has reviewed the budget for the year to 31 July 2015, the financial forecasts for the following two years and has adopted the guidance provided by the Financial Reporting Council (FRC) under *Going Concern & Liquidity Risk: Guidance for Directors of UK Companies 2009*.

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

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

4 Basis of consolidation

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

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

5 Grants

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

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

Capital building grants are capitalised and released as follows:

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

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

6 Recognition of income

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

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

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

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

7 Tangible fixed assets

Freehold Land and Buildings

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

Short Leasehold Land and Buildings

Short leasehold land and buildings are included at cost.

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

Plant and Equipment

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

8 Depreciation

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

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

The lives used for this purpose are:

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

9 Impairments of assets and assets held for disposal

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

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

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

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

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

10 Stocks

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

11 Taxation

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

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

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

Fullwood Park Limited is registered for VAT.

12 Fixed and endowment asset investments

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

13 Finance and operating leases

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

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

14 Interest payable and financial instruments

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

15 Pension scheme arrangements

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

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

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

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

16 Repairs and maintenance costs

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

17 Foreign currencies

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

18 Provisions

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

19 Capitalisation of finance costs and interest

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

20 Bad and doubtful debts

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

21 Bursaries and fee waivers

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

22 Discontinued business operations

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 JULY 2014

	Notes	2014 £000	2013 £000
Income			
Funding body grants	1	12,946	18,111
Tuition fees and education contracts	2	45,342	39,210
Research grants and contracts	3	1,038	1,013
Other income	4	12,160	10,841
Endowment and investment income	5	206	160
Total income		71,692	69,335
Less: share of income from joint venture		(767)	(86)
Net income		70,925	69,249
Expenditure			
Staff costs	6	38,842	37,251
Depreciation of tangible fixed assets	11	4,227	4,120
Other operating expenses	7	22,874	21,543
Interest payable	8	1,478	1,947
Total expenditure		67,421	64,861
Surplus after depreciation of fixed assets at valuation and before taxation		3,504	4,388
Share of operating loss in joint venture		(1,056)	(400)
Operating surplus		2,448	3,988
Taxation			
Surplus after depreciation of fixed assets at valuation and tax and before exceptional items		2,448	3,988
Exceptional items: continuing operations			
Reorganisation costs	10	342	444
Impairment of freehold land and buildings	10	1,502	-
Deconsolidation of Students' Union	10	-	355
		1,844	799
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		604	3,189

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 JULY 2014

	Notes	2014 £000	2013 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		604	3,189
Unrealised (loss)/gain on exchange	22	(18)	23
Revaluation of endowment asset investments	14	39	145
Net additions/(disposals) of endowment assets	14	268	(7)
Total recognised gain for the year		893	3,350
Actuarial pension (loss)/gain	36	(8,829)	4,410
Total recognised (loss)/gain for the year after pension adjustment		(7,936)	7,760
Reconciliation			
Opening reserves and endowments		41,690	33,930
Total recognised (loss)/gain		(7,936)	7,760
Closing reserves and endowments		33,754	41,690
Closing reserves and endowments:			
Endowments	20	2,712	2,405
Revaluation Reserves	21	4,829	6,295
Income and Expenditure Account	22	26,213	32,990
		33,754	41,690

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS YEAR ENDED 31 JULY 2014

	Notes	2014 £000	2013 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		604	3,189
Difference between the historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	22	1,466	1,616
Historical cost surplus for the year after taxation		2,070	4,805

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

BALANCE SHEETS AS AT 31 JULY 2014

	Notes	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Fixed assets					
Tangible assets	11	87,068	88,592	87,068	88,592
		<u>87,068</u>	<u>88,592</u>	<u>87,068</u>	<u>88,592</u>
Endowment assets	14	2,712	2,405	2,317	2,005
Current assets					
Stocks		69	64	69	64
Debtors	15	4,634	4,538	4,966	4,887
Investments	29	13,108	12,326	13,108	12,326
Bank and cash in hand	29	852	776	834	730
		<u>18,663</u>	<u>17,704</u>	<u>18,977</u>	<u>18,007</u>
Creditors: amounts falling due within one year	16	(12,546)	(12,483)	(12,543)	(12,480)
Net current assets		<u>6,117</u>	<u>5,221</u>	<u>6,434</u>	<u>5,527</u>
Total assets less current liabilities		95,897	96,218	95,819	96,124
Creditors: amounts falling due after more than one year	17	(17,425)	(19,082)	(17,425)	(19,082)
Provision for liabilities and charges	18	(4,304)	(3,203)	(2,998)	(2,953)
Net assets before pension liability		<u>74,168</u>	<u>73,933</u>	<u>75,396</u>	<u>74,089</u>
Pension liability	36	(25,235)	(16,199)	(25,235)	(16,199)
Net assets including pension liability		48,933	57,734	50,161	57,890

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

BALANCE SHEETS FOR THE YEAR ENDED 31 JULY 2014

	Notes	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Deferred capital grants	19	15,179	16,044	15,179	16,044
Specific endowments	20	2,712	2,405	2,317	2,005
Reserves					
Revaluation reserve	21	4,829	6,295	4,829	6,295
General reserve	22	26,213	32,990	27,836	33,546
		31,042	39,285	32,665	39,841
Total funds		48,933	57,734	50,161	57,890

The Financial Statements on pages 22-56 were approved by the Council of the University of Gloucestershire on 18 November 2014, and were signed on its behalf by:



Professor Sir Peter Scott
Chair of Council



Stephen Marston
Vice-Chancellor

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

	Notes	Consolidated 2014 £000	Consolidated 2014 £000	Consolidated 2013 £000	Consolidated 2013 £000
Net cash inflow from operating activities	27		7,722		7,391
Returns on investments and servicing of finance					
Endowment income	5	51		11	
Income from short term investments	5	9		9	
Other interest received	5	146		140	
Interest paid	8	(735)		(785)	
Interest element of finance lease rentals	8	(540)		(577)	
Net cash outflow from returns on investments and servicing of finance			(1,069)		(1,202)
Tax paid			-		-
Investing activities					
Payment to acquire tangible assets (other than lease equipment)	11	(4,654)		(3,785)	
Deconsolidation of Students' Union cash balance		-		(349)	
Deferred capital grants received	19	460		221	
Net cash outflow from capital expenditure and investments			(4,194)		(3,913)
Net cash inflow before use of liquid resources and financing			2,459		2,276
Management of liquid resources	29	-	(782)	-	(1,026)
Financing					
Capital element of finance lease repayments	28	(299)		(303)	
Mortgages and loans acquired	28	61		37	
Mortgages and loans capital repayments	28	(1,363)		(1,352)	
Net cash outflow from financing			(1,601)		(1,618)
Increase/(decrease) in cash			76		(368)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1 Funding body grants

	Notes	2014 £000	2013 £000
<i>Recurrent grant:</i>			
Higher Education Funding Council		11,347	15,981
National College for Teaching and Leadership		496	1,043
<i>Specific grants:</i>			
Higher Education Funding Council redundancy compensation		55	50
<i>Deferred capital grants:</i>			
Buildings	19	519	538
Equipment	19	529	499
		12,946	18,111

2 Tuition fees and education contracts

Full-time Home and EU students		37,908	31,443
Full-time International students		3,890	4,603
Part-time students		2,879	2,660
Other (short course) fees		665	504
		45,342	39,210

3 Research grants and contracts

Research Councils		37	51
UK based charities		78	190
European Commission grants		464	536
Other grants and contracts		459	236
		1,038	1,013

4 Other income

Residences, catering and conferences		7,585	6,684
Released from deferred capital grants	19	60	56
Other services rendered		2,147	1,905
Profit on disposal of fixed asset investments		23	12
Other income		2,345	2,184
		12,160	10,841

5 Endowment and investment income

Income from specific endowments		51	11
Income from short-term investments		9	9
Other interest received		146	140
		206	160

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

6 Staff

Staff costs:

	2014 £000	2013 £000
Wages and salaries	31,282	30,364
Social security costs	2,491	2,454
Other pension costs	5,065	4,511
Gloucestershire County Council Superannuation Scheme retirement benefits	4	(78)
	38,842	37,251

Staff number by Department:

	Numbers	Numbers
Academic departments	379	367
Central administrative	445	446
Other including manual	17	17
Total staff numbers	841	830

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

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

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

	£000	£000
Salary	382	275
Benefits	-	-
Pension contributions	64	47
	446	322

Payment in lieu of notice is included in staff costs

Emoluments of the Vice-Chancellor:

	£000	£000
Salary	160	160
Benefits	-	-
Pension contributions	29	31
	189	191

Higher paid staff:

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:

	Numbers	Numbers
£100,001 - £110,000	1	-
£110,001 - £120,000	1	1
£150,001 - £160,000	1	1
	3	2

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 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

7 Other operating expenses

	2014 £000	2013 £000
Consumable and non-capital items	930	972
Academic administration	480	466
Books and periodicals	572	467
Rents and premises	3,410	3,114
Heat, light, water and power	925	1,043
Repairs and general maintenance	2,400	2,620
Staff development and training	382	342
Staff travel and subsistence	1,265	1,189
Student travel and subsistence	761	743
Student bursaries	1,518	1,973
Marketing, agent commission and waivers	3,377	2,495
Postage, telephone, printing and reprographics	744	708
Insurance and finance	316	(165)
Professional fees	2,195	1,826
Course franchising and partnerships	1,187	1,560
Purchases for resale	969	997
Equipment operating lease rentals	381	447
Students' Union grant	343	320
Loss on sale of fixed assets	205	16
Other expenses	378	272
	22,738	21,405
Auditor's professional fees:		
External auditor's remuneration - university	46	49
External auditor's remuneration - other group	3	3
External auditor's remuneration - non-audit services	41	45
Internal auditor's remuneration	46	41
	136	138
Total other operating expenses	22,874	21,543

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

8 Interest payable

	2014	2013
	£000	£000
Finance lease	540	577
Loans not wholly repayable within five years	735	785
Finance and interest costs under FRS 17 Retirement Benefits	203	585
	1,478	1,947

9 Analysis of expenditure by activity for the year

	£000	£000
Academic departments	29,152	28,031
Academic services	8,937	8,530
Research grants and contracts	661	936
Residences, catering and conferences	5,967	5,658
Premises	6,599	7,503
Administration	15,821	14,302
Other expenses	284	(99)
Total consolidated income and expenditure account	67,421	64,861

10 Exceptional items

	£000	£000
Reorganisation costs	342	444
Impairment of freehold land and buildings	1,502	-
Deconsolidation of Students' Union	-	355
	1,844	799

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 are £342,000 (2013: £444,000).

During the year, the university entered into a procurement process for the creation of a new student village at the Pittville campus. Some buildings, specifically the teaching and studio areas and the tower block, are due to be demolished within the next 12 months as part of the project. The net book value of these buildings has therefore been written down to nil and the balance of any related capital grants released.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

11 Tangible fixed assets

	Freehold Land and Buildings £000	Short Leasehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
a) Consolidated					
Cost/valuation					
At beginning of year	98,708	9,397	22,303	1,240	131,648
Addition at cost	1,292	-	2,111	1,251	4,654
Transfers at cost	937	-	80	(1,017)	-
Disposals	(2,256)	-	(1,089)	(76)	(3,421)
At year end	98,681	9,397	23,405	1,398	132,881
Depreciation					
At beginning of year	23,895	2,281	16,880	-	43,056
Charge for the year	2,290	269	1,668	-	4,227
Transfers	-	-	-	-	-
Disposals	(418)	-	(1,052)	-	(1,470)
At year end	25,767	2,550	17,496	-	45,813
Net book value At year end	72,914	6,847	5,909	1,398	87,068
At beginning of year	74,813	7,116	5,423	1,240	88,592

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

11 Tangible fixed assets

	Freehold Land and Buildings £000	Short Leasehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
b) University					
Cost/valuation					
At beginning of year	98,707	9,397	22,271	1,240	131,615
Addition at cost	1,292	-	2,111	1,251	4,654
Transfers at cost	937	-	80	(1,017)	-
Disposals	(2,256)	-	(1,056)	(76)	(3,388)
At year end	98,681	9,397	23,405	1,398	132,881
Depreciation					
At beginning of year	23,895	2,281	16,847	-	43,023
Charge for the year	2,290	269	1,668	-	4,227
Transfers	-	-	-	-	-
Disposals	(418)	-	(1,019)	-	(1,437)
At year end	25,767	2,550	17,496	-	45,813
Net book value	72,914	6,847	5,909	1,398	87,068
At year end	72,914	6,847	5,909	1,398	87,068
At beginning of year	74,813	7,116	5,423	1,240	88,592

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

c) Revaluation of land and buildings

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

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

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

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

Land and buildings	2014 £000	2013 £000
Cost	91,598	91,241
Aggregate depreciation based on cost	25,634	24,308

12 Fixed asset investments

a) Investment in subsidiary companies

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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

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

The following dormant companies whose shares were fully owned by the university, or who were subsidiary companies of the university controlled by directors acting as nominees of the Council of the university, were dissolved during the year ended 31 July 2013.

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

b) Janet Trotter Trust

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

c) University of Gloucestershire Students' Union

On 1 August 2012 the Students' Union transferred its trade and assets to a new company, The University of Gloucestershire Students' Union. With effect from the year ended 31 July 2013, the consolidated financial statements do not include the results of the new company as it is a separately constituted entity in which the university has no financial interest, control or significant influence over policy decisions.

13 Investment in Joint Venture

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

On 20 February 2013, Gloucestershire ISC Limited entered into a 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 2014 a capital balance of £200,000 (2013: £400,000) was outstanding under this agreement.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

14 Endowment asset investments

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
a) Investments				
Cost/valuation				
At beginning of year	2,405	2,267	2,005	1,889
Additions at cost	2,022	492	1,788	486
Disposals	(1,754)	(499)	(1,512)	(488)
Revaluation	39	145	36	118
At end of year	2,712	2,405	2,317	2,005
Represented by:				
Fixed interest stocks and equities at valuation	2,076	1,610	1,717	1,260
Church of England investments and deposits	549	817	529	797
Debtors	1	2	1	1
Bank balances	114	98	98	69
Other liabilities	(28)	(122)	(28)	(122)
Total endowment asset investments at end of year	2,712	2,405	2,317	2,005

b) Endowment asset investments in group trusts

The Janet Trotter Trust is incorporated as part of the university's consolidated endowment assets. The accounts of the Janet Trotter Trust for the year to 31 July 2014 show total net assets of £394,406 (2013: £399,908) and a surplus for the year of £22,836 (2013: £13,636).

15 Debtors: amounts falling due within one year

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Trade debtors	2,740	2,297	2,740	2,291
Other debtors	21	18	21	17
Amounts owed by subsidiary companies	-	-	543	759
Amounts due from joint ventures	211	401	-	-
Prepayments and accrued income	1,662	1,822	1,662	1,820
At end of year	4,634	4,538	4,966	4,887

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

16 Creditors: amounts falling due within one year	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Mortgages and unsecured loans	1,359	1,356	1,359	1,356
Obligations under finance leases	344	291	344	291
Payment received on account	1,048	971	1,048	971
Trade creditors	879	877	879	877
Social security and other taxation payable	852	840	852	840
Pensions	683	565	683	565
Accruals and deferred income	7,381	7,583	7,378	7,580
At end of year	12,546	12,483	12,543	12,480
	£000	£000	£000	£000
17 Creditors: amounts falling due after one year				
Mortgages and loans secured on residential and other property and fixed asset investments	12,495	13,815	12,495	13,815
Unsecured loans	55	40	55	40
	12,550	13,855	12,550	13,855
Obligations under finance leases	4,875	5,227	4,875	5,227
	17,425	19,082	17,425	19,082
	Balance due less than 1 year £000	Balance due between 1 and 2 years £000	Balance due between 2 and 5 years £000	Balance due after 5 years £000
Repayment profile of secured and unsecured loans	1,703	1,731	5,452	10,242

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

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

There are also interest free loans with SALIX Finance under the SALIX Energy Efficiency Loan Scheme, repayable in half yearly instalments to September 2017. During the year a further interest free loan of £61,000 was drawn down. The current outstanding balance on these loans is £94,000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

18 Provisions

	INTO Gloucestershire LLP £000	Pensions £000	Other £000	Total £000
a) Consolidated				
At beginning of year	250	1,688	1,265	3,203
Utilised during the year	-	(273)	(52)	(325)
Transfer from Income and Expenditure account	-	241	129	370
Share of gross assets	(52)	-	-	(52)
Share of gross liabilities	1,108	-	-	1,108
At end of year	1,306	1,656	1,342	4,304

	Pensions £000	Other £000	Total £000
b) University			
At beginning of year	1,688	1,265	2,953
Utilised during the year	(273)	(52)	(325)
Transfer from Income and Expenditure account	241	129	370
At end of year	1,656	1,342	2,998

19 Deferred capital grants

	Consolidated and University Funding Councils £000	Consolidated and University Other Grants and Benefactions £000	Consolidated and University Total £000
At beginning of year			
Buildings	10,971	2,174	13,145
Equipment	2,899	-	2,899
Total	13,870	2,174	16,044
Cash received			
Buildings	-	26	26
Equipment	402	32	434
Total	402	58	460
Released to Income and Expenditure			
Buildings	(736)	(57)	(793)
Equipment	(529)	(3)	(532)
Total	(1,265)	(60)	(1,325)
At end of year			
Buildings	10,235	2,143	12,378
Equipment	2,772	29	2,801
Total	13,007	2,172	15,179

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

20 Specific endowments

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
a) Consolidated			
At beginning of year			
Capital	1,582	1,447	3,029
Accumulated excess income over expenditure	2	(626)	(624)
	1,584	821	2,405
New endowments	500	75	575
Reclassification of endowment funds (capital)	(67)	-	(67)
Reclassification of endowment funds (accumulated income)	67	-	67
Transfers between funds	(26)	26	-
Investment income	65	14	79
Expenditure from accumulated income	(35)	(101)	(136)
Expenditure from capital	(250)	-	(250)
Increase in market value of investments	36	3	39
At end of year			
Capital	1,801	1,543	3,344
Accumulated excess income over expenditure	73	(705)	(632)
	1,874	838	2,712
Analysis of funds			
Fellowships and scholarship prizes	-	44	44
Prize funds	13	79	92
Other funds	1,861	715	2,576
	1,874	838	2,712

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

20 Specific endowments

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
b) University			
At beginning of year			
Capital	1,582	1,001	2,583
Accumulated excess income over expenditure	2	(580)	(578)
	1,584	421	2,005
New endowments	500	74	574
Reclassification of endowment funds (capital)	(67)	-	(67)
Reclassification of endowment funds (accumulated income)	67	-	67
Transfers between funds	(26)	26	-
Investment income	65	3	68
Expenditure from accumulated income	(35)	(81)	(116)
Expenditure from capital	(250)	-	(250)
Increase in market value of investments	36	-	36
At end of year			
Capital	1,801	1,075	2,876
Accumulated excess income over expenditure	73	(632)	(559)
	1,874	443	2,317
Analysis of funds			
Fellowships and scholarship prizes	-	44	44
Prize funds	13	79	92
Other funds	1,861	320	2,181
	1,874	443	2,317

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

21 Revaluation reserve

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Revaluations				
At beginning of year	24,120	24,120	24,120	24,120
At end of year	24,120	24,120	24,120	24,120
Contributions to depreciation				
At beginning of year	(17,825)	(16,209)	(17,825)	(16,209)
Released in year	(1,466)	(1,616)	(1,466)	(1,616)
At end of year	(19,291)	(17,825)	(19,291)	(17,825)
Revaluation reserve				
At end of year	4,829	6,295	4,829	6,295
At beginning of year	6,295	7,911	6,295	7,911

22 General reserve

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
At 1 August 2013	32,990	23,752	33,546	23,575
Surplus after depreciation of fixed assets at valuation	604	3,189	1,671	3,922
Unrealised (loss)/gain on exchange	(18)	23	(18)	23
Unrealised actuarial (loss)/gain on pensions	(8,829)	4,410	(8,829)	4,410
Release from revaluation reserve: depreciation contribution	1,466	1,616	1,466	1,616
At end of year	26,213	32,990	27,836	33,546
Balance represented by:				
Pension Reserve	(25,235)	(16,199)	(25,235)	(16,199)
Income and Expenditure Account Reserve excluding Pension Reserve	51,448	49,189	53,071	49,745
At end of year	26,213	32,990	27,836	33,546

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

23 Lease obligations

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Obligations under finance leases for land and buildings falling due as follows:				
Within one year	344	291	344	291
Between two and five years	1,898	1,633	1,898	1,633
Over five years	2,976	3,594	2,976	3,594
	5,218	5,518	5,218	5,518
Operating lease commitments expiring:				
Within one year	2,626	2,644	2,626	2,644
Between two and five years	9,784	9,777	9,784	9,777
Over five years	17,056	19,109	17,056	19,109
	29,466	31,530	29,466	31,530
Representing:				
Land and buildings	29,072	30,972	29,072	30,972
Other operating leases	394	558	394	558
	29,466	31,530	29,466	31,530

24 Capital commitments

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
Authorised but not contracted				
At end of year	5,090	4,036	5,090	4,036
Authorised and contracted				
At end of year	1,255	945	1,255	945

25 Contingent liabilities

	Consolidated 2014 £000	Consolidated 2013 £000	University 2014 £000	University 2013 £000
At end of year	292	292	292	292

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

26 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of year 2013-14 and the publication of the Financial Statements.

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

	Consolidated 2014 £000	Consolidated 2013 £000
Surplus on continuing operations after depreciation of fixed assets at valuation	604	3,189
Depreciation	4,227	4,120
Loss on sale of fixed assets	232	35
Impairment of fixed assets	1,719	-
Unrealised (loss)/gain on exchange	(18)	23
Deconsolidation of Students' Union	-	355
Deferred capital grants released to income	(1,325)	(1,093)
Investment income	(206)	(160)
Interest payable	1,275	1,362
FRS 17 Pension Actuarial (loss)/gain	(8,829)	4,410
Increase/(decrease) in FRS 17 Pension Provision	9,036	(3,903)
(Increase)/decrease in stocks	(5)	19
(Increase) in debtors	(96)	(590)
Increase/(decrease) in creditors less than 1 year	23	(89)
(Decrease) in creditors more than 1 year	(16)	(4)
Increase/(decrease) in provisions	1,101	(283)
Net cash inflow from operating activities	7,722	7,391

28 Financing

	Finance Leases £000	Mortgages and Loans £000
At beginning of prior year	5,821	16,526
Capital repayments	(303)	(1,352)
Loan acquired in year	-	37
At beginning of year	5,518	15,211
Capital repayments	(299)	(1,363)
Loan acquired in year	-	61
At end of year	5,219	13,909

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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

a) Consolidated

	Consolidated 2014 £000	Consolidated 2013 £000	Change in Year £000
Short-term investments	13,108	12,326	782
Movement in liquid resources	13,108	12,326	782
Bank balances	852	776	76
	13,960	13,102	858

b) University

	University 2014 £000	University 2013 £000	Change in Year £000
Short-term investments	13,108	12,326	782
Movement in liquid resources	13,108	12,326	782
Bank balances	834	730	104
	13,942	13,056	886

30 Reconciliation of net cash flows to movements in net debt

	Consolidated 2014 £000	Consolidated 2013 £000
Increase/(decrease) in cash in the period	76	(368)
Increase in short-term deposits	782	1,023
Net decrease of debt	1,601	1,618
Change in net debt	2,459	2,273
At beginning of year	(7,627)	(9,900)
Net debt at end of year	(5,168)	(7,627)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

31 Analysis of changes in net debt

	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and in hand	776	76	852
Short-term deposits	12,326	782	13,108
Debts due within one year	(1,647)	(56)	(1,703)
Debts due after one year	(19,082)	1,657	(17,425)
	(7,627)	2,459	(5,168)

32 Access to Learning Fund

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

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

The Access to Learning Fund grant is available solely for students; the university acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. With effect from 1 August 2014 the Fund is transferring to the Higher Education Funding Council (HEFCE), ensuring money is still available to students facing hardship. Financial assistance will still be available to students at the university through the Student Opportunity Funding received from HEFCE.

The unspent funds at 31 July 2014 will be transferred to the university for distribution to students in financial hardship.

	2014 £000	2013 £000
Balance unspent at beginning of year	35	34
Funds received in the year	186	155
	221	189
Disbursed to students	(155)	(149)
Administration fees	(6)	(5)
Balance unspent at end of year	60	35

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33 Related party transactions

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

For the year ended 31 July 2014 expenses totalling £513 (2013: £1,347) were claimed by three Directors and Trustees (2013: 5) in respect of their responsibilities as Directors and Trustees. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the university's financial regulations and usual procurement procedures.

During the year, sales of £41,953 (2013: £28,556) and purchases of £54,530 (2013: £32,362) relating to education and placements were transacted with Gloucestershire County Council, of which Mr Peter Bungard, a Council member since 1 May 2012, is Chief Executive. At the year end a balance of £10,235 (2013: £565) was due from Gloucestershire County Council.

The university has entered into partnership arrangements with Gloucestershire College, of which Mr Matthew Burgess was appointed Principal on 1 September 2013, replacing Mr Greg Smith, and South Gloucestershire and Stroud College, of which Mr Martin Jones is Vice Chair. The partnership arrangement known as the 'Strategic Alliance' is for the provision of higher education. During the year, sales of £58,967 (2013: £125,650) and purchases of £169,293 (2013: £162,582) relating to education and the partnership arrangement were transacted with Gloucestershire College. Sales of £13,642 (2013: £33,215) and purchases of £30,761 (2013: £3,592) relating to the partnership arrangement were transacted with South Gloucestershire and Stroud College. Grants of £nil (2013: £167,269) have been received from HEFCE for the development of the partnership and delivery of training. At the year end a balance of £5,270 (2013: £750) was due from Gloucestershire College and a balance of £600 (2013: £nil) was due from South Gloucestershire and Stroud College. A balance of £2,301 (2013: £nil) was due to Gloucestershire College at 31 July 2014.

On 1 August 2012 the Students' Union transferred its trade and assets to a new company, The University of Gloucestershire Students' Union, which from that date has been governed by its own Board of Directors, of which Mr Rikesh Patel is President. The new company is a separately constituted entity in which the university has no financial interest, control or significant influence over policy decisions. The university continues to support the core activities with a block grant on an annual basis which include Student Representation; Student Opportunities; support for Student Volunteering; Student Events and Entertainments; and Student Sport and Societies. During the year sales of £10,049 (2013: £77) and purchases of £446,072 (2013: £401,728) relating to core activities were transacted with the new company. At the year end a balance of £8,992 (2013: £nil) was due from The University of Gloucestershire Students' Union. £7,125 (2013: £15,094) was due to the Students' Union.

Ms Antonia Noble is the owner and director of the company, Carter-Noble Independent Safeguarding Limited which was a full member of the Enterprise Hub for four months during the year and fees of £390 were paid to the university for the use of desk space. Carter-Noble Independent Safeguarding Limited is currently an Associate member of the Enterprise Hub for which no fee has been charged as the company was previously a full member.

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

34 The National College for Teaching and Leadership

The university, acting as agent for the National College for Teaching and Leadership, disbursed £815,300 (2013: £1,406,488) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2014. The training bursaries have not been included in the Income and Expenditure account of the university.

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35 Connected charities

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

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

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

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

36 Pension Schemes

a) Teachers' Pension Scheme

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

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

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

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

The last formal actuarial valuation undertaken for the Teachers' Pension Scheme was completed in 2004. Consequently, a formal actuarial valuation would have been due by 2008. However, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design. Approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1% payable. Employer contributions are set to increase to 16.4% from September 2015.

From 1 April 2012 to 31 March 2014, the employee contribution rate ranged between 6.4% and 8.8%, depending on a member's full time equivalent salary, with employer contributions set at 14.1%. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15. With effect from 1 April 2014 the employee contribution rates were increased and ranged between 6.4% and 12.4%, depending on a member's full time equivalent salary.

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

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

	2014	2013
	£000	£000
Contributions to Teachers' Pensions	2,199	2,124

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

b) Universities Superannuation Scheme

The university participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The university is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

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

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

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

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

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme's liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS 17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

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

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

- Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis
- The normal pension age was increased for future service and new entrants to age 65;
- Flexible retirement options were introduced
- Contributions were uplifted to 7.5% pa and 6.5% pa for FS section members and CRB section members respectively
- If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions
- For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%

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

At 31 March 2014, USS had over 162,000 active members and the university had 21 active members participating in the scheme.

The total pension cost for the university was £125,728 (2013: £90,304). This includes £20,757 (2013: £11,640) outstanding contributions at the balance sheet date. The contribution rate payable by the university was 16% of pensionable salaries.

c) Gloucestershire County Council Superannuation Scheme

Non-academic staff belong to the Gloucestershire County Council Superannuation Scheme. The scheme is a defined benefits scheme in the UK and is externally funded. A full actuarial valuation was carried out at 31 March 2013 by a qualified independent actuary, Hymans Robertson and projected forward to 31 July 2016.

Latest actuarial valuations	31 March 2013
Market value of assets at date of last valuation	£1,385m
Investment returns per annum	4.60%
Salary scale increases per annum	3.80%
Pension increases per annum	2.50%
Price inflation	2.50%

The estimate of contributions expected to be paid in the next year (year ending 31 July 2015) are £3.112m at a contribution rate of 15.3%.

The major assumptions used by the Actuary were:

	31 July 2014	31 July 2013	31 July 2012
Pension increase rate	2.70%	2.80%	2.20%
Salary increase rate	4.00%	4.60%	4.00%
Expected return on assets	5.80%	5.70%	4.70%
Discount rate	4.00%	4.60%	4.10%
Inflation assumption	2.70%	2.80%	2.20%

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

	Long-term rate of return expected at 31 July 2014	Value £000 31 July 2014	Long-term rate of return expected at 31 July 2013	Value £000 31 July 2013	Long-term rate of return expected at 31 July 2012	Value £000 31 July 2012
Equities (UK & overseas)	6.60%	1,110,579	6.40%	999,001	5.50%	751,326
Bonds	3.60%	313,612	3.80%	273,028	3.30%	312,751
Property	4.70%	97,839	4.60%	78,948	3.70%	76,161
Cash	3.60%	11,456	3.40%	28,851	2.80%	34,115
		1,533,486		1,379,828		1,174,353

The assets attributable to the university were:

	Value 31 July 2014 £000	Value 31 July 2013 £000	Value 31 July 2012 £000
Equities (UK & overseas)	38,656	35,234	24,747
Bonds	11,275	9,170	10,440
Property	3,221	2,896	2,320
Cash	537	965	1,160
	53,689	48,265	38,667

The following amounts at 31 July 2014 and 31 July 2013 were measured in accordance with the requirements of FRS 17:

	31 July 2014 £000	31 July 2013 £000
Analysis of the amount shown in the Balance Sheet		
Total market value of assets	53,689	48,265
Actuarial value of scheme liabilities	(78,924)	(64,464)
Deficit in the scheme - net pension liability	(25,235)	(16,199)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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The following amounts have been recognised in the performance statements in the year to 31 July 2014 under the requirements of FRS 17:

	2014 £000	2013 £000
Analysis of amounts charged to the Income and Expenditure Account		
Current service cost	2,796	2,350
Loss due to curtailments	49	20
	2,845	2,370
<i>Other finance income</i>		
Expected return on pension scheme assets	(2,809)	(1,861)
Interest on pension scheme liabilities	3,012	2,446
Net charge to other finance costs	203	585
Total Income and Expenditure charge before taxation	3,048	2,955

	2014 £000	2013 £000
Analysis of the amount that would be recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Gain on assets	489	5,859
Loss on change of assumption	(9,318)	(1,449)
Actuarial (loss)/gain recognised in STRGL before taxation	(8,829)	4,410
Past service gain	-	-
	(8,829)	4,410
Movement in deficit during the year		
Deficit in scheme at beginning of year	(16,199)	(20,102)
Movement in the year:		
Current service cost	(2,796)	(2,350)
Employer contributions	2,841	2,448
Impact of settlements and curtailment	(49)	(20)
Net return on assets	(203)	(585)
Actuarial (loss)/gain	(8,829)	4,410
Deficit in scheme at end of year	(25,235)	(16,199)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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History of experience gains and losses:

	Year to July 2014 £000	Year to July 2013 £000	Year to July 2012 £000	Year to July 2011 £000	Year to July 2010 £000
Difference between the expected and actual return on assets	489	5,859	(1,502)	3,797	2,755
Value of assets	53,689	48,265	38,667	36,186	28,896
Percentage of assets	0.91%	12.14%	(3.88%)	10.50%	9.53%
Experience (losses)/gains on liabilities	(1,532)	-	(531)	141	-
Total present value of liabilities	(78,924)	(64,464)	(58,769)	48,330	48,397
Percentage of the total present value of the liabilities	1.94%	0.00%	0.90%	0.30%	0.00%
Actuarial (losses)/gains recognised in the STRGL	(8,829)	4,410	(7,892)	7,953	2,246
Total present value of liabilities	78,924	64,464	58,769	48,330	48,397
Percentage of the total present value of the liabilities	(11.19%)	6.84%	(13.43%)	16.46%	4.64%

The actuarial valuation for FRS 17 at 31 July 2014 showed an increase in the deficit from £16.199m to £25.235m.

Details of experience gains and losses for the year to 31 July 2014:

	2014 £000	2013 £000
Difference between the expected and actual return on scheme assets:		
Surplus	489	5,859
Percentage of scheme assets at the end of the period	0.91%	12.14%
Total amount recognised in the statement of recognised gains and losses:		
Cumulative deficit	(12,816)	(3,987)
Current year (loss)/gain	(8,829)	4,410
Percentage of the present value of the scheme liabilities	(11.19%)	6.84%

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

The total consolidated pension costs for the university were:

	2014 £000	2013 £000
Contributions to the Gloucestershire County Council Superannuation Scheme	2,727	2,289

d) Church of England Funded Pensions Scheme

The University of Gloucestershire participates in the Church of England Funded Pensions Scheme and employs one member of the scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the University of Gloucestershire is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- an investment strategy of:
 - o for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - o for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets;
- investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% pa; and
- post-retirement mortality in accordance with 80% of the SINA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

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

Following the results of the 2012 valuation, the university's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the scheme).

Contribution rates will be reviewed at the next valuation of the scheme, due as at 31 December 2015.

	2014 £000	2013 £000
Contributions to the Church of England Funded Pensions Scheme	8	8

e) Other pension schemes

	2014 £000	2013 £000
Contributions to other schemes	5	6



