



UNIVERSITY OF
GLOUCESTERSHIRE

at Cheltenham and Gloucester

University of Gloucestershire
FINANCIAL STATEMENTS



Financial Statements

2014/2015



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 UNIVERSITY OF
GLOUCESTERSHIRE

MEMBERS OF COUNCIL AND MAJOR COMMITTEES

MEMBERS OF COUNCIL FOR THE PERIOD 1 AUGUST 2014 TO 17 NOVEMBER 2015

Mr P Bungard
Mr M Burgess
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 (appointed Vice-Chair 1 October 2015)
Ms A Noble
Mr R Patel (resigned 30 June 2015)
Rt Revd M Perham (appointed Chair 1 October 2015,
resigned as Vice-Chair 30 September 2015)
Mr L Sandford (appointed 1 July 2015)
Prof Sir P Scott (resigned as Chair 30 September 2015)
Mr A Taylor
Mrs P Taylor
Mr S Treble

MEMBERS OF MAJOR COUNCIL COMMITTEES AS AT 31 JULY 2015

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

(disbanded with effect 1 August 2015)

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
Mrs P Taylor (co-opted member)

* denotes Chair

OFFICERS AND ADVISERS

HONORARY POSTS

Chancellor

Baroness Rennie Fritchie DBE

Pro Chancellors

Sir Henry Elwes

Rt Revd M Perham

OFFICERS

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

Director Estates Strategy

Mr D White

Deans of Faculty

Faculty of Arts and Technology

Prof S Hill (interim)

Faculty of Applied Sciences

Mr M Cogger

Business School

Dr G Jones

Company Secretary

Mrs P Gravestock (appointed 12 May 2015)

Mrs J Thackray (resigned 30 April 2015)

REGISTERED OFFICE

Fullwood House

Park Campus

The Park

CHELTENHAM

Gloucestershire

GL50 2RH

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

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BIRMINGHAM

B4 6BH

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3140 Rowan Place

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Oxford Business Park South

OXFORD

OX4 2WB

Registered Internal Auditors

RSM Risk Assurance Services LLP

St Philips Point

Temple Row

BIRMINGHAM

B2 5AF

Bankers

The Royal Bank of Scotland plc

PO Box 9

31 The Promenade

CHELTENHAM

Gloucestershire

GL50 1LH





OPERATING AND FINANCIAL REVIEW

EXECUTIVE SUMMARY

This report reviews the university's activities in the year 2014-15 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 Scholarship
- 2.5 Partnerships
- 2.6 A Successful Organisation

Section 3: Financial Performance

- 3.1 Key Financial Highlights
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- 3.4 Payment of Creditors
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Section 4: Future Plans, Risks and Developments

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Section 6: Corporate Governance

- 6.1 Introduction
- 6.2 Summary of the University's Structure of Corporate Governance
- 6.3 Financial Responsibilities of the University's Council
- 6.4 Disclosure of Information to Auditor
- 6.5 Statement of Internal Control

OPERATING AND FINANCIAL REVIEW

SECTION 1: SUMMARY OF THE YEAR

- 1.1 The academic and reporting year 2014-15 saw important developments and achievements in all major areas of the university's strategy.
- 1.2 Our core purpose as a university is to provide an outstanding experience of teaching and learning for our students. Throughout the year, the university continued to drive forward our new Academic Strategy, building successful subject communities as the main focus of engagement for both students and staff. A new cadre of Academic Subject Leaders was appointed to develop those subject communities, reviewing the portfolio of courses they offer, and promoting high quality, innovative, engaging teaching and learning. 2014-15 was the first academic year of operation for the new School Student Representatives, working with course representatives, other students and staff to promote more active engagement by students in the delivery and improvement of their own learning across each School.
- 1.3 A highlight of the year was the very positive results from the review of the university by the Quality Assurance Agency (QAA). The QAA's report, published in June 2015, concluded that the university met UK Quality Code Expectations across the board in academic standards, the quality of learning opportunities, and in the information we provide about our HE opportunities. The university was commended in the area of enhancement of student learning. The QAA also identified a number of features of good practice, including employability and sustainability in the curriculum; the DegreePlus Scheme; the School Student Representative system; the Assessment Scrutiny process; and our wider stakeholder engagement with colleges, employers and the Local Enterprise Partnership.
- 1.4 Two more members of staff were appointed National Teaching Fellows in 2015, maintaining the university's excellent record amongst the top universities for the number of NTF awards. 2014-15 also saw the implementation of the new structure for the university's academic year. The aim is 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. An evaluation of the new structure identified activities which had gone well with high levels of student engagement, and areas to improve for subsequent years. As the culmination of the year, the university's first Festival Fortnight was held in June, celebrating the diverse range of achievements of students and staff.
- 1.5 The university's 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 that we had maintained the proportion of our first degree graduates going into a job or further study within six months of leaving at 94%. During the year, the university has been preparing for implementation of 'Your Future Plan' from 2015-16; this will offer each student support throughout their time at the university to identify and engage in those opportunities which will best prepare them for their future careers.
- 1.6 In October 2014, the university launched the Growth Hub at the Oxstalls campus in Gloucester, developed jointly with GFirst Local Enterprise Partnership, as a new centre for the provision of business support services. The Hub has received excellent feedback from customers and stakeholders. By the end of 2014-15, the Hub had welcomed over 4,000 visitors, and had engaged 170 businesses with high growth potential in the development of a growth plan. During the year, the university worked with partners in the City Council and the County Council on plans for a major development of the Oxstalls site, including the relocation of the university Business School from Cheltenham to Gloucester so that it can be fully integrated with the Growth Hub, expanding both student numbers and the scale of business services.
- 1.7 The university's third objective is to achieve excellence in our selected areas of research. At the end of 2014, we received the peer assessments of the research we submitted to the Research Excellence Framework. All of the units of assessment to which we submitted research achieved some element of outstanding research. During the year, we have continued to build up the university's six chosen Research Priority Areas for future research excellence, with stronger research leadership and research plans now in place looking towards the 2020 Research Excellence Framework (REF) exercise.
- 1.8 Within our fourth objective of forming strong partnerships, we have maintained excellent relations with the university Students' Union, as recognised in the QAA's report. The Strategic Alliance with Gloucestershire College and South Gloucestershire and Stroud College continues to build, particularly through joint development with SGS College of the Berkeley GREEN site in South Gloucestershire. With SGS and the Local Enterprise Partnership, the university has secured Government funding to invest in computing, technology and renewable energy facilities at the Berkeley site, and is sponsoring a proposed University Technical College there. The university's joint venture partnership with INTO for international pathway programmes has continued to grow, albeit at a slower rate than originally planned reflecting increased competition and continuing UK Government constraints on international student recruitment.
- 1.9 Our fifth and final goal is to be a successful and sustainable university. Student enrolments in Autumn 2014 were broadly on target, and the 2014-15 recruitment cycle saw a significant increase in applications to the university which are likely to lead to some growth in admissions in Autumn 2015. As these accounts show, we have achieved another healthy operating surplus for the sixth year running, with outturn ahead of the original budget, reflecting in particular growth in student fees.
- 1.10 2014-15 saw intensive work to develop the university's estate. In July 2015, the university secured planning permission to build an 800-bed student village at our Pittville site in Cheltenham, in partnership with Uliving. The masterplan for development of the Oxstalls site has been progressed. Accommodation at the Park Campus is being refurbished as a new home for the School of Computing and Technology, and new Performing Arts studios have been constructed at Oxstalls to open in Autumn 2015.

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

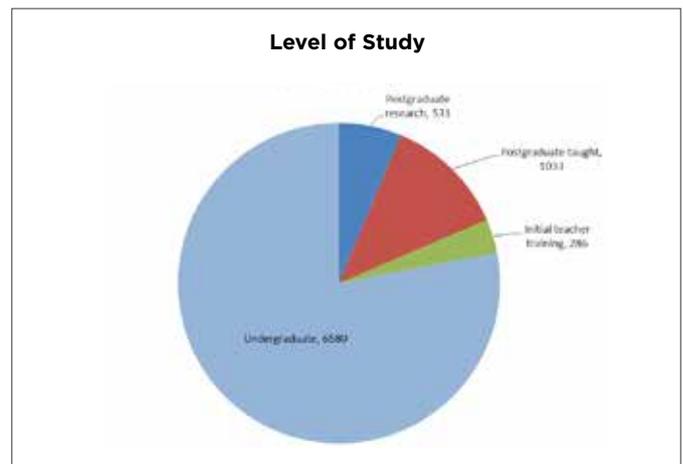
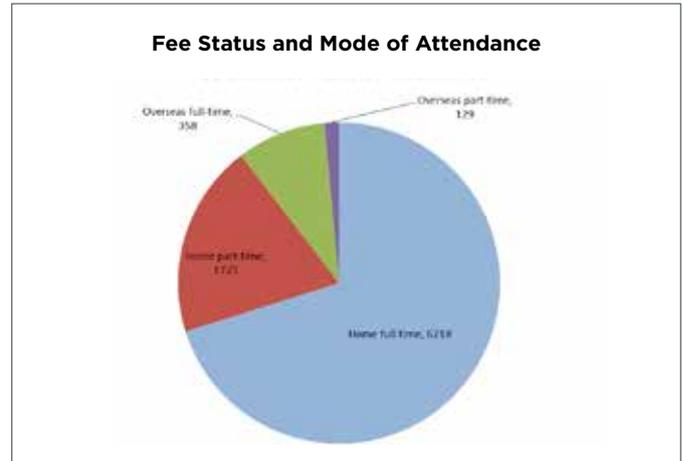
“Our goal is to provide students with excellent learning experiences through outstanding learning and teaching support.”

Teaching students is the university's primary activity and in 2014-15 there were 11,374 students actively engaged on courses leading to an award from the university, including those being taught through the Joint Venture with INTO University Partnerships Limited. 8,862 of these students were registered students of the university and 2,512 were registered with partner institutions.

Of the 8,862 students registered at the university, 8,430 were based at our campuses in Gloucestershire or taught through distance learning and 432 students were taught by collaborative partners in the UK on courses franchised by the university. Although the number of students remains broadly unchanged from 2013-14, there was a substantial increase in new entrants in 2014-15, with a 5% increase in undergraduate entrants and a 9% increase in postgraduate entrants from the previous year. In 2014-15 this increase was counterbalanced by the completion of the large cohort of students who joined the university in 2011-12 to benefit from lower fees prior to the introduction of the new regulated fee regime in September 2012. The total number of registered undergraduate students is projected to increase with effect from 2015-16 as the impact of the change in fee regime disappears.

Of the 2,512 students registered with partner institutions 1,820 were taught by collaborative partners in the UK on courses validated by the university and 692 were taught by collaborative partners overseas on courses franchised or validated by the university.

A breakdown by mode of attendance and level of study of the 8,430 registered students based at our campuses in Gloucestershire or taught by distance learning, is shown in the charts below.



• Academic Strategy

During 2014-15 the university began the implementation of a new Academic Strategy, progressing areas of academic development to support the university's Strategic Plan. At the heart of the new Academic Strategy is the development of attractive and competitive subject communities, with an ongoing annual cycle of portfolio review and development, bringing on new courses where the principles for portfolio development are met. The 26 recently established subject communities are also benefitting from investment in estate and specialist facilities, along with a subject co-location project to ensure all staff and students have identifiable subject space for their community. Notable components are the development of a new facility for the School of Computing & Technology, extended subject space for the growing School of Media, and staff co-location projects for the Business School, and all Schools residing at Francis Close Hall campus.

Schools and the constituent subject communities have also been considering what a student-centred approach to learning means for them, and how to engage students in prior study preparation activities to ensure contact time is put to best use. Important developments this year have included the appointment and development of Academic Subject Leaders for each subject community, an enhanced staff development offering through the new Academic Staff Development Framework, consideration of the enhancement of technology in learning (particularly in terms of the curation and sharing of learning materials), and

OPERATING AND FINANCIAL REVIEW

the necessary developments in the classroom to promote greater use of technology prior to and during contact time.

A new School Student Representative role was introduced in 2014-15 to enhance and develop the student experience in both academic and non-academic areas. Students were recruited to work actively and creatively with staff to develop more effective approaches to teaching, learning and the wider student experience. The role, which was intended to contribute to the shaping of all aspects of the student experience, has been so successful that it will be further extended in 2015-16.

• Enhanced student year

A new structure for the academic year was introduced in 2014-15 to make space for increased skills development for students that is tailored to and integrated within their course. Examples include skills related to information literacy, digital literacy and employability. The academic year now culminates in 'Festival Fortnight', which aims to enthuse and reward our students and staff for the hard work and contribution they have made throughout the year whilst at the same time engaging the local community. The first university Festival included a host of events which were well attended by members of the public, including a Fashion Show, a Community Picnic at Park campus, and the Media School's Open Studio event which attracted visitors from Germany as well as Gloucestershire residents. Other events included the community fun day held at Oxstalls campus which attracted 200 people keen to hear about the 'Stop the Heartbreak' initiative to encourage heart screening in young people, as well as guided tours around the Park campus as part of the Cheltenham Heritage Open Days for members of the public who wish to learn more about the history of university and the campus.

• QAA review

A highlight of the year was the positive results from the review of the university by the Quality Assurance Agency (QAA) in April 2015. This positive outcome entitles the university to use the QAA Quality Mark logo and reflects the strategic initiatives implemented by the university to strengthen its student engagement, and develop and enhance the student experience by ensuring employability and sustainability are concepts underpinning curriculum design and the extra-curricular experience.

The QAA review team formed the following judgements about the higher education provision at the University of Gloucestershire:

- o the setting and maintenance of the academic standards of awards meet UK expectations;
- o the quality of student learning opportunities meets UK expectations;
- o the quality of the information about learning opportunities meets UK expectations; and
- o the enhancement of student learning opportunities is commended.

In addition to forming judgements, the team identified features of good practice, particularly in the enhancement of student learning opportunities which was commended, a judgement which was only awarded to 4 out of the 22 higher education institutions reviewed in 2014-15. The features of good practice were:

- o the DegreePlus scheme which provides students with a range of extracurricular opportunities and awards to support high participation in placements and internships;

- o the wide range of effective initiatives which integrate employability and sustainability into the curriculum;
- o the School representative system which strengthens student engagement in quality assurance and decision-making at senior levels;
- o the Assessment Scrutiny Process which ensures effective assessment practices through stakeholder engagement in the monitoring of module guides, assignment schedules, assessment briefs and the assessment of learning outcomes; and
- o the strategic engagement with colleges, employers and the Local Enterprise Partnership to widen participation and support student learning opportunities and development.

The full report is available on the QAA website: www.qaa.ac.uk/en/ReviewsAndReports/Documents/University%20of%20Gloucestershire/University-of-Gloucestershire-HER-15.pdf

• Effective use of learning technologies

Students are now benefitting from the launch in September 2014 of the university's new Electronic Management of Assessment (EMA) system for the electronic submission of assessments, marking and return of feedback for all appropriate assessments. In a qualitative assessment of the new process, students have particularly identified the convenience, flexibility and time-saving aspects of the new system, as well as the savings on printing costs. A second phase of the project will focus on further enhancements and identify and promote effective feedback practice.

New online resources have been produced to enhance the digital literacy skills of students. Seven new digital literacy online courses (branded as DigiKnow) including 'Creating and Managing Long Documents' and 'Digital Skills Audit' have been created and these are available to all students. Further courses will be developed and promoted in 2015-16.

The use of learning technologies in teaching, including their use in support of more active learning in the classroom, has been further integrated into staff development activities and resources and the Academic Staff Development Framework. New lecturers focus on, and develop, their use of learning technologies and 'flipped learning' through the Postgraduate Certificate in Academic Practice, which includes a fully online element to one of its modules. Experienced lecturers can develop their practice through a range of workshops (including Faculty workshops) and online resources, including a new bank of case studies of innovative practice at the university.

The above is complemented by a trial of two new classroom configurations. Throughout the year feedback has been gathered on the effectiveness of the proposed new teaching environment. This has led to a draft set of principles for a rolling programme of regeneration of the general teaching and learning rooms starting in 2015-16.

• Professional development of our staff

Professional development of our staff remains a key priority and the latest HESA data shows that 53% of our academic staff have at least one teaching qualification (25% of academic staff holding a Higher Education Academy (HEA) Fellowship), compared with a sector average of 38%, and a HEFCE benchmark of 37%.

OPERATING AND FINANCIAL REVIEW

During 2014-15, the second cohort taking the Postgraduate Certificate in Academic Practice (PGCAP) successfully completed the course, with 20 participants gaining recognition as Fellows of the HEA. Looking forwards, the 2015-16 cohort currently has 37 participants, 24 of which are from the University of Gloucestershire. The PGCAP forms part of the university's Academic Staff Development Framework (ASDF), 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 scheme. The programme of academic development workshops and seminars which took place in 2014-15 included 25 events and involved over 250 attendees, such as:

- o learning and teaching enhancement talks and workshops;
- o learning technology workshops;
- o HEA Fellowship workshops;
- o research talks and workshops; and
- o research supervisor workshops.

Three university Teaching Fellowships were awarded in April 2015 to: Trudie Ballantine (School of Art and Design), Lucy Tyler (School of Humanities) and Sally Palmer (Institute of Education and Public Services). Two National Teaching Fellowships were awarded to Dr Andrew Pitchford (School of Sport and Exercise) and Freya Billington (School of Media) bringing the total of National Teaching Fellowships awarded to University of Gloucestershire staff to 17. A new ASDF Continuing Professional Development scheme has been accredited by the HEA, allowing the university to recognise its own staff at Associate Fellow, Fellow and Senior Fellow levels and this new scheme will begin in 2015-16.

All available places were taken up at the annual support staff conference "We make the difference" which involved cross collaboration from faculties and departments across the university. Other internal opportunities for development in the year focussed on coaching and mentoring and training for all managers on the staff review and development scheme to ensure high quality and consistent reviews across the university.

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."

• Student employability

The university continues to work to increase student engagement in their future career and employment opportunities. Areas of good practice around the DegreePlus scheme and the wide range of effective initiatives to integrate employability and sustainability into the curriculum were recognised by the QAA as features of good practice at the university. This year's survey of the Destinations of Leavers from Higher Education showed that 94% of our first degree students go into a job or further study within six months of leaving.

There are a number of opportunities available to students through the university's DegreePlus programme - including workplace internships, work placements, volunteering opportunities, careers guidance and completing personal Employability Awards. In 2014-15, 87 students took up internships across a wide range of businesses and 3,130 students were supported in applying for, and then accessing and being supported on, work-based placements as part of their academic studies. More students (149 as compared to 85 in 2013-14) successfully completed the university

Employability Award which 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.

To better support students in accessing career opportunities, a new software system, CareerHub, has been developed and piloted in 2014-15. This new development enables students to view available opportunities in order to build their employability-related skills/experience, as well as being able to chart their progress. Since its launch the system has enabled over 4,500 students to book their attendance at various employability events, workshops and skills sessions and there have been over 29,000 viewings of employment and volunteering opportunities that can be undertaken alongside academic studies as well as graduate employment opportunities. These usage figures suggest that when the system is fully launched in 2015-16, students will be better able to seek out the opportunities, events and experiences that they can engage with to enhance their skills and help make them more employable at the end of their studies.

• Growth Hub

The university's Business Development Unit and the GFirst Local Enterprise Partnership (GFirstLEP) are now co-located at the university's Oxstalls campus in Gloucester and through this collaboration we officially launched the Growth Hub in October 2014. Since opening, the Hub has welcomed over 4,000 visitors through the door and is currently supporting 179 high growth clients through personalised growth plans.

Developments at the Growth Hub during 2014-15 include the following:

- o Partnerships have been made both locally and nationally, including UKTI and The Business Growth Service among others. These partnerships enable the Growth Hub to offer business support and guidance to local businesses through signposting and referral. The Hub also acts as a route to market for our partners by offering opportunities to host advice clinics and masterclasses for Gloucestershire business audiences and 204 clients have benefited so far.
- o The Growth Hub has connected with the LEP Sector Groups to identify business support needs and gaps; including in the energy, computing and banking sectors, working with them to develop innovative solutions and consultancy offers in response to business demand.
- o The university has been successful in securing £3m of Regional Growth Fund support to enable us to award business grants of up to £200k to local entrepreneurial and high growth businesses, supporting economic growth and job creation through a project which will run until February 2017.
- o A successful bid to the Skills Funding Agency has resulted in the award of an initial £415k contract to deliver Higher Apprenticeships (work based learning programmes leading to nationally recognised qualifications) from September 2015, which will be match funded by employers. Funding is anticipated to continue into subsequent years, enabling us to enhance our skills and training offer to local businesses.
- o The Hub has continued to deliver the regional Innovation Voucher scheme which supports development of innovation in local companies seeking to achieve significant change and growth through consultancy with support from the European Regional Development Fund and the TSB Bank.

OPERATING AND FINANCIAL REVIEW

o The European Regional Development Fund which supports the start-up business incubation programme across three sites in Gloucestershire has been successfully delivered throughout 2014-15. A strong business mentor network involving local business leaders continues to be active and currently supports 95 Gloucestershire start-up businesses.

• Growth Hub links with the Business School and faculties

The Growth Hub has worked with the university Faculties, including the Business School, to develop demand led university services to business, business informed curriculum and an enhanced student experience. In partnership with Faculties, new short courses have been developed and existing modules adapted in response to current and emerging skills gaps within the local workforce. In addition, curricula have been developed in association with local businesses in the areas of data systems, cyber security and retail.

The Growth Hub has worked with the Business School this year to scope a pilot project on their behalf for delivery during 2015-16. This will provide Business School students with direct work experience via links to corporates and entrepreneurs, providing opportunities to deliver live business projects.

To build on the Growth Hub success to date and provide state of the art facilities for the Business School to enable it to flourish, plans are being developed to fully integrate the two in a new building at the Oxstalls campus. Excellent teaching will be accompanied by multiple business opportunities allowing students to develop practical experience alongside their formal learning.

• Community engagement

The university continues to be widely involved in the local community through sponsorship, hosting events and volunteering.

o Festivals

The university is located in Gloucestershire where, on average, one festival is held every week. Not only does the university provide support to key festivals in the county calendar, but an increasing number of students are engaging with these high profile events through placements, internships and volunteering; in particular with the 2000 Trees Festival, Wychwood Festival and Cheltenham Festivals.

As part of the university's sponsorship of the Cheltenham Literature Festival, English and Media students were given the opportunity this year to interview and be filmed interviewing high profile speakers at this prestigious event. The university also teamed up with the Cheltenham Science Festival to host the first successful Bioblitz event at Park Campus which was well attended by the local community.

o Public events

The university continues to offer opportunities for the public to attend free lectures through the public lecture programme. This year, a series of six high profile lectures were delivered by academic staff or visiting speakers introduced by the university at or around university campuses. Lectures ranging from 'the surprising world of ants and bees' to 'inside the mind of a murderer' were delivered by science communication and criminology lecturers, respectively; and visiting speakers were welcomed from Modern Art Oxford and included an eminent visiting Professor from Canada. The programme also included the first annual Chancellor's Lecture which introduced Lord

Peter Hennessy and the first annual Cathedral lecture delivered by Bishop James Jones. A live election debate was streamed on the internet by our Media School with candidates from all major parties and the Head of Sky News on the panel.

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), entered 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 Trampolining to make the most of the coaching talent amongst our students and to enable people to access exciting and inspiring activities at our campuses.

2.4 Research and scholarship

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

Six Research Priority Areas (RPAs) have been developed in line with our Research Strategy, Academic Strategy and Strategic Plan. A Research Development Group has been formed to drive the development of the RPAs, building on the successful submission to the 2014 Research Excellence Framework (REF) exercise. The RPAs are at varying stages of development, with some able to attract competitive external funding for their research programmes, whilst others are developing research capacity and leadership, building on existing areas of strength and areas of potential.

The REF 2014 outcomes were encouraging, with all six submitted Units of Assessment (UoAs) having some outputs rated as world leading (4*), and a good proportion internationally excellent (3*). It was also pleasing to see many impact case studies rated as 3*, with one rated as 4*. These outcomes translated to around £750k per annum for investment, and this has been specifically targeted against the plans of the RPAs that have been brought forward by the host Faculty. An increased number of units are now being considered for future submissions to post-2014 REF exercises, based on alignment with the RPAs and the underpinning subject communities.

Over time, we are expecting to align postgraduate research with the designated priority areas, ensuring that these students and supervisors are working within the areas identified for investment. This will build a stronger postgraduate research community, but also strengthen the capacity and critical mass of those working in each RPA. The Business School is already increasing the capacity for postgraduate research internal supervision by investing REF funds for 2015-16 onwards. Other RPAs have chosen to use REF funds for studentships, many being match funded by external partners.

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The Research Repository is embedded, and a new open access policy has been launched in line with the national requirements. The university is now well-placed to meet open access requirements that come into effect for the post-2014 REF from April 2016.

Through the development of the Staff Review and Development scheme, research performance is more closely monitored. The Professoriate, as part of the formal research leadership, are providing input for review discussions, and also providing support and mentoring for colleagues in the subject areas. The Academic Staff Development Framework is also providing increased opportunities for staff and research degree supervisors.

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 2014-15, working together to improve the student experience. The university is committed to supporting the development of the Students' Union, and to help them wherever possible to enhance the services provided to students. The Students' Union is involved in key discussions about the development of the university and its priorities, including the Student Charter, increasing student representation and engagement.

The elected full time officers of the Students' Union continue to meet with the Vice-Chancellor and other senior staff members on a monthly basis at a 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.

The Students' Union contributed significantly to the QAA Higher Education Review, and developed a 'Student Written Submission' that was a key part of the documentation. The elected officers played an excellent role in ensuring that student representatives played a full part both before and during the review, to ensure that the panel members heard the 'student voice'. The QAA report cited as good practice the student representative system within the university, the success of which depends greatly on the support of the Students' Union.

In 2014-15, the Students' Union once again organised the Student Led Teaching Awards, 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 June 2015. This year saw a 30% increase in attendees at the event. The Union also organised the Sports Awards and the Student Participation Awards events for students, both of which were well supported by students and the university.

• Strategic Alliance

The university's strategic partnerships with two major local further education colleges, Gloucestershire College and South Gloucestershire and Stroud College (SGS), continue to mature. 2014-15 saw an increase in higher education provision at both colleges and, at the same time, an increase in the number of students progressing from the colleges to programmes at the

university. During the year, a successful joint bid was made by the university and SGS to the GFirstLEP for funding to invest in computing, technology and renewable energy facilities at the Gloucestershire Science and Technology Park which is being developed at the Berkeley site in South Gloucestershire.

The university with SGS are also co-sponsors of a proposal to establish a University Technical College to be located at the Berkeley site. This will directly respond to the demand from employers for suitably skilled young people to support the growing engineering and digital sectors in Gloucestershire. The new College will provide young people with a unique opportunity to take part in an employer led curriculum in a challenging, creative and supportive environment. The strong links with the university will support learners' progression to higher education.

• Partnership with schools

The university continues to strengthen our teacher education provision through partnership with Gloucestershire early years settings, primary and secondary schools. The School of Education is currently working with Gloucestershire County Council to define a school improvement strategy for Gloucestershire. This initiative will reach across the early years, primary and secondary education provision.

The Teacher Education Partnership is a successful aspect of our early years and primary ITE provision. We have established a network of Ofsted Outstanding early years settings as a consultative group to the undergraduate and postgraduate portfolio. The partnership conference is another powerful opportunity to develop and broaden new and long-standing relationships with training partners. The content of the event continues to be shaped by contributions from all parties (academic staff, mentors, head teachers and university alumni).

In the area of secondary training we continue to strengthen our provision through progressive partnership work. We liaise regularly with collaborative partners in order to maintain high-quality provision and enhance student experiences and remain invested in the Partnership Schools Alliance which has a positive impact on our provision and allows for the potential development of new partnerships in the future. We are in the process of developing the 'return to teaching' course. In addition, secondary mentors and their trainees benefit from our mentoring conference.

• Joint Venture with INTO University Partnerships Ltd

The International Pathway Joint Venture with INTO continued into its second full year of operation. Whilst student numbers and turnover have both increased from the initial year, they have not achieved the level anticipated in the original business plan.

The Joint Venture Board considered and approved an updated business plan reflecting a revised set of assumptions in light of the current environment for recruitment of international students. A number of external factors have changed considerably since the initial business plan was developed. This new plan assumes lower student volumes and corresponding reductions in the cost base of the Joint Venture, whilst still adhering to the original timeline to achieve profitability.

The profile of students on pathway courses is one of the most diverse for this type of provision, with no one country or academic subject area being overly dominant. 26 nationalities were represented in the end of year cohort, with a broadly even gender mix.

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• Collaborative partnerships

The university remains committed to developing strong collaborative partnerships both internationally and in the UK. Following a period of consolidation last year, in 2014-15 the focus has been on implementing and embedding the enhanced Quality Assurance processes and developing long-term sustainable partnerships with the potential for growth. We are looking to identify suitable new international partners in priority markets both for progression of students to the UK and for the delivery of our courses locally.

The university's approach to the development of partnerships falls broadly into three main areas:

- o Partnerships with selected international organisations. In line with its strategic approach, the university is developing overseas partnerships with organisations that can augment international student recruitment and contribute to the wider internationalisation of the university.
- o Partnerships with publicly funded Further Education colleges to respond to the Widening Participation agendas. Our partnerships with these colleges are designed to provide access to higher education for students who are unable to further their education through the traditional university route. Over the last few years this approach has enabled students to gain access to a range of new opportunities for higher education available in their local Further Education College, often through more flexible delivery options.
- o Partnerships with non-publicly funded UK based organisations. For example, partnerships with faith-based organisations in line with the university's articles of association and alternative providers where there is a clear match between the university's portfolio and their curriculum offer.

2.6 A successful organisation

"Our goal is to be a successful and sustainable organisation."

• Student recruitment

The Higher Education sector continues to see growth with the introduction of private providers and a rise in apprenticeship offerings. In spite of higher levels of competition the university was able to grow its overall new student enrolments in 2014-15 by 6% overall compared to 2013-14. This followed a successful round of open days attracting record attendance figures and a particularly strong clearing round. Particular growth areas were Art and Design, Computing and Media subjects. The university was successful in maintaining its average undergraduate entry tariff score and saw its league table positions improve in the Complete University Guide and The Guardian league table.

From 2015-16 onwards the control of HEFCE fundable numbers has been removed, allowing for an increase in the student number population in previously controlled areas. Despite the resulting intense competition in this year's recruitment round, there has been a rise in undergraduate applications and also a significant increase in offer holders who have selected the university as their 'firm choice'. It is anticipated that this will lead to an increase in entrants for 2015-16.

• University reputation

Capitalising on its strong reputation for student support, the university launched its new 'Your Future Plan' campaign in 2014-15. The university also invested in a dedicated marketing campaign for the Business School. Following a large market research exercise with prospective students the Business School created a unique offer: a guaranteed international business experience included as part of a student's undergraduate tuition fees. This has resulted in a 22% increase in applications to the School for 2015 entry.

During 2014-15 the university commissioned an independent analysis of its economic impact in the local area. A new corporate website was also launched for the university. This included an overhaul and radical simplification of course information.

• Support for our students

For the second year in a row, the university was recognised by the annual Times Higher Education Leadership & Management Awards by being shortlisted in the 'Outstanding Student Services' category.

The university was also a finalist in the annual 'What Uni Student Choice Awards', in the category for 'Best Student Support', and was judged as 7th best in the UK for Student Support. This award is based on student feedback and their 'rating' of their student experience.

• Our people and culture

We are now in the third 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.

The operating and financial review shows many of the ways that the culture of the university is changing thanks to the commitment, contribution and development of many staff across the university. We have continued to embed the Staff Review and Development Scheme introduced in July 2014. We have also introduced the WOW! Awards Scheme to acknowledge great customer service in our professional service teams and are delighted to be finalists in the National WOW! Awards 2015 in four categories.

We recognise that good leadership is a critical part of achieving culture change and are maintaining our focus on attracting talented people to these roles and developing them in post. The new role of Academic Subject Leader (ASL) will drive forward each of the subject communities, meet the goals of the Academic Strategy, and improve student satisfaction. We have made internal and external appointments to ASL positions and put in train a comprehensive development programme in partnership with the Higher Education Academy and leadership coaches. Strengthened induction programmes for all managers were introduced in Autumn 2014.

We are rebalancing our academic staff portfolio to reflect and anticipate changing patterns of demand from students. We ran a voluntary redundancy programme in some areas and have increased staff numbers in others. For example, we ran a high profile recruitment campaign for new academic posts in our Faculty of Media, Arts and Technology in Spring 2015.

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The university, UCU and UNISON signed a new recognition agreement in 2015 including a commitment to improve the effectiveness and efficiency of consultation and negotiation.

In our June 2015 staff survey, 87% of respondents were positive about the university being a good place to work. Out of 118 questions that were asked in both 2013 and 2015, 55 showed improvements of at least 5%. None of the responses showed a decline in satisfaction of more than 5%. On the 18 aspects where we can benchmark our results with other universities, there are 14 where we have achieved a result that is the same as, or better than, others and four where we have a worse result. There is work for us to do to keep improving our performance and we are committed to that.

• Equality and diversity

Under the Equality Act 2010 the university developed objectives to support individuals and groups with protected characteristics. These objectives have been subject to consultation and have been revised to ensure they are specific to the needs of the university and target the areas of greatest impact, and the areas which give us a solid foundation for future progress.

An Equality and Diversity Group meets quarterly to ensure that the university monitors these objectives and raises awareness of the issues. In 2014-15 a number of key activities took place:

- o a new action plan was developed to deliver the revised equality and diversity objectives;
- o a number of awareness raising campaigns were held, including those in association with the Students' Union;
- o Equality Impact Assessments, trialed in 2013-14, were standardised for use in policy review and major projects; and
- o additional posts to support student well-being and mental health were introduced.

In 2014-15 the Equality and Diversity Group developed a specification for the audit of practice in this area. Following approval by the university Executive this led to the appointment of an external consultant to audit practice and provide recommendations on how to enhance this. As a result, support has been provided for the appointment of an Equality and Diversity Manager in 2015-16 whose role will be to provide leadership and be the university's expert source of advice. The post holder will work closely with managers in Human Resources and Student Services as well as with the Pro Vice-Chancellor.

• Improving business processes and project management

The university has a commitment to improve processes, remove unnecessary bureaucracy and improve the student and staff experience. To support this goal, the existing, LEAN based, university approach to Process Improvement has been maintained. Process Improvement initiatives are now approved by a Programme Board which was set up in 2014-15. This Board reports to the university Executive Committee, ensuring strong links to strategic projects.

Building on previously successful initiatives, current business process improvements include the development and review of student and staff processes, with a focus on high volume processes with potential for contributions to the university's Value for Money agenda.

Project management of key strategic projects has been supported by the introduction of a university-wide project management framework to ensure a robust common approach leading to better project outcomes.

• Information strategy

A new information strategy was developed in the year which makes explicit the strategic use of information and data as a key enabler of the staff and student experience.

The overall ambition described in the strategy is to provide fully integrated information resources to staff, students and relevant external stakeholders, who are able to get the most from that information, wherever they are, whenever they wish and on whatever platform they choose. The strategy is iterative, with six early goals to be achieved within the next two years aligned with the refresh of the university's strategic plan due in 2017. These goals focus on delivering students and staff with appropriate skills, ensuring relevant information is discoverable, and the underlying data is owned and managed.

• 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.

Through 2014-15 a steering group, led by the Vice-Chair of Council, has continued to meet to discuss and further develop strategies related to this theme. There have been a number of student events related to this work (notably the Open Voice events), 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 and it is planned that these will continue to develop in 2015-16.

Through the academic year there have been a number of events staged by the Chaplaincy and Faiths Team; these include the annual Christmas Carol and Easter services, and a number of opportunities for collective worship held on a regular basis. Each year the university holds an Act of Remembrance on each of its campuses on Armistice Day, and this year for the first time also staged an evening Remembrance Service and event in the Chapel.

• Sustainability

The university's long-term commitment to sustainability as a strategic priority and a core institutional value is reflected in the Strategic Plan 2012-17 and associated policies. During 2014-15, advances have been made in the integration of sustainability across the institution and an external review assessed the achievements of the first Sustainability Strategy, Promising Futures 2009-15, to inform the university's strategic direction and future plans for this area.

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Performance	Strategic Development	There was an external review of implementation of the university's first Sustainability Strategy, informed by stakeholder input, commissioned reports and a panel of sector sustainability experts, covering operations, academic development, student experience, partnerships, outreach, governance and profile.
	Catering and procurement	The university caterers BaxterStorey achieved Soil Association 'Food for Life' Gold status, delivered on ambitious targets for food sourcing, menus and waste, and introduced kitchen gardens at Oxstalls and Park campuses. The procurement strategy and process was redesigned to build stronger sustainability criteria into contractual relationships and inform decision-making paths on the choice of suppliers.
	Energy and travel	Actions on Carbon Management Plan towards HEFCE agreed carbon reduction target included the installation of LED lighting, development of the energy policy and evening energy audits. Travel initiatives included a new bike share scheme with the Students' Union and covered cycle shelters, plus improved signage and maps for university bus travel and walking between campuses.
	Waste and water	Recycling rates have improved to 67% of all waste so we are on track to meet 2020 targets. The libraries have reused/recycled 9,253 books, saving 147 trees and 64,587 gallons of water. The British Heart Foundation halls project led to 481 bags of donated goods, raising £10,000 for charity. Water meters have been rolled out across the estate.
	Education and research	The Learning for Sustainable Futures scheme supported staff to carry out nine education innovation projects and Education for Sustainability has been integrated into academic staff development in 2015 through the Postgraduate Certificate in Academic Practice.
Participation	Student experience	The Students' Union Greener Gloucestershire project has engaged over 350 students in sustainability enterprise, workshops, retail and business, as well as nearly 500 sports club members via the Global Athletes programme and 20 individuals in regular activity on this agenda. New professional experiences have also been delivered for students, through DegreePlus sustainability internships and sustainability training for school representatives and Students' Union officers.
	Staff engagement	Participatory workshops have engaged 79% of Library staff in creating sustainability action plans. Staff and students also participated in the Regional Centre of Excellence seminar series; Learning for Sustainable Futures conference; training workshops in tourism and sport; Open Voice debates and Interfaith Week activities in sustainability. 33 staff and students informed the sustainability strategy external review panel.
Profile	Quality Assurance	The Quality Assurance Agency highlighted sustainability and employability in the curriculum to add value to student learning as one of the features of good practice in their review.
	International	The university's sustainability work and its European Commission University Educators for Sustainable Development (UE4SD) project featured at the UN Summit on Education for Sustainable Development and the UN University conference in Nagoya, Japan.
	Recognition	The university has continued to have top ranking as 1st Class in the 'Green League' of universities. In 2014-15 we were recognised in the Green Gown Awards with three finalist places (catering, leadership, enterprise) and won the Highly Commended award for continuous improvement across the institution. Representatives informed the UN Summit on Education in Sustainability and provided various conference keynotes and expert workshops in HE institutions.
Partnerships	Local and regional	There was renewed governance and steering group membership for the United Nations University Regional Centre of Expertise sustainability outreach platform. Key activities in the year included the Cheltenham Green Doors and Your Green Future events, in addition to a series of open seminars and events, creation of new arts for sustainability project and ongoing partnership with Gloucestershire Wildlife Trust to develop campus biodiversity.
	European	European partnership networks were developed significantly in 2014-15 through the European Commission UE4SD project on professional development in sustainability and this has led to new collaborative opportunities with Education Studies.

OPERATING AND FINANCIAL REVIEW

SECTION 3: FINANCIAL PERFORMANCE

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

3.1 Key financial highlights

- Improved net asset position before pension liability to £75.1m (2014: £74.2m);
- Further reduction in long term debt to £15.8m (2014: £17.4m);
- Maintained strong year end liquidity position with net liquidity days to 77 days (2014: 81);
- A sound performance achieving a surplus of 4.4% of income (2014: 4.9%) 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 £3.3m (2014: £3.5m) before the share of the operating loss in the joint venture and exceptional items with an improved net asset position of £75.1m before pension liability (2014: £74.2m). This was a good performance which builds on five previous years of strong operating performance with a decrease in long term debt of £1.6m and a consistent year end cash position, after significant investment in capital of £6.3m.

The operating surplus for the year of £2.2m (2014: £2.4m) includes the share of the loss of the joint venture with INTO University Partnerships Ltd of £1.1m, which is in its third full year of operation. The original business plan was revisited this year by both partners to reflect lower student volumes than originally anticipated and costs adjusted accordingly. It is anticipated that the joint venture will now move towards profitability in line with the timing envisaged in the original business plan.

The further shift from grant to tuition fee income in the year reflects the final year of the progressive shift from HEFCE teaching grant to the increased tuition fee loans under the Government's new finance arrangements for higher education.

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. Key developments in the year in our Estates and ICT provision are set out below.

• 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 2014-15 has been to upgrade and expand our teaching facilities.

Some major building projects have been completed this year to enhance our Estate. At the Hardwick campus, a mezzanine floor has been installed in the main building to increase floor space for a new fashion course and this is now in use. At the Park campus, a new film studio was completed to support the growth in numbers in the Media School and the Waterworth building has been repurposed to support the expansion of the School of Computing with an aim for this to become the main regional hub for higher education courses in computing and cyber security. The first stage of the development in the Waterworth building incorporates new facilities to support this, including a new training suite and research lab.

At the Oxstalls campus, planning permission for an extension to increase and improve the facilities for Performing Arts was granted in October 2014 and the building is now complete. This additional space will provide four state of the art studios to further enhance existing facilities.

The planned improvements to the heating infrastructure continued across the university and lighting was upgraded in some residences with LED technology as part of our carbon management plan. At Francis Close Hall, additional works have been carried out on the listed Quad building to repair some elevations and upgrade the fire and electrical systems.

o IT

The IT capital investment is targeted to improve the student and staff experience and to ensure the continued running of the major systems and infrastructure of the university. In 2014-15, funding was used to complete the rollout of ubiquitous Wi-Fi across university teaching areas and student accommodation, upgrading the external network connection to support greater student access to the internet and upgrading student and staff workstations. During the year, IT Services also delivered improvements to some of the major systems in use by staff and students, including putting in place on-line recruitment and absence reporting through the HR system, completing significant upgrades to the finance system and the Student Records system and the provision of a Personal Tutor Portal to assist personal tutors in seeing in one place the module choice and progress of their tutees.

In partnership with other areas of the university, including Estates, IT Services also contributed to a number of development projects in the year, the most significant being the delivery of a new external website that has contributed positively to the university's recruitment and the fit-out of several new teaching and learning spaces for courses in Product Design, Animation and Biology.

• Long-term debt, including finance leases

At the year end, long term liabilities had reduced by £1.6m and all covenants were complied with. The gearing ratio further reduced this year, from 27% (2013-14) to 24% (2014-15).

• Liquidity and treasury management

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

Deposits held with any one bank should not exceed £5m. At the balance sheet date £12.6m was placed on deposit with a number of banks; average monthly balances held by deposit takers over the year were £13.7m (2014: £13.4m).

The year end liquidity position has continued to exceed the target of 75 days set out in the Strategic Plan and at the year end was 77 days (2014: 81 days).

• Pensions and pension liability

Retirement benefits for employees of the university are provided by a number of defined benefit schemes. The financial results include the impact of Financial Reporting Standard (FRS) 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 2015 has increased to £29.4m (2014: £25.2m; 2013: £16.2m). The increase this year is due to changes in the discount rate applied to the liability (decrease from 4.0% to 3.6% in 2014-15) as a result of the reduction in yields on corporate bonds on which the discount rate is based.

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	2014-15 £000	2013-14 £000
LGPS	15.3% plus £1.1m pa	3,214	2,727
USS	16.0%	180	126
TPS	14.1%	2,198	2,199
Others including Church of England Scheme	38.2% (CofE)	14	13
Total		5,606	5,065

3.3 Financial sustainability and key performance indicators

Management actions in 2014-15 have further strengthened the financial position of the university, ensuring the continuation of a stable platform to enable it to face the current and future challenges in the HE sector.

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 was developed. The key performance indicators in this Strategy are actively monitored to support delivery of the university's financial goals. Regular business review planning meetings are also held through the year to monitor progress against Department and Faculty key performance indicators supporting the university's operational and business plans.

The key financial goals for the university over the period of this Strategy have been 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 2013-14 to 2014-15	Finance Strategy Target 2012 to 2015
Surplus before share of results of JV	4.9% falling to 4.4%	3% - 5%
Net liquidity days	81 days decreasing to 77 days	75 days
Cash generation from operating activities	11% consistent with prior year	10% of turnover
Gearing ratio	27% improving to 24%	30%
Long-term liabilities (mortgages and leases)	25% improving to 21%	Less than 30% of turnover
Pay as a % of total income	55 % consistent with prior year	Not to exceed 53% of income
Annual growth in total income	5% 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)	diversified income is consistent with prior year	Growth of one percentage point pa
Investment in capital and recurrent maintenance	8.3% improving to 10.5%	Capital investment at 5% of turnover

Regular business review planning meetings are held to monitor performance 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.

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3.5 Value for Money

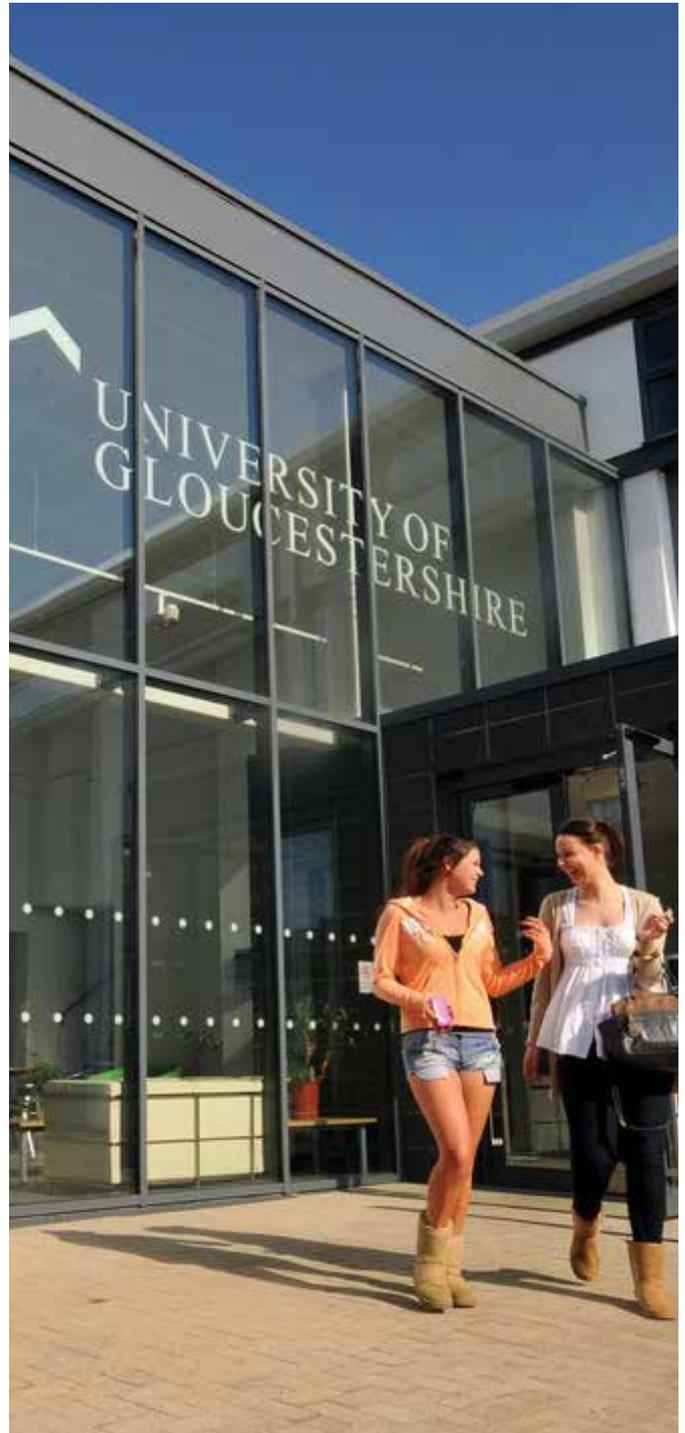
An annual report on Value for Money is given to Audit Committee to provide assurance that the university is delivering value for money from public funds, in line with HEFCE's audit code of practice. The university is committed to make the best use of the resources that it has available, to deliver intended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

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. A new forecasting tool, Corporate Planner, is being implemented and the first phase, the forecasting and modelling of pay costs is now being successfully used. The second phase of implementation, fee forecasting and modelling, is planned for 2015-16.

3.7 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of the year 2014-15 and the publication of the Financial Statements.



OPERATING AND FINANCIAL REVIEW

SECTION 4: FUTURE PLANS, RISKS AND DEVELOPMENTS

The higher education sector continues to enjoy opportunities, such as the removal of the student number cap and increasing demand particularly from undergraduates; and also to meet challenges, particularly around government spending. The Comprehensive Spending Review 2015 which is due to report in late November could potentially impact universities if widespread savings are required, or the student funding model is changed, and any impacts will need to be worked through in 2015-16 to ensure that we are well prepared. Student demand is projected to rise significantly over the next five years, and almost half of all jobs are expected to require some form of higher education by 2022.

The July 2015 budget announced that institutions offering high teaching quality will be allowed to increase tuition fees in line with inflation from 2017-18 with consultation on the mechanisms to do this.

• Financial sustainability

A new Finance Strategy has been developed to cover the period 2015 to 2018. This builds on the current strategy focusing on delivering a successful and financially sustainable institution with a sound financial base that is properly resourced to enable the university to pursue strategic opportunities. The strategy is dynamic, responding to changes in the internal and external environment over the three year period and will be revisited if necessary to take account of the impact of any changes in government strategy on higher education.

The key objectives of the new strategy are to:

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

• Estates

Strategic developments for 2015-16 include several major projects which will increase our stock of accommodation providing more choice for our students and increase and improve our teaching space and facilities.

o Pittville Student Village

The university was granted planning permission in July 2015 to build new accommodation and facilities, in partnership with Uliving, for an additional 577 students at the existing Pittville site. A vibrant and modern student village will be created to house around 800 students to meet the demand for additional student accommodation in Cheltenham. The development, which is due to be completed in Autumn 2017, will also incorporate additional office space for our staff.

o Oxstalls Campus

The university has submitted an outline planning application for further development at the Oxstalls campus in Gloucester to build a new Business School to integrate with the Growth Hub providing a wider range of services to support business growth and economic development in Gloucestershire. At the same time, the university is working with Gloucester City Council and Gloucestershire County Council, Aspire Sports and Cultural Trust, and a range of local and national sports governing bodies to link together and expand the existing sporting facilities benefiting a wide range of sports clubs and our students.

o Cyber security and renewable energy

From 2015-16, the university will benefit from £7 million of new investment from the Government to support the development of centres of excellence for cyber security and renewable energy as part of joint projects with South Gloucestershire and Stroud College (SGS). £3 million will be invested in a Cyber-Security project to be based at the university's Park campus and at the Gloucestershire Science and Technology Park which is being developed at Berkeley GREEN. £4 million will also be invested in an Advanced Renewable Energy Research Centre at Berkeley.

OPERATING AND FINANCIAL REVIEW

SECTION 5: PUBLIC BENEFIT STATEMENT

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

The 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 supports access to arts, musical and other cultural events. This includes long standing support for the internationally acclaimed Cheltenham Festivals. In 2014-15 the university played an active role in the Cheltenham festivals, such as the Literature Festival and Science Festival. The university has a formal partnership with the Cheltenham Museum and Art Gallery and is an active contributor to the work of Cheltenham Trust.

Support for business is a growing activity. In 2014 the university partnered with GFirstLEP 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 economic 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 2014-15 there were 11,374 students actively engaging on courses leading to an award from the university during the period 1 August 2014 to 31 July 2015. Of these, 8,862 were registered students of the university and 2,512 were registered at partner institutions on a course validated by the university.

Of the 8,862 students registered at the university 13.05% identified themselves as having a disability, 13.76% identified themselves as part of the black and minority ethnic (BME) communities resident in the UK and 14.39% were from countries other than the UK. 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 2014-15 the outreach team undertook 211 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 2014-15 the university provided around £4m in financial support to students; through fee discounts, fee waivers and bursary awards. The university supports students from low income families, under-represented groups and from low participation neighbourhoods by offering targeted fee waivers and hardship bursaries. Scholarships and bursaries are available to Home students to reward academic excellence and to those who progress onto a course at the university having previously studied at a partner college, whilst fee discounts are provided to alumni who wish to progress to postgraduate study. Examples include the University Bursary of £1,000 per year for UK students with a household income of less than £25k who are not in receipt of a National Scholarship award, and the Disabled Sports Scholarship providing a £1,000 cash award, together with further sports support, to disabled students to encourage diversity in our sporting community.

OPERATING AND FINANCIAL REVIEW

SECTION 6: CORPORATE GOVERNANCE

6.1 Introduction

The university is incorporated as a private company limited by guarantee, and is an exempt charity under the terms of the Charities Act 2011. Its objects, powers and framework of governance are set out in the Articles of Association, 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) Higher Education Code of Governance, and has conducted its business in accordance with CUC good practice and principles. The Council has ensured that it has discharged its responsibilities in full compliance with the requirements of the Higher Education Funding Council for England (HEFCE)'s Memorandum of Accountability and Assurance.

6.2 Summary of the university's structure of corporate governance

Council is the governing body of the university, responsible for setting the general strategic direction of the institution, for ensuring proper accountability, and for the 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, Remuneration Committee, and the Council and Foundation Standing Group. All of these committees are constituted with formal terms of reference and membership, which are reviewed on an annual basis. A Scheme of Delegations further details the specific delegated powers of these committees.

In November 2014, Council agreed the dissolution of its Council Trades Unions and Managers Consultative Committee from the end of the academic year 2014-15. The Committee was the principal forum in which representatives of the recognised Trades Unions and the elected staff members of the Management Common Interest Group could meet members of university Council with management to discuss Human Resource issues of mutual interest and concern. Alternative procedures allowing issues to be raised have been agreed and the remit of the Employment Policy Committee has been revised to reflect its additional responsibility to recommend the Recognition and Facilities Agreement to Council for ratification.

During 2014-15, Council recommended that the Honorary Awards Committee should become one of Academic Board's sub-committees, to reflect its responsibility for the conferment of

awards. This was approved by Academic Board at its meeting held on 18 March 2015.

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, 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 **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.

OPERATING AND FINANCIAL REVIEW

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

The Council recognises that, in accordance with best practice recommended in the CUC Higher Education Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. A comprehensive review of the effectiveness of the university's governance arrangements was undertaken in 2010-11, and the next review will take place during 2015-16. Council has undertaken an initial review of the new Code of Governance and has agreed some areas for further work. In addition, Council and the university will be reviewing the Articles of Association during 2015-16 to ensure fitness for purpose.

An internal audit of the university's corporate governance arrangements was undertaken in 2013-14. The review concluded that Council 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. The internal audit provider also undertakes a review of a specific aspect of corporate governance each year, and it is anticipated that a full review of corporate governance and compliance with CUC guidance will be held in 2016-17, after Council's own review of effectiveness has been completed.

6.3 Financial responsibilities of the university's Council

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

Working through its established sub-committees, the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and to enable it to ensure that the financial statements are prepared in accordance with the university's Articles of Association, the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (and preparing for the 2015 SORP), and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Accountability and Assurance agreed between the Higher Education Funding Council for England and the university's Council, the Council, through its Accounting Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the university for that year. In preparing these financial statements, the Council has ensured that:

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

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

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

6.4 Disclosure of information to auditor

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

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

OPERATING AND FINANCIAL REVIEW

6.5 Statement of Internal Control

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

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

The system of internal control is based on an ongoing review process designed to identify the principal risks to the 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 2015 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.

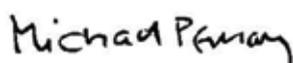
In addition to this, Council oversees the university's performance in meeting its strategic objectives through the planning and monitoring of the annual Operating Plan. Regular updates on performance are presented to Council during the year, with a full year-end report considered in November. The Operating Plan for the following year is approved by Council every June. An internal audit of Strategic Planning and Management Information was undertaken as part of the approved internal audit periodic plan for 2014-15. The audit included an assessment of the effectiveness of links between the Strategic Plan, the Annual Operating report, departmental business plans and Key Performance Indicators. It concluded that Council could take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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 5-22 was approved by the Council of the University of Gloucestershire on 17 November 2015, and was signed on its behalf by:



Rt Revd M Perham
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 2015 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 university's Governing Body, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body set out on pages 20-22, the Governing Body (who are also the directors of the charitable company for the purposes of company law) is 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/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the university's affairs as at **31 July 2015** and of the group's surplus, and 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 Executive Summary, incorporating the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matter prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

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

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 by the university, or returns adequate for our audit have not been received from Branches not visited by us; or
- the university 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.

MARK BISHOP Senior Statutory Auditor

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

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 were 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 2015

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, and 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 2015

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 and Gloucestershire ISC Limited are liable for UK corporation tax. The companies have agreed to pay the lower of their accounting and tax profits to the University of Gloucestershire, which is an exempt charity, under corporate gift aid regulations introduced in April 2000.

Fullwood Park Limited is registered for VAT.

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 2015

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

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 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Income			
Funding body grants	1	7,550	12,946
Tuition fees and education contracts	2	54,084	45,342
Research grants and contracts	3	950	1,038
Other income	4	12,878	12,160
Endowment and investment income	5	184	206
Total income		75,646	71,692
Less: share of income from joint venture		(1,292)	(767)
Net income		74,354	70,925
Expenditure			
Staff costs	6	40,693	38,842
Depreciation of tangible fixed assets	11	4,540	4,227
Other operating expenses	7	24,625	22,874
Interest payable	8	1,194	1,478
Total expenditure		71,052	67,421
Surplus after depreciation of fixed assets at valuation and before taxation		3,302	3,504
Share of operating loss in joint venture		(1,064)	(1,056)
Operating surplus		2,238	2,448
Taxation			
Surplus after depreciation of fixed assets at valuation and tax and before exceptional items		2,238	2,448
Exceptional items: continuing operations			
Reorganisation costs	10	1,028	342
Impairment of freehold land and buildings	10	-	1,502
		1,028	1,844
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		1,210	604

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		1,210	604
Unrealised (loss) on exchange	22	(82)	(18)
Revaluation of endowment asset investments	14	58	39
Net additions of endowment assets	14	4	268
Total recognised gain for the year		1,190	893
Actuarial pension (loss)	35	(4,028)	(8,829)
Total recognised (loss)/gain for the year after pension adjustment		(2,838)	(7,936)
Reconciliation			
Opening reserves and endowments		33,754	41,690
Total recognised (loss)		(2,838)	(7,936)
Closing reserves and endowments		30,916	33,754
Closing reserves and endowments:			
Endowments	20	2,774	2,712
Revaluation Reserves	21	3,282	4,829
Income and Expenditure Account	22	24,860	26,213
		30,916	33,754

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, taxation and exceptional items		1,210	604
Difference between the historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	22	1,547	1,466
Historical cost surplus for the year after taxation		2,757	2,070

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

BALANCE SHEETS AS AT 31 JULY 2015

	Notes	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Fixed assets					
Tangible assets	11	88,637	87,068	88,637	87,068
		88,637	87,068	88,637	87,068
Endowment assets	14	2,774	2,712	2,360	2,317
Current assets					
Stocks		74	69	74	69
Debtors	15	4,141	4,634	4,477	4,966
Investments	29	12,645	13,108	12,645	13,108
Bank and cash in hand	29	1,348	852	1,332	834
		18,208	18,663	18,528	18,977
Creditors: amounts falling due within one year	16	(13,401)	(12,546)	(13,400)	(12,543)
Net current assets		4,807	6,117	5,128	6,434
Total assets less current liabilities		96,218	95,897	96,125	95,819
Creditors: amounts falling due after more than one year	17	(15,793)	(17,425)	(15,793)	(17,425)
Provision for liabilities and charges	18	(5,311)	(4,304)	(2,943)	(2,998)
Net assets before pension liability		75,114	74,168	77,389	75,396
Pension liability	35	(29,423)	(25,235)	(29,423)	(25,235)
Net assets including pension liability		45,691	48,933	47,966	50,161

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

BALANCE SHEETS AS AT 31 JULY 2015

	Notes	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Deferred capital grants	19	14,775	15,179	14,775	15,179
Specific endowments	20	2,774	2,712	2,360	2,317
Reserves					
Revaluation reserve	21	3,282	4,829	3,282	4,829
General reserve	22	24,860	26,213	27,549	27,836
		28,142	31,042	30,831	32,665
Total funds		45,691	48,933	47,966	50,161

The Financial Statements on pages 24-58 were approved by the Council of the University of Gloucestershire on 17 November 2015, and were signed on its behalf by:

Michael Perham

Rt Revd M Perham
Chair of Council

Stephen Marston

Stephen Marston
Vice-Chancellor

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	Notes	Consolidated 2015 £000	Consolidated 2015 £000	Consolidated 2014 £000	Consolidated 2014 £000
Net cash inflow from operating activities	27		8,280		7,722
Returns on investments and servicing of finance					
Endowment income	5	92		51	
Income from short term investments	5	-		9	
Other interest received	5	92		146	
Interest paid	8	(695)		(735)	
Interest element of finance lease rentals	8	(491)		(540)	
Net cash outflow from returns on investments and servicing of finance			(1,002)		(1,069)
Tax paid			-		-
Investing activities					
Payment to acquire tangible assets (other than lease equipment)	11	(6,320)		(4,654)	
Deferred capital grants received	19	778		460	
Net cash outflow from capital expenditure and investments			(5,542)		(4,194)
Net cash inflow before use of liquid resources and financing			1,736		2,459
Management of liquid resources	29		463		(782)
Financing					
Capital element of finance lease repayments	28	(344)		(299)	
Mortgages and loans acquired	28	-		61	
Mortgages and loans capital repayments	28	(1,359)		(1,363)	
Net cash outflow from financing			(1,703)		(1,601)
Increase in cash			496		76

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
1 Funding body grants			
<i>Recurrent grant:</i>			
Higher Education Funding Council		6,123	11,347
National College for Teaching and Leadership		262	496
<i>Specific grants:</i>			
Higher Education Funding Council redundancy compensation		47	55
<i>Deferred capital grants:</i>			
Buildings	19	516	519
Equipment	19	602	529
		7,550	12,946
2 Tuition fees and education contracts			
Full-time Home and EU students		46,616	37,908
Full-time International students		3,629	3,890
Part-time students		3,167	2,879
Other (short course) fees		672	665
		54,084	45,342
3 Research grants and contracts			
Research Councils		51	37
UK based charities		44	78
European Commission grants		532	464
Other grants and contracts		323	459
		950	1,038
4 Other income			
Residences, catering and conferences		8,270	7,585
Released from deferred capital grants	19	64	60
Other services rendered		2,305	2,147
Profit on disposal of fixed asset investments		-	23
Other income		2,239	2,345
		12,878	12,160
5 Endowment and investment income			
Income from specific endowments		92	51
Income from short-term investments		-	9
Other interest received		92	146
		184	206

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

6 Staff

Staff costs:

	2015 £000	2014 £000
Wages and salaries	32,384	31,282
Social security costs	2,551	2,491
Other pension costs	5,606	5,065
Gloucestershire County Council Superannuation Scheme retirement benefits	152	4
	40,693	38,842

Staff number by Department:

	Numbers	Numbers
Academic departments	400	379
Central administrative	452	445
Other including manual	16	17
Total staff numbers	868	841

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

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

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

	£000	£000
Salary and non-consolidated pay	924	869
Pension contributions	132	144
	1,056	1,013

Emoluments of the Vice-Chancellor:

	£000	£000
Salary	163	160
Pension contributions	25	29
	188	189

Members of Executive whose emoluments are included above:

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	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	3	3

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 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

7 Other operating expenses

	2015 £000	2014 £000
Consumable and non-capital items	1,027	930
Academic administration	608	480
Books and periodicals	481	572
Rents and premises	3,560	3,410
Heat, light, water and power	979	925
Repairs and general maintenance	2,258	2,400
Staff development and training	320	382
Staff travel and subsistence	1,295	1,265
Student travel and subsistence	968	761
Student bursaries	2,948	1,518
Marketing, agent commission and waivers	2,884	3,377
Postage, telephone, printing and reprographics	686	744
Insurance and finance	322	316
Professional fees	2,250	2,195
Course franchising and partnerships	1,597	1,187
Purchases for resale	1,205	969
Equipment operating lease rentals	407	381
Students' Union grant	353	343
Loss on sale of fixed assets	152	205
Other expenses	217	378
	24,517	22,738
Auditor's professional fees:		
External auditor's remuneration - university	49	46
External auditor's remuneration - other group	1	3
External auditor's remuneration - non-audit services	12	41
Internal auditor's remuneration	46	46
	108	136
Total other operating expenses	24,625	22,874

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

8 Interest payable

	2015 £000	2014 £000
Finance lease	491	540
Loans not wholly repayable within five years	695	735
Finance and interest costs under FRS 17 Retirement Benefits	8	203
	1,194	1,478

9 Analysis of expenditure by activity for the year

	£000	£000
Academic departments	30,183	28,863
Academic services	8,545	8,937
Research grants and contracts	989	950
Residences, catering and conferences	6,339	5,967
Premises	6,487	6,599
Administration	18,205	15,821
Other expenses	304	284
Total consolidated income and expenditure account	71,052	67,421

10 Exceptional items

	£000	£000
Reorganisation costs	1,028	342
Impairment of freehold land and buildings	-	1,502
	1,028	1,844

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 £1,028,000 (2014: £342,000).

During 2013-14, the university entered into a procurement process for the creation of a new 800 bed student village through a form of design build, finance and operate contract at the Pittville campus and at the date of signing these accounts this process is still ongoing. Since some buildings, specifically the teaching and studio areas and the tower block, were demolished in 2014-15 as part of the project the net book value of these buildings was written down to nil in 2013-14 and the balance of related capital grants released.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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	98,681	9,397	23,405	1,398	132,881
Addition at cost	1,656	-	2,034	2,630	6,320
Transfers at cost	1,205	-	120	(1,325)	-
Disposals	(282)	-	(1,260)	(59)	(1,601)
At year end	101,260	9,397	24,299	2,644	137,600
Depreciation					
At beginning of year	25,767	2,550	17,496	-	45,813
Charge for the year	2,382	228	1,930	-	4,540
Transfers	-	-	-	-	-
Disposals	(130)	-	(1,260)	-	(1,390)
At year end	28,019	2,778	18,166	-	48,963
Net book value					
At year end	73,241	6,619	6,133	2,644	88,637
At beginning of year	72,914	6,847	5,909	1,398	87,068

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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	98,681	9,397	23,405	1,398	132,881
Addition at cost	1,656	-	2,034	2,630	6,320
Transfers at cost	1,205	-	120	(1,325)	-
Disposals	(282)	-	(1,260)	(59)	(1,601)
At year end	101,260	9,397	24,299	2,644	137,600
Depreciation					
At beginning of year	25,767	2,550	17,496	-	45,813
Charge for the year	2,382	228	1,930	-	4,540
Transfers	-	-	-	-	-
Disposals	(130)	-	(1,260)	-	(1,390)
At year end	28,019	2,778	18,166	-	48,963
Net book value					
At year end	73,241	6,619	6,133	2,644	88,637
At beginning of year	72,914	6,847	5,909	1,398	87,068

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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	2015 £000	2014 £000
Cost	93,449	91,598
Aggregate depreciation based on cost	27,281	25,634

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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 Ordinary £1 share	Holding interests in joint venture activities

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

b) The Janet Trotter Trust

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

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 2015 a capital balance of £200,000 (2014: £200,000) 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 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

14 Endowment asset investments

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
a) Investments				
Cost/valuation				
At beginning of year	2,712	2,405	2,317	2,005
Additions at cost	967	2,022	756	1,788
Disposals	(963)	(1,754)	(756)	(1,512)
Revaluation	58	39	43	36
At end of year	2,774	2,712	2,360	2,317
Represented by:				
Fixed interest stocks and equities at valuation	2,148	2,076	1,774	1,717
Church of England investments and deposits	527	549	507	529
Debtors	-	1	-	1
Bank balances	160	114	140	98
Other liabilities	(61)	(28)	(61)	(28)
Total endowment asset investments at end of year	2,774	2,712	2,360	2,317

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 2015 show total net assets of £414,272 (2014: £394,406) and a surplus for the year of £32,625 (2014: £22,836).

15 Debtors: amounts falling due within one year

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Trade debtors	1,986	2,740	1,986	2,740
Other debtors	30	21	29	21
Amounts owed by subsidiary companies	-	-	554	543
Amounts due from joint ventures	739	260	523	49
Prepayments and accrued income	1,386	1,613	1,385	1,613
At end of year	4,141	4,634	4,477	4,966

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

16 Creditors: amounts falling due within one year	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Mortgages and unsecured loans	1,344	1,359	1,344	1,359
Obligations under finance leases	387	344	387	344
Payment received on account	1,117	1,048	1,117	1,048
Trade creditors	1,094	879	1,094	879
Social security and other taxation payable	877	852	877	852
Pensions	670	683	670	683
Accruals and deferred income	7,912	7,381	7,911	7,378
At end of year	13,401	12,546	13,400	12,543
	£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	11,175	12,495	11,175	12,495
Unsecured loans	31	55	31	55
Other Creditors	100	-	100	-
	11,306	12,550	11,306	12,550
Obligations under finance leases	4,487	4,875	4,487	4,875
	15,793	17,425	15,793	17,425
	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	1,731	1,783	5,515	8,395

The university's main loan is with the Royal Bank of Scotland and is secured on some university property. 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. Both loans are secured on some university property.

There are also interest free loans with SALIX Finance under the SALIX Energy Efficiency Loan Scheme, repayable in half yearly instalments to September 2017. The current outstanding balance on these loans is £55,000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

18 Provisions

	INTO Gloucestershire LLP £000	Pensions £000	Other £000	Total £000
a) Consolidated				
At beginning of year	1,306	1,656	1,342	4,304
Utilised during the year	-	(269)	-	(269)
Transfer from Income and Expenditure account	-	214	-	214
Share of gross assets	(36)	-	-	(36)
Share of gross liabilities	1,098	-	-	1,098
At end of year	2,368	1,601	1,342	5,311

	Pensions £000	Other £000	Total £000
b) University			
At beginning of year	1,656	1,342	2,998
Utilised during the year	(269)	-	(269)
Transfer from Income and Expenditure account	214	-	214
At end of year	1,601	1,342	2,943

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	10,235	2,143	12,378
Equipment	2,772	29	2,801
Total	13,007	2,172	15,179
Cash received			
Buildings	-	-	-
Equipment	778	-	778
Total	778	-	778
Released to Income and Expenditure			
Buildings	(516)	(58)	(574)
Equipment	(602)	(6)	(608)
Total	(1,118)	(64)	(1,182)
At end of year			
Buildings	9,719	2,085	11,804
Equipment	2,948	23	2,971
Total	12,667	2,108	14,775

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

20 Specific endowments

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
a) Consolidated			
At beginning of year			
Capital	1,801	1,543	3,344
Accumulated excess income over expenditure	73	(705)	(632)
	1,874	838	2,712
New endowments	-	73	73
Investment income	58	16	74
Expenditure from accumulated income	(66)	(77)	(143)
Increase in market value of investments	40	18	58
At end of year			
Capital	1,841	1,634	3,475
Accumulated excess income over expenditure	65	(766)	(701)
	1,906	868	2,774
Analysis of funds			
Fellowships and scholarship prizes	-	53	53
Prize funds	13	79	92
Other funds	1,893	736	2,629
	1,906	868	2,774

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

20 Specific endowments

	Restricted Permanent £000	Restricted Expendable £000	Total Funds £000
b) University			
At beginning of year			
Capital	1,801	1,075	2,876
Accumulated excess income over expenditure	73	(632)	(559)
	1,874	443	2,317
New endowments			
Investment income	-	73	73
Expenditure from accumulated income	58	3	61
Increase in market value of investments	(66)	(68)	(134)
	40	3	43
At end of year			
Capital	1,841	1,151	2,992
Accumulated excess income over expenditure	65	(697)	(632)
	1,906	454	2,360
Analysis of funds			
Fellowships and scholarship prizes	-	53	53
Prize funds	13	79	92
Other funds	1,893	322	2,215
	1,906	454	2,360

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 Revaluation reserve

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £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	(19,291)	(17,825)	(19,291)	(17,825)
Released in year	(1,547)	(1,466)	(1,547)	(1,466)
At end of year	(20,838)	(19,291)	(20,838)	(19,291)
Revaluation reserve				
At end of year	3,282	4,829	3,282	4,829
At beginning of year	4,829	6,295	4,829	6,295

22 General reserve

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
At 1 August 2014	26,213	32,990	27,836	33,546
Surplus after depreciation of fixed assets at valuation	1,210	604	2,276	1,671
Unrealised (loss) on exchange	(82)	(18)	(82)	(18)
Unrealised actuarial (loss) on pensions	(4,028)	(8,829)	(4,028)	(8,829)
Release from revaluation reserve: depreciation contribution	1,547	1,466	1,547	1,466
At end of year	24,860	26,213	27,549	27,836
Balance represented by:				
Pension Reserve	(29,423)	(25,235)	(29,423)	(25,235)
Income and Expenditure Account Reserve excluding Pension Reserve	54,283	51,448	56,972	53,071
At end of year	24,860	26,213	27,549	27,836

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

23 Lease obligations

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Obligations under finance leases for land and buildings falling due as follows:				
Within one year	387	344	387	344
Between two and five years	2,137	1,898	2,137	1,898
Over five years	2,350	2,976	2,350	2,976
	4,874	5,218	4,874	5,218
Operating lease commitments expiring:				
Within one year	2,685	2,626	2,685	2,626
Between two and five years	5,897	9,784	5,897	9,784
Over five years	10,987	17,056	10,987	17,056
	19,569	29,466	19,569	29,466
Representing:				
Land and buildings	19,410	29,072	19,410	29,072
Other operating leases	159	394	159	394
	19,569	29,466	19,569	29,466

24 Capital commitments

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £000
Authorised but not contracted				
At end of year	2,193	5,090	2,193	5,090
Authorised and contracted				
At end of year	1,375	1,255	1,375	1,255

25 Contingent liabilities

	Consolidated 2015 £000	Consolidated 2014 £000	University 2015 £000	University 2014 £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 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

26 Post balance sheet events

Details of the procurement process for the creation of a 800 bed student village at Pittville are set out in Note 10. No other significant post balance sheet events occurred during the period after the end of year 2014-15 and the publication of the Financial Statements.

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

	Consolidated 2015 £000	Consolidated 2014 £000
Surplus on continuing operations after depreciation of fixed assets at valuation	1,210	604
Depreciation	4,540	4,227
Loss on disposal of fixed assets	59	232
Impairment of fixed assets	152	1,719
Unrealised (loss) on exchange	(82)	(18)
Deferred capital grants released to income	(1,182)	(1,325)
Investment income	(184)	(206)
Interest payable	1,186	1,275
FRS 17 Pension Actuarial (loss)	(4,028)	(8,829)
Increase in FRS 17 Pension Provision	4,188	9,036
(Increase) in stocks	(5)	(5)
Decrease/(increase) in debtors	493	(96)
Increase in creditors less than 1 year	827	23
Increase/(decrease) in creditors more than 1 year	99	(16)
Increase in provisions	1,007	1,101
Net cash inflow from operating activities	8,280	7,722

28 Financing

	Finance Leases £000	Mortgages and Loans £000
At beginning of prior year	5,518	15,211
Capital repayments	(299)	(1,363)
Loan acquired in year	-	61
At beginning of year	5,219	13,909
Capital repayments	(344)	(1,359)
Loan acquired in year	-	-
At end of year	4,875	12,550

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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

a) Consolidated

	Consolidated 2015 £000	Consolidated 2014 £000	Change in Year £000
Short-term investments	12,645	13,108	(463)
Movement in liquid resources	12,645	13,108	(463)
Bank balances	1,348	852	496
	13,993	13,960	33

b) University

	University 2015 £000	University 2014 £000	Change in Year £000
Short-term investments	12,645	13,108	(463)
Movement in liquid resources	12,645	13,108	(463)
Bank balances	1,332	834	498
	13,977	13,942	35

30 Reconciliation of net cash flows to movements in net debt

	Consolidated 2015 £000	Consolidated 2014 £000
Increase in cash in the period	496	76
(Decrease)/increase in short-term deposits	(463)	782
Net decrease of debt	1,703	1,601
Change in net debt	1,736	2,459
At beginning of year	(5,168)	(7,627)
Net debt at end of year	(3,432)	(5,168)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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	852	496	1,348
Short-term deposits	13,108	(463)	12,645
Debts due within one year	(1,703)	-	(1,703)
Debts due after one year	(17,425)	1,703	(15,722)
	(5,168)	1,736	(3,432)

32 Access to Learning Fund

With effect from 1 August 2014 the Access to Learning Fund was transferred to the Higher Education Funding Council (HEFCE) and financial assistance is now offered to students through the Student Opportunity Funding received from HEFCE. The Access to Learning funds were available solely for students and the university acted as paying agent. Unspent funds at 31 July 2014 were, therefore, transferred to the university for distribution to students in financial hardship.

	2015 £000	2014 £000
Balance unspent at beginning of year	60	35
Balance transferred to the university	(60)	-
Funds received in the year	-	186
	-	221
Disbursed to students	-	(155)
Administration fees	-	(6)
Balance unspent at end of year	-	60

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

33 Related party transactions

To capture information on related party transactions, the university has written to members of Council.

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

Relevant significant relationships held by members of Council are:

- (i) Mr Peter Bungard is Chief Executive of Gloucestershire County Council
- (ii) Mr Matthew Burgess is Principal of Gloucestershire College and a board member of GFirstLEP
- (iii) Dr Frank Harsent is Chief Executive of Gloucestershire Hospitals NHS Foundation Trust
- (iv) Mr Martin Jones is Governor and Vice-Chair of South Gloucestershire and Stroud College
- (v) Ms Antonia Noble is owner and director of Carter-Noble Independent Safeguarding Limited
- (vi) Mr Liam Sandford is President of the Gloucestershire Students' Union
- (vii) Mr Angus Taylor is a Partner in Bruton Knowles

For the year ended 31 July 2015 expenses totalling £344 (2014: £513) were claimed by 2 Directors and Trustees (2014: 3) in respect of their responsibilities as Directors and Trustees.

During the year the university supplied INTO Gloucestershire LLP with goods and services to the value of £1,120,993 (2014: £783,154). At 31 July the balance outstanding was £522,598 (2014: £49,348). The university also received services from INTO Gloucestershire LLP to the value of £53,299 (2014: £46,350). At 31 July the balance outstanding was £nil (2014: £nil). Interest of £16,123 (2014: £11,123) was due from INTO Gloucestershire LLP to Gloucestershire ISC Limited on the revolving loan detailed in note 13.

34 The National College for Teaching and Leadership

The university, acting as agent for the National College for Teaching and Leadership, disbursed £867,300 (2014: £815,300) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2015. The training bursaries have not been included in the Income and Expenditure account of the university.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

35 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 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). These regulations apply inter alia to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

The Teachers' Pensions Regulations require an annual report, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

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

The last valuation of the TPS related to the period 1 April 2004-31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015.

From 1 September 2015, the employer contribution rate will increase to 16.4%.

From 1 April 2015, the TPS has been reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate set out above.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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

	2015 £000	2014 £000
Contributions to Teachers' Pensions	2,198	2,199

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 fund administered by the trustee, Universities Superannuation Scheme Limited. 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 university is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the university's employees. In 2015, the percentage was 16% (2014: 16%).

At 31 July 2015 the university had 21 active members participating in the scheme. The total pension cost for the university was £180,572 (2014: £125,728). This includes £22,964 (2014: £20,757) outstanding contributions at the balance sheet date.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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

FRS 17 liability numbers have been produced using the following assumptions:

	31 July 2015	31 July 2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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

- Male members' mortality SINA ("light") YoB tables - no age rating
- Female members' mortality SINA ("light") YoB tables - rated down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMA 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS 17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	31 July 2015	31 July 2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	31 July 2015	31 July 2014
Existing benefits		
Scheme Assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

The above information is derived from the 2014 valuation which has been signed off by the scheme actuary but until the conclusion of the 2016 scheme audit, remains unaudited.

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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 2016) are £3.202m at a contribution rate of 15.3%.

The major assumptions used by the Actuary were:

	31 July 2015	31 July 2014	31 July 2013
Pension increase rate	2.60%	2.70%	2.80%
Salary increase rate	4.00%	4.00%	4.60%
Expected return on assets	3.60%	5.80%	5.70%
Discount rate	3.60%	4.00%	4.60%
Inflation assumption	2.60%	2.70%	2.80%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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 2015	Value £000 31 July 2015	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
Equities (UK & overseas)	6.00%	1,173,110	6.60%	1,110,579	6.40%	999,001
Bonds	2.90%	343,770	3.60%	313,612	3.80%	273,028
Property	4.10%	122,055	4.70%	97,839	4.60%	78,948
Cash	2.90%	19,020	3.60%	11,456	3.40%	28,851
		1,657,955		1,533,486		1,379,828

The projected pension expense for the year to 31 July 2016 has been prepared on the new FRS 102 basis and so the longer term expected return of return on assets assumption has been set in line with the discount rate, as required.

The assets attributable to the university were:

	Value 31 July 2015 £000	Value 31 July 2014 £000	Value 31 July 2013 £000
Equities (UK & overseas)	43,781	38,656	35,234
Bonds	12,950	11,275	9,170
Property	4,317	3,221	2,896
Cash	617	537	965
	61,665	53,689	48,265

The following amounts at 31 July 2015 and 31 July 2014 were measured in accordance with the requirements of FRS 17:

	31 July 2015 £000	31 July 2014 £000
Analysis of the amount shown in the Balance Sheet		
Total market value of assets	61,665	53,689
Actuarial value of scheme liabilities	(91,088)	(78,924)
Deficit in the scheme - net pension liability	(29,423)	(25,235)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

The following amounts were recognised in the performance statements in the year to 31 July 2015 under the requirements of FRS 17:

	2015 £000	2014 £000
Analysis of amounts charged to the Income and Expenditure Account		
Current service cost	3,367	2,796
Loss due to curtailments	-	49
	3,367	2,845
<i>Other finance income</i>		
Expected return on pension scheme assets	(3,200)	(2,809)
Interest on pension scheme liabilities	3,208	3,012
Net charge to other finance costs	8	203
Total Income and Expenditure charge before taxation	3,375	3,048

	2015 £000	2014 £000
Analysis of the amount that would be recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Gain on assets	2,258	489
Loss on change of assumption	(6,286)	(9,318)
Actuarial (loss) recognised in STRGL before taxation	(4,028)	(8,829)
Past service gain	-	-
	(4,028)	(8,829)
Movement in deficit during the year		
Deficit in scheme at beginning of year	(25,235)	(16,199)
Movement in the year:		
Current service cost	(3,367)	(2,796)
Employer contributions	3,215	2,841
Impact of settlements and curtailment	-	(49)
Net return on assets	(8)	(203)
Actuarial (loss)	(4,028)	(8,829)
Deficit in scheme at end of year	(29,423)	(25,235)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

History of experience gains and losses:

	Year to July 2015 £000	Year to July 2014 £000	Year to July 2013 £000	Year to July 2012 £000	Year to July 2011 £000
Difference between the expected and actual return on assets	2,258	489	5,859	(1,502)	3,797
Value of assets	61,665	53,689	48,265	38,667	36,186
Percentage of assets	3.66%	0.91%	12.14%	(3.88%)	10.50%
Experience gains/(losses) on liabilities	517	(1,532)	-	(531)	141
Total present value of liabilities	(91,088)	(78,924)	(64,464)	(58,769)	48,330
Percentage of the total present value of the liabilities	(0.57%)	1.94%	0.00%	0.90%	0.30%
Actuarial (losses)/gains recognised in the STRGL	(4,028)	(8,829)	4,410	(7,892)	7,953
Total present value of liabilities	91,088	78,924	64,464	58,769	48,330
Percentage of the total present value of the liabilities	(4.42%)	(11.19%)	6.84%	(13.43%)	16.46%

The actuarial valuation for FRS 17 at 31 July 2015 showed an increase in the deficit from £25.235m to £29.423m.

Details of experience gains and losses for the year to 31 July 2015:

	2015 £000	2014 £000
Difference between the expected and actual return on scheme assets:		
Surplus	2,258	489
Percentage of scheme assets at the end of the period	3.66%	0.91%
Total amount recognised in the STRGL:		
Cumulative deficit	(16,844)	(12,816)
Current year (loss)	(4,028)	(8,829)
Percentage of the present value of the scheme liabilities	(4.42%)	(11.19%)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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:

	2015 £000	2014 £000
Contributions to the Gloucestershire County Council Superannuation Scheme	3,214	2,727

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 8,400 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 SINMA and SINFA 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 increased from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% is 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.

	2015 £000	2014 £000
Contributions to the Church of England Funded Pensions Scheme	9	8

e) Other pension schemes

	2015 £000	2014 £000
Contributions to other schemes	5	5



