



UNIVERSITY of  
BRADFORD

*Celebrating 50 years*

# Financial Statements

For the  
year ended  
31 July 2017



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

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

Please contact Finance on  
**01274 233128**

# External Advisers

## External Auditors

PricewaterhouseCoopers LLP  
29 Wellington Street  
Leeds  
LS1 4DL

## Internal Auditors

RSM  
2 Whitehall Quay  
Leeds  
LS1 4HG

## Legal Advisors

Eversheds LLP  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

Mills & Reeve  
78-84 Colmore Row  
Birmingham  
B3 2AB

## Main Bank

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

# Membership of the Council for 2016/2017

## Ex-Officio Members

**Pro-Chancellors:**  
Baroness A Taylor (2018)  
Ms S Smith (2018)

**Pro-Chancellor and Treasurer:**  
Mr R Clark (2018)

**Vice-Chancellor:**  
Professor B Cantor

**Deputy Vice-Chancellors:**  
Professor S Congdon  
Professor B McCarthy

## Appointed Members

**By the Court:**  
Mr M Bell (2020)

**By the Senate:**  
Professor C Oltean-Dumbrava (2017)  
Dr PB Anand (2018)  
Mr C Mudd (2018)

## Student Member

Mr H Butt (2017)  
Mr A Bashir (2017)

## External Members

Dr T Higgins (2018)  
Mr K Bates (2019)  
Ms F Driscoll (2018)  
Ms S Ali (2018)  
Ms K England (2018)  
Mr T Hartwell (2018)  
Professor C Kay (2018)  
Mr M Watkins (2018)  
Mr C Chambers (2020)  
Ms S Neocosmos (2020)

## Graduate of the University

Mr M Pandor (2019)

## Non-Academic Staff

Mr B Petty (resigned July 2017)

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

# Operating and Financial Review for the year ended 31 July 2017

## Aims and objectives

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

## Scope of financial statements

The Council of the University of Bradford presents the financial results of the University, including those of the subsidiary companies DHEZ Ltd and Bradford Education Consulting (Beijing) Co. Ltd, for the year ended 31 July 2017. The results of Inprint & Design Limited, a joint venture between the University and Bradford College are also included.

## Context

The University has almost 11,000 students; approximately 1,350 of these are based at overseas partner institutions, and over 860 are distance learners, based either in the UK or overseas. Over 1,500 of the overall student population is postgraduate (the majority of distance learners are postgraduate students). The postgraduate population includes over 300 research students. Of the 8,730 students based at Bradford, just under 10% are part-time. Students are organised into five faculties: Engineering and Informatics, Health Studies, Life Sciences, Social Sciences, and Management and Law. Apart from the latter, all Bradford students are based at the Richmond Road campus in central Bradford. Management and Law students are based at the Emm Lane campus approximately 2.5 miles away to the north of the city.

The University has just over 1,800 staff, of which almost 500 are part-time. Just over 600 staff are academic.

## University Strategy 2015-2025

Following an extensive consultation exercise, the University Strategy 2015 - 2025 was approved by the Council of the University in February 2015 and formally came into

effect from August 2015. The Strategy and associated Development Plan set out the broad ambitions of the University for the next ten years, articulating plans for growth in student numbers, both home and overseas, and undergraduate and postgraduate.

The Strategy sets out the vision, values, academic themes and objectives.

## Our vision

The University of Bradford is a technology university with great strengths. Our ambition is to build on our heritage and these areas of strength, to be a world leader in:

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

## The technology university of the North: making knowledge work

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

## A world-leading technology university

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

## Our values

Our vision needs to be realised in the context of a complex external environment, and in line with our underlying fundamental values. Our values describe our expectations of

# Operating and Financial Review for the year ended 31 July 2017 (continued)

the ways in which we will operate and how staff, students and visitors behave towards each other. We will create opportunities for everyone to reflect on how they demonstrate these values and we will challenge behaviours that do not align with our agreed values, which are as follows:

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

## Academic themes

We have developed three overarching academic themes, which we will use to frame decisions about developments in teaching and learning, research and knowledge transfer, and to guide our partnerships. Our academic themes are:

- (a) advanced healthcare;
- (b) innovative engineering;
- (c) sustainable societies.

## Strategic objectives

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

- (a) excellence;
- (b) internationalisation;
- (c) equality and diversity;
- (d) sustainability.

We will use these four objectives as touchstones to guide our development, aiming at all times for everything we do to enhance our excellence, internationalisation, equality and diversity, and sustainability.

The University Strategy can be read in full at [www.bradford.ac.uk/about/strategies-policies-mission-and-values/corporate-strategy/](http://www.bradford.ac.uk/about/strategies-policies-mission-and-values/corporate-strategy/)

## Public benefit

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

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

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

Education for sustainable development has been a key feature of the University's approach to curriculum design. and we have developed curricula and pedagogy that have aimed to enhance graduates' capabilities to contribute to sustainable and just societies. We aim to develop further our approach to education for sustainable development with our strategic and operational partnerships across the professional, business and community sectors. Our aim is to promote a culture of ethical, sustainable, and socially responsible living, learning and working, within an environment that is free from unacceptable or unreasonable behaviour.

# Operating and Financial Review for the year ended 31 July 2017 (continued)

The University of Bradford is proud to be a part of the City of Bradford, the District and the City Region. We believe that through collaboration we can contribute positively to developing the City of Bradford and also the local and regional economy. We do this, in part, by creating effective partnerships, both formal and informal, with stakeholders in the district in the voluntary, public and private sectors, together with active involvement with the district's schools through a range of interventions, including the Children's and Junior University. We have a number of strategic partnerships with schools in the area, as lead educational trustee at Buttershaw Business and Enterprise College and Tong High School and lead sponsor of University Academy Keighley. Many of our staff are active as school governors, or as representatives in networks across the City, district and region. We have a programme of public lectures and exhibitions, accessible to the community.

## Review of the Year

The operating environment for higher education over the past year has presented challenges for all universities. The University's Strategy and Development Plan is one of enhancing and consolidating the University's position as a provider of higher quality teaching and learning, and world-leading research with impact, leading to growth in student numbers and activity. The increased competition in the sector arising from changes in government policy has impacted on the timescales for change at the University of Bradford and some academic areas continue to be challenged in terms of student recruitment. This is assessed through rigorous data analysis leading to clear decisions around marketing and investment for future planned growth. The University has seen gradual improvements in average entry tariff, performance against KPIs and some league table performance, however further improvements still need to be realised and clear plans are in place to guide achievement.

This year we celebrated the University's 50th Anniversary as a world-leading technology university that is making knowledge work.

A variety of events and activities took place to mark the occasion. The Lord Mayor of Bradford, city-wide partners, community groups and schools joined together to celebrate the University's 50th Anniversary at a special reception. The celebrations were an opportunity for contributions to be made to the 50th Anniversary time capsule. In addition, Bradford schools took part in a creative writing competition for pupils

to describe a day in their lives in 25 years' time. The winning entries were among the items placed in the time capsule, officially sealed at a special event on the 50th anniversary of the University receiving its Royal Charter.

The 50th Anniversary Scholarships Appeal was also launched to raise funds for UK-based foundation, undergraduate and postgraduate scholarships to help those most in need to access higher education. The Development Team delivered a four-week-long telethon, engaging 1,454 graduates raising over £100,000 in committed gifts.

## Bradford Excellence Programme

The Bradford Excellence Programme (BEP) is a wide-ranging plan of action to re-position the University, enabling us to achieve our ambitious 10-year strategy to become a world-leading technology university.

BEP has delivered the initial and most substantial phase of the programme, enabling the University to build over £11 million financial benefit into this year's budget. Activity has included: a fundamental review of academic administration, a re-implementation of our student information system; systematic reviews of all areas of our teaching, learning and research in each faculty; and continued review and investment in our IT infrastructure and services. This has helped create a sound platform on which to build the growth of student numbers.

The Student Retention and Progression work stream of the Programme has been incorporated into a Teaching Excellence Board. This Board has oversight of key projects and schemes related to the enhancement of teaching, learning opportunities and the student experience across the institution. The work stream is addressing any identified disparities in student progression and achievement contributing to our Access Agreement activities and targets.

The remaining strands of BEP will report over the next year: reviewing our Research Knowledge Transfer support to enhance research and knowledge transfer impact and income; reviewing library provision to ensure students and academics get the right services for future development; reviewing the organisation of technicians to enhance resilience; and towards the end of the year, reviewing the Finance and human resource departments to ensure they remain fit for purpose for a 21st century technology university. We shall also be using

# Operating and Financial Review for the year ended 31 July 2017 (continued)

our planning and project processes to build continuous improvement into the way all our faculties and directorates work so that we reduce the need for major, centrally driven change programmes in the future.

## University Strategy and Development Plan

The University is now moving forward with the second growth phase of the ten year Strategy and Development Plan. This second phase of growth will concentrate on three major investment projects - the Bradford Medical School, the Learning Hub and bringing together the Faculty of Management & Law and the Faculty of Social Sciences, and the STEM Nucleus.

The University Strategy envisages major growth in inter-disciplinarity and partnership working. The Learning Hub will be a significant facilitator of this inter-disciplinarity by cultivating and enhancing inter-disciplinary teaching, research and business engagement with existing areas of strength and new areas of provision. This will support collaboration across disciplines and functions in new, innovative and entrepreneurial ways that will enhance engagement within the University and with the student community. Delivering high quality professional and vocational courses and applied research in the 21st Century requires major developments in inter-disciplinarity across all faculties, and in particular the full involvement of the Faculties of Management & Law and Social Sciences.

Bringing together the Faculties of Management & Law and Social Sciences will support their joint strategic development with close access to the very best learning and teaching facilities, whilst also having enhanced opportunities for greater inter-disciplinary collaboration across disciplines and functions.

## University performance

The University was recognised for the excellence of its teaching with the award of Silver under the Teaching Excellence Framework. The award underlines the consistent high quality of teaching that enables our students to achieve excellent outcomes in both employment and further study. The latest statistics demonstrate that 93% of undergraduates progress to employment or further studies within six months of graduation.

The University continues to work towards achieving its strategic KPIs, and whilst we have seen successes in a number of areas, the University is not complacent and recognizes the challenges ahead. Increased market competition is a particular factor in terms of the University's stated ambitions for growth, and this has been a major strand of the BEP academic portfolio review activity to ensure that the University's academic offer is continually being refreshed and improved.

The University has seen modest improvements in general in the UK and International rankings at institutional level, and continues to perform well in the subject rankings for specific areas of the University's portfolio. We were ranked in the top 10 in the UK for Occupational Therapy, Physiotherapy, Optometry & Ophthalmics, and Medical Technology.

The recent Guardian University League Tables ranked the University in the top five in the UK for Chemical Engineering and for Nursing & Midwifery.

Pharmacy & Pharmacology and Archaeology are now in the top 150 in the world in the 2017 QS World University Rankings. Our Distance Learning MBA was rated eighth in the world, and second in the UK in the CEO Magazine 2017 MBA Rankings, while it was placed as the world's number one for career progress in the 2017 Financial Times Online MBA global rankings.

The University was ranked number one in the UK for undergraduate Nursing and Midwifery placement satisfaction by the annual National Student Survey (NSS). This accomplishment follows our Nursing and Midwifery programmes achieving an overall satisfaction rating of between 94 - 100%.

The Pro-Vice Chancellor, Teaching, Learning and Quality is leading a systematic review and action planning exercise across all faculties to address areas of under-performance to ensure that all students at the University, across all programmes of study will receive an excellent experience and positive outcomes.

The University has a suite of key performance indicators around excellence designed to measure delivery of its strategic objectives. These are considered by Council at each meeting. The latest version of these indicators are stated below.



# Operating and Financial Review for the year ended 31 July 2017 (continued)

NSS - overall satisfaction	2015 85%	2016 83%	2017 81%
Average tariff (undergraduate full-time home)	2015-16 Intake 330	2016-17 intake 329	2017-18 intake 135.4 (equivalent to 339 in old tariff points)
Good honours (2:1 or above)	2014-15 75.40%	2015-16 74.7%	2016-17 77.30%
Employed or in further study six months after graduating (UK undergraduates)	2013-14 graduates 91%	2014-15 graduates 92%	2016-17 graduates 93%
Staff student ratio	2014-15 16	2015-16 16.25	2017-18 17

The University of Bradford's Access Agreement for 2017/18 was approved by the Office for Fair Access (OFFA). The University has a long-established reputation within the sector for promoting and achieving widening access to higher education, and in supporting a diverse student population to succeed in their academic careers. This is evidenced through consistent better-than-benchmark performance across a range of widening participation indicators, and in excellent professional and managerial-level employment. For example, the University exceeds its benchmark for first degree entrants from state schools and from National Statistics Social Economic Classifications 4 to 7.

The University awarded its first sanctuary scholarships, enabling people seeking asylum, or those already granted refugee status but who cannot access student finance, to participate in higher education.

The Government has reiterated its priority for widening participation in higher education and cites a target participation rate for disadvantaged young people of 27.2% by 2020, up from 13.6% in 2009. Over half of the University's full-time undergraduates are in receipt of full state support and, in addition, 9% of full-time and 6% of part-

time undergraduate students are in receipt of Disabled Students' Allowance.

There is also a Government target to improve BME participation by 20% by 2020, an aspiration which the University fully supports. The University has one of the highest proportions of UK-domiciled undergraduate students of BME background in the country (67 %).

## Achievements and events

The University led the creation of the first World Technology Universities Network. Delegates from 30 world universities and 20 other institutions travelled from Europe, Africa, Asia, Australia, and North and South America, to join leaders of major organisations and industry for the second World Technology Universities Congress. Held at the University's Emm Lane campus, this year's event formally launched the network, with thirteen institutions joining and a further seven signing a statement of intent to join.

The final phase of the Digital Health Enterprise Zone (DHEZ) opened this year - DHEZ Academic. The DHEZ is dedicated to the notion that future healthcare and wellbeing must be personalised, preventative, community-based, integrated across different activities, and underpinned by digital technology. DHEZ Academic's facilities include a unique dedicated technology research facility. This takes the form of a two-bedroom house which will contain advanced sensor technology to enable research into daily living activities, and movement, and how people interact with digital health innovations.

The University's ongoing contribution to digital health is demonstrated by our NHS-endorsed MBA, our application to create a medical school, and our plan to open an applied healthcare research centre with Bradford Teaching Hospitals NHS Foundation Trust. Coupled with the Wolfson Centre for Applied Healthcare Research and the appointment of a Director of Medical Education, the University is supporting the Leeds City Region to become the 'go-to' centre for digital health.

Our new Cyber Security Interdisciplinary Centre officially opened. The Centre will carry out focused research into cyber security issues, the first of which was a joint research project into radicalisation with West Yorkshire Police.

The School of Management was awarded £1 million by the Engineering and Physical Sciences Research Council, to support REBUILD, an ambitious project assessing how high-value

# Operating and Financial Review for the year ended 31 July 2017 (continued)

construction materials can be reused in new developments based on the principles of the circular economy. The research is in collaboration with the University of Manchester.

Once again, staff in the Faculty of Social Sciences were heavily involved in the analysis of major current issues, including the war against Islamic State, Iraq and the EU referendum. They frequently published in *Open Democracy*, *The Conversation*, and *The Guardian* and appeared on BBC Radio.

The latest version of our Virtual Experience (VE) was launched. It offers 360° campus tours and showcases the very best of the University to prospective home and international students. The VE is accessible on desktop, mobile, and virtual reality headsets. It is the most interactive tour in existence in UK higher education. In May the Virtual Experience had 27,000 unique visitors, far exceeding the industry average of 3,300.

Gifts were received from a number of trusts, foundations and individuals. Sovereign Health Care donated £20,000 to support the development of the DHEZ Academic Phlebotomy Suite, while the Emerald Foundation gave £50,000 to fund five full-fee MSc scholarships for undergraduate students.

## An international University

Continuing our internationalisation agenda, a two-week visit to the Middle East took place, a region rich in potential for collaboration and exchange. The University signed memoranda of understanding with higher education institutions, such as the University of Jordan and the College of North Atlantic Qatar, regarding collaborations in research, student and staff exchanges, and student recruitment. Discussions also took place regarding the delivery of programmes to the region, from business administration to physiotherapy.

The University also completed a trip to India during which it established strong links with partner institutions. The purpose of the trip was to increase the number of strategic and research and knowledge transfer partnerships, build relationships with key contacts, increase the University's profile in India and increase and diversify student recruitment from India.

We also signed memoranda of understanding with Hyderabad University, Ahmedabad University, the National Chemical Laboratory and the National Toxicology Laboratory.

Chevening is the UK Government's international awards scheme aimed at developing global leaders. The 2017 Chevening Conference was held at the University for the first time, bringing around 150 international Chevening Scholars to explore the theme of 'inspiring collaborative leadership in a changing world'. Hosting this high-profile conference engaged the University with this discussion and raised the University's profile as an institution that welcomes international students.

## Sustainability

Sustainability remains a priority for the University. As part of the Bradford Excellence Programme, 50@50 was our flagship project for early delivery of the 2020 50% carbon reduction target in our 50th Anniversary year. The target was achieved, making the University a world-leading eco campus and a carbon-efficient technology university.

## Equality and diversity

The University gained an Alcohol Impact Accreditation. Alcohol Impact is an initiative led by the National Union of Students which aims to embed social norms of responsible drinking on campuses.

International Women's Day was marked at the University. Organised by the GENOVATE team, the Centre for Inclusion and Diversity, the Gender Staff Forum and the Students' Union, the celebrations included a Meet the Professors exhibition, GENOVATE Café and a seminar entitled 'Men Leading the Way: Disrupting Gender Biases in the Workplace'.

## Sector developments

The environment within which universities operate continues to present its challenges. Over the course of the last year we, along with everyone else in the sector, have been considering the potential implications of the vote to leave the European Union and what this might mean for student and staff recruitment and research funding opportunities. The changes in the regulatory environment are being tracked with the anticipated consultation on the new framework. Members of the University Council receive regular briefings on the subject to ensure the University is well-placed to meet the future shape of the sector.

This year was a very special milestone for the University, the celebration of our 50th Anniversary year. As our Anniversary celebrations have concluded, we now strive for excellence in our next 50 years.

# Operating and Financial Review for the year ended 31 July 2017 (continued)

## Corporate and Social Responsibility.

The combination of successful achievements taken forward through our Ecoversity programmes has resulted in three of the world's most sustainable buildings being located on campus, and we are nationally recognised as a carbon reduction champion by the Chartered Institute of Building Service Engineers for reducing our carbon footprint by 50%. Alongside our excellence in widening participation and community engagement, our environmental commitment has resulted in the University being awarded a Gold Standard in the Universities that Count corporate and social responsibility index. As referred to above, the University also received a prestigious second Green Flag award and a 6th consecutive Yorkshire in Bloom award in recognition of the high quality of its green spaces.

The University puts significant importance on communicating with our staff and students. Our internal communications strategy places emphasis on striking the balance between listening and sending clear messages to build effective relationships across the campus, share feedback, and continually improve the University's culture for the benefit of all. In recognition of our broader corporate and social responsibilities, the University has established an Ethics Committee with delegated authority from Council, to consider ethical questions arising from all aspects of the University's business and to determine necessary actions. The Committee oversees and monitors the University Ethics Code and how the Code and principles contained within it are embedded across the University.

## Financial Highlights

### i. Income and Expenditure Account

The University made a surplus for the year of £21.5M; however the position prior to gains/losses and the actuarial gain in respect of the pension scheme is a £5.5M deficit. This also includes some non-recurrent items such as BEP support costs (£0.5M), fundamental restructuring costs (£1.4M), and one off capital grant adjustments (£1.4M). Excluding these provides an underlying deficit of £2.1M. The deficit position was forecasted following the lower than expected student intake and continued repositioning following the implementation of the Bradford Excellence programme.

The University continually reviews income and expenditure to ensure we remain flexible and agile in the changing environment; whilst ensuring value for money.

The University's consolidated results are summarised below:

	2016-17	2015-16
	£000	£000
<b>Total income</b>	<b>113,408</b>	124,022
<b>Total expenditure</b>	<b>118,911</b>	126,850
<b>Deficit before gains/ (losses)</b>	<b>(5,503)</b>	(2,828)
<b>Gains/(losses)</b>	<b>2,110</b>	(884)
<b>Actuarial gain / (loss) from WYPF</b>	<b>24,890</b>	(17,077)
<b>Surplus/(deficit) for the year</b>	<b>21,497</b>	(19,021)

Income has decreased by 8.6% from the previous year. The main reasons for this are: Tuition fee and educational contract income has decreased by 3.6%, due to lower student recruitment as the University has looked to increase tariff.

Funding body grant income has decreased by 26.5%, primarily due to the known reduction in the amount received from the recurrent teaching grant (such as reducing student numbers on the old funding regime) and research funding;

Research grants and contract income has decreased by 6.1%; one year income streams were incorporated into 2015-16 which have now ended. 2016-17 is a 12% increase on 2014-15.

Other income has fallen by 7.3% due to our arrangement with a number of overseas collaborators who are currently in teach out. We continue to reposition ourselves and enhance our quality to our students.

Investment income has fallen by 15.7%, predominantly due to lower levels of cash deposits in the year leading to decreased interest income.

Total expenditure for the year has decreased by 6.3% as we review expenditure in line with our strategic objectives and value for money.

# Operating and Financial Review for the year ended 31 July 2017 (continued)

Staff costs including restructuring costs have fallen by 5.4%. However underlying staff costs, excluding restructuring costs, WYPF pension adjustments, USS pension provision movements and the holiday accrual fell by 2.1%, and this underlying figure represents 63.9% (2016: 58.7%) of turnover. The increase in this figure is more a result of the greater proportionate fall in income than in staff costs.

Operating costs have decreased by 9.6% as the University continues to implement its transformational programme; reviewing all operating costs. The University is reviewing all procurement activities in line with the Faculty plans to ensure long term value for money

Consumables and laboratory expenditure decreased by 10.6% as we continue to review our expenditure ensuring it is in line with our student recruitment and procurement plans.

Casual staff costs fell by 30.0%, reflecting the University's continued policy of reducing reliance on short term appointments.

Bursaries, scholarships and prizes declined by 5.2% due to reduced student numbers.

Repairs, minor works and maintenance expenditure increased by 63.2% due to changes in accounting practices. The increase directly relates to capital work items that have a component life of one year, therefore are written down to income and expenditure at the point of capitalisation.

Rents and insurances of buildings have increased by 13.8%, primarily as a result of lower occupancy rates in The Green.

Rates costs fell by 85.3%, due to one year accounting adjustments.

Legal and professional fees fell by 42.6%, due to one off cost in the previous year for the Bradford Excellence programme. The University is continuing to review legal and professional fees to ensure value for money.

## ii. Balance Sheet

The University net assets have increased by £21.4M in the year. This has been caused primarily by an actuarial gain of £24.9M on the WYPF.

Fixed assets increased by £4.2M as capital spend exceeded depreciation in the year. Major items of spend were: the Health and Wellbeing Centre at £5.4M; spend of £1.7M on artificial turf sports pitches; and £1.8M on electrical infrastructure.

The long term investment portfolio rose steadily by £2.4M to £18.8M by the end of the year. Cash and cash equivalents decreased by £7.7M to £21.7M in the year.

Debtors falling due within one year decreased by £2.8M, as a result of changes in the timing of receipts from the local health education provider, and improvements in debt collection through the year.

Creditors falling due within one year decreased by £1.7M, predominantly due to decreases in accruals and deferred income. This has occurred partly due to a number of one off payments being outstanding at the previous year end.

Creditors falling due after more than one year increased by £1.1M due to the receipt of further capital grants.

The pension provision decreased by £24.3M in the year and is mainly a result of the actuarial gain on the WYPF, with the changes in assumptions relating to an increased discount factor as a result of higher than expected returns on the pension investments.

## iii. Cash Flow

The analysis of cash and cash equivalents shows decreases of £7.7M whilst the net cash flow from operating activities is positive at £0.8M, and the University's financial covenants have been met.

## Financial Outlook

The financial performance in-year has, as anticipated, delivered a deficit for 2016-17 before the actuarial loss in respect of the West Yorkshire Pension fund is considered. The result for the year continues to be in line with the University's expectation as we continue to reposition ourselves in line with the University transformational project (Bradford Excellence). Investment has continued during the year that has a significant impact upon the student experience, including the completion of the Health and Wellbeing Centre and upgrading/new student administration systems.

# Operating and Financial Review for the year ended 31 July 2017 (continued)



The University considers itself in a strong financial position with good levels of cash balances and reserves. These, together with scheduled loan drawdowns, will be utilised to fund the growth phase of the ten year Strategy and Development Plan. However, due to the ongoing reductions in Central Government funding coupled with the recently announced rejection of inflationary increases to tuition fees an increase in student numbers is required to return the University to profitability and ensure its long term sustainability.

In the medium term the University, along with the rest of the sector will continue to face uncertainties with increased competition for student recruitment, alongside changes in UK policies following the decision to leave the EU and a declining number of 18 year olds until 2021. As a result, the University has prepared future financial forecasts which will accommodate these.

The University is built upon a strong foundation of prudent planning, budgeting and close fiscal monitoring to ensure financial sustainability. In conjunction with our plans we will monitor our external risks and the changing environment to ensure we can identify, as early as possible, any changes that may need to be implanted.

## Risk Management

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

The University risk register generally reflects little overall change in the risk profile. Of the top five risks, four relate to student recruitment and the resultant potential impact on the financial position of the University.

Consideration has also been given to risk associated with legal compliance, particularly in relation to the requirements of the General Data Protection Regulations and a University-wide working group has been established to oversee GDPR readiness.

Mitigating action has been agreed against all risks and is monitored regularly to further reduce the University's risk profile.

## Investment Policy

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

### i. Long term Investment Policy

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

### ii. Treasury Management Policy

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

*Professor B Cantor*  
VICE-CHANCELLOR

# Statement of Corporate Governance and Internal Control

The University is committed to demonstrating best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the Higher Education Code of Governance published by the Committee of University Chairs and the HEFCE Memorandum of Assurance and Accountability.

## Corporate Governance

In common with all Chartered institutions, the University operates under a bicameral system in which Council and Senate, each with clearly defined functions and responsibilities, oversee and manage its activities. The Charter and Statutes define the roles of the two bodies, which may be summarised as follows:

- **The Council** is the University's governing body responsible for the finance, property, investments and general business of the University, and for approving our general strategic direction. It is the Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Council's powers are defined in University Statutes. The Council is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit.

Council has a majority of members from outside the University (lay members), from whom its Chair is drawn. Also included in its membership are representatives of the staff of the University and the student body. The Chair of Council receives an honorarium in recognition of her significant role in ensuring the success of the University. The power to remunerate the Chair has been approved by the Privy Council and is incorporated into the University's governing instruments. No other lay member receives any payment, apart from the reimbursement of expenses, for the work they do for the University.

- **The Senate** is the academic authority of the University and draws its membership primarily from our academic staff, with additional representation of other categories of staff and of students. Senate's role is, in summary, to direct and regulate the teaching and research work of the University. Its powers are also defined in University Statutes.

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council and the Senate for maintaining and promoting the efficiency and good order of the University. The responsibilities of the Vice-Chancellor are defined in summary in the University's Statutes. In addition, under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the Accountable Officer for the University and is formally responsible for: ensuring that public funds are used for the purposes for which they are allocated; for their efficient and effective deployment; and for reporting as required on their use. In this capacity, the Vice-Chancellor is publicly accountable for the University and ultimately may be summoned to appear before the Public Accounts Committee of the House of Commons. In effect, the Vice-Chancellor is the Chief Executive Officer of the University.

The Council meets six times each academic year (four formal meetings and two away-days), but much of its detailed work is initially managed by committees, namely the Finance Committee, the Audit Committee, the Governance and Nominations Committee, the Remuneration Committee, Ethics Committee and the Health, Safety and Wellbeing Committee. The recommendations and decisions of these committees (made in accordance with the University's Scheme of Delegation) are formally taken to the Council. The remit and responsibilities of these committees are set out below.

In respect of its strategic planning and development responsibilities and as the planning and budgeting processes involve matters falling within the powers of both bodies, the Council and Senate receive recommendations and advice from the Executive Board, the principal management committee of the University, which ensures the effective leadership, coordination and management of the activities of the University. The Executive Board, inter alia, recommends to the Council, through consideration at the Finance Committee, the University's annual revenue and capital budgets and monitors performance in relation to approved budgets. All members of Council have access to independent professional advice from the University Secretary. The University Secretary is a member of the University's

# Statement of Corporate Governance and Internal Control (continued)

Senior Management Team, however for the purpose of her role as Clerk to Council acts independently and is accountable to the Council.

The Council has a majority of lay members and no individual or group dominates its decision making process. Members of Council receive advice and guidance from the University Secretary on their individual responsibilities as members and as Charity Trustees and are made aware of the collective nature of decision making of the Council, for example through induction and briefings and a dedicated members' handbook. The Council ensures that each of its lay members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement, both through a Register of Interests and a formal declaration of interest at each meeting.

## Committees of the Council

The role of Council committees is set out below; each Committee of Council meets four times a year.

### Governance and Nominations Committee

The Governance and Nominations Committee considers nominations for membership of Council and reports to Council on the overall effectiveness of governance arrangements. The committee ensures that there is an appropriate range of skills and expertise on Council and that there is effective succession planning. Members of Council are appointed for an initial term of three years, renewable for a maximum of two further terms, i.e. for a maximum of nine years, which is consistent with the provisions of the CUC Code of Governance. The Governance and Nominations Committee oversaw an external review of Council effectiveness during the course of the 2016/17 academic year. The recommendations from the review were presented to Council in May 2017 and are being taken forward as part of a planned enhancement activity.

### Remuneration Committee

The Remuneration Committee determines the pay and conditions of the Vice-Chancellor and other senior staff. The Committee also receives reports on equal pay and other staffing related matters.

### Audit Committee

The Audit Committee is responsible for advising the Council and the Vice-Chancellor on the effectiveness of the University's management and control systems. To this end, it meets with the external auditors to discuss their audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers reports from the HEFCE and other bodies (such as the National Audit Office) which affect the University's business and monitors adherence to regulatory requirements. The Committee reviews the University's annual financial statements together with the accounting policies and advises Council on the appointment of internal and external auditors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee meets privately with internal and external auditors for independent discussions at least annually.

### Finance Committee

The Finance Committee is responsible for recommending to Council the University's annual Financial Statements, financial forecasts and annual budgets, for monitoring the University's overall financial health and advising on financial strategy. In doing so, it reviews key financial risks, seeking explanation and clarification as appropriate and reviews financial regulation, policies and procedures to ensure that they are robust and follow best practice.

### Ethics Committee

The Ethics Committee oversees and monitors the University Ethics Code and how the Code and principles contained within it are embedded across the University.

### Health, Safety and Wellbeing Committee

The Health, Safety and Wellbeing Committee provides assurance to Council that the University's statutory obligations in relation to health and safety are being met and that appropriate reporting mechanisms and policies are in place and being implemented.

# Statement of Corporate Governance and Internal Control (continued)

## Internal control

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

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. It is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. The process has been reviewed by Internal Audit and it was concluded that internal controls were mostly effective, noting the need to ensure that the control environment continually develops to ensure that it meets changing needs.

The Council has responsibility for reviewing the effectiveness of the system of internal control. The following measures provide assurance in this respect:

- Scrutiny of internal and external audit plans, reports and management actions at the University's Audit Committee;
- Receiving an Annual Report providing assurance that risk management control is effective;
- Agreeing the Risk Management Policy annually and considering in detail the University's risk appetite;
- Assigning responsibility for overseeing risk management to the Audit Committee, with operational management assigned to Executive Board;
- The Audit Committee receives regular reports from the internal auditors, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement;
- Facilitated training and awareness sessions are held as necessary to identify and record risks facing the University;

- Risk awareness training is provided at all levels and includes the requirement to assess risks on all new projects requiring a business case;
- A robust risk prioritisation methodology based on probability, impact and controls is applied;
- Faculty and University risk registers are used and updated regularly to monitor risks, controls and management action;

An external review of effectiveness was undertaken in 2016/17, which found the University's governance arrangements to be generally sound with some areas of excellent practice. A working group comprising the Chair of Council, the Vice-Chancellor and two external members of Council has been established to oversee actions for enhancement arising from the review.

The Council's oversight of the effectiveness of the system of internal control is informed by;

- i) internal audit, which operates to standards defined in the HEFCE Accountability and Audit Code of Practice. The internal auditors submit regular reports that include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.;
- ii) informed by the work of the executive managers within the institution, who have the responsibility for the development and maintenance of the internal control framework
- iii) and by the comments made by the external auditors in their management letter and other reports.

The Council has approved a basket of key performance indicators which are benchmarked against other publicly available data sources and reviewed on a regular basis by Council. The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant business, operational, compliance and financial risks, that it has been in place for the year ended 31 July 2017 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for Higher Education.



# Statement of Primary Responsibilities

The University Council has adopted a Statement of Primary Responsibilities which sets out the principal responsibilities of the governing body. It is based on the Model Statement contained in The Higher Education Code of Governance, published by the Committee of University Chairs (December 2014).<sup>1</sup>

The primary responsibilities of Council are as follows:

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University and to ensure that these meet the interests of staff, students and other stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To appoint the Vice-Chancellor as the chief academic and administrative officer of the University and the HEFCE Accountable Officer and to put in place suitable arrangements for monitoring his/her performance and setting appropriate remuneration (through the Remuneration Committee).
4. To delegate authority to the Vice-Chancellor for the effective academic, corporate, financial, estate and human resource management of the University and to establish and keep under review the policies, procedures and limits which such authority is exercised.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances, whistle-blowing, and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Council and its sub-committees, with a formal effectiveness review of the Council at least once every four years.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life embracing selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.
8. To receive assurance that adequate measures are in place to safeguard the reputation and values of the University, and to take action where insufficient assurance has been obtained, and to be responsible for the ethical governance of the University.
9. To appoint a Secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
11. To ensure that systems are in place for meeting all the University's legal obligations, including those which relate to health and safety and equal opportunities and those which arise from contracts and other legal commitments made in the University's name. The Council is responsible for determining the custody and use of the Common Seal of the University.
12. To receive assurance that adequate provision has been made for the general welfare of students, and to take action where insufficient assurance has been obtained.
13. To receive assurance that the Students' Union operates in a fair and democratic manner and is accountable for its finances, and to take action where insufficient assurance has been obtained.
14. To receive assurance that any property, legacy, endowment, bequest or gift made to the University is used to support its work, and to take action where insufficient assurance has been obtained.
15. To ensure that the University's Charter and Statutes are followed at all times and that appropriate advice and support is available to enable this to happen.

<sup>1</sup> [www.universitychairs.ac.uk/wp-content/uploads/2015/02/Code-Final.pdf](http://www.universitychairs.ac.uk/wp-content/uploads/2015/02/Code-Final.pdf)

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

## Report on the audit of the financial statements

### Opinion

In our opinion, the University of Bradford's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2017 and of the group's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice - Accounting for Further and Higher Education and the 2016/17 HEFCE Accounts Direction.

We have audited the financial statements which comprise the Consolidated and University Balance Sheets as at 31 July 2017; the Consolidated Statement of Comprehensive Income for the year ended 31 July 2017; the Consolidated and University Statement of Changes in Reserves for the year then ended; the Consolidated Statement of Cash Flows for the year then ended; and the Statement of Principal Accounting Policies; and the notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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

- Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent institution's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of Council for the financial statements*

As explained more fully in the Statement of Primary Responsibilities set out on page 15, Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council is responsible for assessing the group and parent institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the group and parent institution or to cease operations, or has no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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

### Other required reporting

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

In our opinion, in all material respects:

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

#### Other matters on which we are required to report by exception

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



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

Date: 27/11/17

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

# Statement of Principal Accounting Policies Year Ended 31 July 2017

## Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

## Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union. Although the Students Union is predominantly funded by grants from the University it is separately governed by sabbatical officers directly elected by the student body, assisted by a permanent staff body and independent trustee board. As such the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

## Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

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

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## Grant funding

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

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

## Donations and endowments

Non-Exchange Transactions are those transactions whereby an entity receives (or gives) value from/to another entity without directly giving/receiving approximately equal value in exchange.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or

# Statement of Principal Accounting Policies (continued)

## Year Ended 31 July 2017

unrestricted income according to the terms other restriction applied to the individual endowment fund.

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

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

### Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### Employment benefits

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

### Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

# Statement of Principal Accounting Policies (continued)

## Year Ended 31 July 2017

### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

### Operating leases

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

### Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency,

Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### Land and buildings

Land and buildings are included in the balance sheet at historical cost. Buildings and their component parts are depreciated over their expected useful economic life to the University of 3-100 years. Land is not depreciated.

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

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

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

### Plant and Equipment

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

Plant and Equipment	3-25 years
Computer Software	3 years
Vehicles	4 years

### Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying

# Statement of Principal Accounting Policies (continued)

## Year Ended 31 July 2017

amount of the fixed asset may not be recoverable.

Indicators of impairment include:

- evidence of obsolescence or physical damage of an asset;
- a significant adverse change in the environment or competitive market. This may be caused by, for example: the entrance of a new supplier of a course or service; changes in the regulatory or statutory environment; or significant changes in the value of an indicator used to measure the fair value of a non-current asset on acquisition. Such changes may include income streams from courses or underperformance against the recurrent funding agreement with the funding body;
- an asset's market value has declined significantly more than expected, for example due to a slump in property prices;
- significant changes have occurred, or are planned imminently, to the way the asset is used, for example the governing body may require a restructure or business plans lead to courses being withdrawn and assets becoming idle; and
- evidence indicates that the economic performance of an asset is significantly worse than expected.

### Investments

Non current asset investments are held on the Balance Sheet at fair value with movements recognised within the Statement of Comprehensive Income.

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

Current asset investments are held at fair value with movements recognised within the Statement of Comprehensive Income.

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment only qualifies as a cash equivalent when it has a short maturity, typically three months or less from the date of acquisition.

### Provisions, contingent liabilities and contingent assets

The use of a provision is restricted to a liability where there is some uncertainty as to the timing or amount that has been incurred. Provisions are recognised in the financial statements where the following three conditions are met:

- there is an obligation at the reporting date as a result of a past event, and the University has no realistic alternative to settlement;
- the transfer of economic benefits in settlement is more likely than not; and
- the value of the obligation can be estimated reliably.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises when an event leads to:

- a possible rather than a present obligation;
- a possible rather than a probable outflow of economic benefits; and
- an inability to measure the economic outflow.

A contingent asset arises if it is possible that an asset may arise from a past event. If in any period it becomes virtually certain that an inflow of economic benefits will occur then the asset and its associated gain is recognised in that accounting period.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

In respect of its interests in jointly controlled operations, the University recognises in its financial statements:

- (a) the assets that it controls and the liabilities that it incurs; and
- (b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.



# Statement of Principal Accounting Policies (continued)

## Year Ended 31 July 2017

In respect of its interest in a jointly controlled asset, the University recognises in its financial statements:

- (a) its share of the jointly controlled assets, classified according to the nature of the assets;
- (b) any liabilities that it has incurred;
- (c) its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- (e) any expenses that it has incurred in respect of its interest in the joint venture.

### Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

# Definition of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Consolidated Statement of Comprehensive Income for the Year Ended 31 July 2017

	Note	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Income</b>					
Tuition fees and education contracts	1	82,046	82,046	85,115	85,115
Funding body grants	2	11,860	11,860	16,133	16,133
Research grants and contracts	3	7,822	7,822	8,332	8,332
Other income	4	10,963	10,878	11,830	11,823
Investment income	5	526	526	624	624
Donations and endowments	6	191	191	1,988	1,938
<b>Total income</b>		<b>113,408</b>	<b>113,323</b>	<b>124,022</b>	<b>123,965</b>
<b>Expenditure</b>					
Staff costs	7	71,976	71,712	75,061	74,959
Fundamental restructuring costs		1,409	1,409	2,520	2,520
Other operating expenses	8	35,788	35,816	39,569	39,589
Depreciation		7,857	7,857	7,907	7,907
Interest and other finance costs	9	1,881	1,881	1,793	1,793
<b>Total expenditure</b>		<b>118,911</b>	<b>118,675</b>	<b>126,850</b>	<b>126,768</b>
<b>Deficit before other gains / (losses) and share of operating surplus / deficit of joint ventures and associates</b>		<b>(5,503)</b>	<b>(5,352)</b>	<b>(2,828)</b>	<b>(2,803)</b>
Gain / (loss) on disposal of fixed assets		17	17	(277)	(10)
Gain on investments		2,039	2,039	1,148	1,148
Share of operating surplus in joint venture		54	-	13	-
<b>Deficit before tax and deficit for the year</b>		<b>(3,393)</b>	<b>(3,296)</b>	<b>(1,944)</b>	<b>(1,665)</b>
Actuarial gain / (loss) in respect of pension schemes		24,890	24,890	(17,077)	(17,077)
<b>Total comprehensive income / (expense) for the year</b>		<b>21,497</b>	<b>21,594</b>	<b>(19,021)</b>	<b>(18,742)</b>
Represented by:					
Endowment comprehensive expense for the year		(210)	(210)	(168)	(168)
Restricted comprehensive (expense) / income for the year		(39)	(39)	1,197	1,197
Unrestricted comprehensive income / (expense) for the year		21,746	21,843	(20,050)	(19,771)
		<b>21,497</b>	<b>21,594</b>	<b>(19,021)</b>	<b>(18,742)</b>

All items of income and expenditure relate to continuing activities.

# Consolidated and University Statement of Changes in Reserves for the Year Ended 31 July 2017

Consolidated	Income and expenditure reserve			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£000	£000	£000	£000	£000
Balance at 1 August 2015	1,450	329	51,185	4,652	57,616
Deficit from the income and expenditure statement	(168)	1,197	(3,874)	901	(1,944)
Other comprehensive expense	-	-	(17,077)	-	(17,077)
	(168)	1,197	(20,951)	901	(19,021)
Balance at 1 August 2016	1,282	1,526	30,234	5,553	38,595
Deficit from the income and expenditure statement	(210)	(39)	(5,237)	2,093	(3,393)
Other comprehensive expense	-	-	24,890	-	24,890
Total comprehensive (expense) / income for the year	(210)	(39)	19,653	2,093	21,497
Balance at 31 July 2017	1,072	1,487	49,887	7,646	60,092


  

University	Income and expenditure reserve			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£000	£000	£000	£000	£000
Balance at 1 August 2015	1,450	329	51,134	4,373	57,286
Deficit from the income and expenditure statement	(168)	1,197	(3,850)	1,156	(1,665)
Other comprehensive expense	-	-	(17,077)	-	(17,077)
	(168)	1,197	(20,927)	1,156	(18,742)
Balance at 1 August 2016	1,282	1,526	30,207	5,529	38,544
Deficit from the income and expenditure statement	(210)	(39)	(5,086)	2,039	(3,296)
Other comprehensive expense	-	-	24,890	-	24,890
Total comprehensive (expense) / income for the year	(210)	(39)	19,804	2,039	21,594
Balance at 31 July 2017	1,072	1,487	50,011	7,568	60,138

# Consolidated and University Balance Sheets as at 31 July 2017

	Note	31 July 2017		31 July 2016	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Non-current assets</b>					
Fixed assets	11	118,846	118,846	114,605	114,605
Investments	12	18,813	18,932	16,447	16,566
Investment in joint ventures	13	79	-	25	-
		<u>137,738</u>	<u>137,778</u>	<u>131,077</u>	<u>131,171</u>
<b>Current assets</b>					
Trade and other receivables	14	14,225	14,463	17,152	17,178
Investments	15	42	42	36	36
Cash and cash equivalents		21,704	21,615	29,382	29,318
		<u>35,971</u>	<u>36,120</u>	<u>46,570</u>	<u>46,532</u>
Less: Creditors: amounts falling due within one year	16	(31,656)	(31,799)	(33,373)	(33,480)
<b>Net current assets</b>		<u>4,315</u>	<u>4,321</u>	<u>13,197</u>	<u>13,052</u>
<b>Total assets less current liabilities</b>		<u>142,053</u>	<u>142,099</u>	<u>144,274</u>	<u>144,223</u>
Creditors: amounts falling due after more than one year	17	(54,220)	(54,220)	(53,096)	(53,096)
<b>Provisions</b>					
Pension provisions	18	(27,741)	(27,741)	(52,056)	(52,056)
Other provisions	18	-	-	(527)	(527)
<b>Total net assets</b>		<u>60,092</u>	<u>60,138</u>	<u>38,595</u>	<u>38,544</u>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	19	1,072	1,072	1,282	1,282
Income and expenditure reserve - restricted reserve	20	1,487	1,487	1,526	1,526
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		49,887	50,011	30,234	30,207
Revaluation reserve		7,646	7,568	5,553	5,529
<b>Total Reserves</b>		<u>60,092</u>	<u>60,138</u>	<u>38,595</u>	<u>38,544</u>

The financial statements were approved by the Council on 22 November 2017 and signed on its behalf by



*Baroness A Taylor*  
CHAIR OF COUNCIL



*Professor B Cantor*  
VICE-CHANCELLOR

# Consolidated Statement of Cash Flows for the Year Ended 31 July 2017

	31 July 2017 £000	31 July 2016 £000
<b>Cash flow from operating activities</b>		
Deficit for the year	(3,393)	(1,944)
<b>Adjustment for non-cash items</b>		
Depreciation	7,857	7,907
Decrease / (increase) in debtors	2,927	(3,242)
Increase / (decrease) in creditors	(3,170)	1,316
Increase in pension provision	575	2,441
Increase / (decrease) in other provisions	(527)	22
Gain on investments	(2,035)	(1,148)
Receipts of donated assets	-	(1,100)
Share of operating surplus in joint venture	(54)	(13)
<b>Adjustment for investing or financing activities</b>		
Investment income	(526)	(624)
Interest payable	862	1,008
Endowment income	(191)	(888)
Loss / (profit) on the sale of fixed assets	(17)	277
Capital grant income	(1,476)	(3,502)
<b>Net cash inflow from operating activities</b>	<u>832</u>	<u>510</u>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of fixed assets	17	3
Investment income	526	624
Payments made to acquire fixed assets	(12,098)	(4,484)
Capital grant receipts	4,269	1,070
Withdrawal of deposits	114	98
New non-current asset investments	(452)	(451)
Disposal of non-current asset investments	-	267
<b>Net cash outflow from investing activities</b>	<u>(7,624)</u>	<u>(2,873)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(862)	(1,008)
Endowment cash received	191	888
New unsecured loans	915	1,921
Repayments of amounts borrowed	(1,130)	(755)
<b>New cash (outflow) / inflow from financing activities</b>	<u>(886)</u>	<u>1,046</u>
<b>Decrease in cash and cash equivalents in the year</b>	<u>(7,678)</u>	<u>(1,317)</u>
Cash and cash equivalents at beginning of the year	29,382	30,699
Cash and cash equivalents at end of the year	21,704	29,382

# Notes to the Accounts

## For the year ended 31 July 2017

### 1. Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Full-time home and EU students	51,611	51,611	53,485	53,485
Full-time international students	12,088	12,088	12,810	12,810
Part-time students	7,151	7,151	7,459	7,459
Research Training Support Grant	1,426	1,426	1,557	1,557
Health Education Training Contract	9,770	9,770	9,804	9,804
	<u>82,046</u>	<u>82,046</u>	<u>85,115</u>	<u>85,115</u>

### 2. Funding body grants

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Recurrent grant	11,289	11,289	12,737	12,737
Specific grants	717	717	1,353	1,353
Deferred capital grants released in the year				
Buildings	(487)	(487)	1,717	1,717
Equipment	341	341	326	326
	<u>11,860</u>	<u>11,860</u>	<u>16,133</u>	<u>16,133</u>

### 3. Research grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Research councils	2,583	2,583	1,954	1,954
UK based charities	1,169	1,169	1,113	1,113
Government (UK and overseas)	2,156	2,156	3,357	3,357
Industry and commerce	1,530	1,530	1,579	1,579
Other	384	384	329	329
	<u>7,822</u>	<u>7,822</u>	<u>8,332</u>	<u>8,332</u>

### 4. Other income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Residences, catering and conferences	2,520	2,520	2,607	2,607
Other services rendered	1,559	1,559	3,375	3,375
Other capital grants	1,622	1,622	1,459	1,459
Other income	5,262	5,177	4,389	4,382
	<u>10,963</u>	<u>10,878</u>	<u>11,830</u>	<u>11,823</u>

### 5. Investment income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Investment income on endowments	4	4	8	8
Other investment income	522	522	616	616
	<u>526</u>	<u>526</u>	<u>624</u>	<u>624</u>

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 6. Donations and endowments

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
New endowments	92	92	40	40
Donations with restrictions	99	99	1,374	1,324
Unrestricted donations	-	-	574	574
	<u>191</u>	<u>191</u>	<u>1,988</u>	<u>1,938</u>

### 7. Staff costs

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Salaries	57,854	57,642	60,250	60,167
Social Security Costs	5,420	5,400	4,912	4,905
Movement in USS provision	(2,255)	(2,255)	530	530
Other pension costs	10,957	10,925	9,369	9,357
Total	<u>71,976</u>	<u>71,712</u>	<u>75,061</u>	<u>74,959</u>

Enrolments of the Vice-Chancellor  
Salary

Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
<u>250</u>	<u>245</u>

Remuneration of other higher paid staff,  
excluding pension contributions

£100,000 - £109,999  
£110,000 - £119,999  
£120,000 - £129,999  
£130,000 - £139,999  
£140,000 - £149,999  
£150,000 - £159,999  
£180,000 - £189,999  
£190,000 - £199,999

Year ended 31 July 2017 Number	Year ended 31 July 2016 Number
<u>3</u>	<u>3</u>
3	3
4	5
2	1
-	1
1	-
-	1
1	-

Full time equivalent staff numbers by major category:

Academic and research  
Technical  
Administrative  
Other

Total

Year ended 31 July 2017 Number	Year ended 31 July 2016 Number
<u>525</u>	<u>542</u>
63	68
778	815
101	122
<u>1,467</u>	<u>1,547</u>



# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 7. Staff costs (continued)

#### Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling the activities of the University, being the Chair of Council and the University's Senior Management team. Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2017	Year ended 31 July 2016
	£000	£000
Key management personnel compensation	1,219	1,238

#### Council Members

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

Transactions with Council members are disclosed in note 24.

### 8. Other operating expenses

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Consumables and laboratory expenses	5,277	5,273	5,901	5,894
Travel and subsistence	2,112	2,109	2,097	2,082
Casual staff costs	1,453	1,453	2,077	2,077
Books and periodicals	2,305	2,305	2,271	2,271
Bursaries, scholarships and prizes	5,752	5,752	6,066	6,066
Heat, light, water and power	2,144	2,128	1,820	1,818
Repairs and general maintenance	2,055	2,050	1,828	1,825
Minor works and long term maintenance	1,753	1,753	506	506
Grants to University of Bradford Students' Union	1,428	1,428	1,357	1,357
Rents and insurances of buildings	1,278	1,217	1,482	1,421
Rates	85	74	578	578
Telephone	280	274	291	290
Postage, advertising, printing and stationery	1,859	1,851	1,880	1,865
External auditors' remuneration	77	73	56	56
External auditors' remuneration in respect of taxation services	-	-	62	62
External auditors' remuneration in respect of other services	2	2	24	24
Other auditors' remuneration	19	19	38	38
Internal auditors' remuneration	91	91	88	88
Legal and professional fees	3,170	3,135	5,520	5,488
International agency fees	1,746	1,942	1,819	1,989
Amortisation	87	87	88	88
Equipment and furniture	1,810	1,807	1,733	1,727
Other expenses	1,005	993	1,987	1,979
	<u>35,788</u>	<u>35,816</u>	<u>39,569</u>	<u>39,589</u>

Amortisation relates to the University's capital contribution towards the student village at The Green. This is being written down over 20 years.

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 9. Interest and other finance costs

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Net charge on pension scheme	1,019	1,019	785	785
Loan interest	862	862	1,008	1,008
	<u>1,881</u>	<u>1,881</u>	<u>1,793</u>	<u>1,793</u>

### 10. Taxation

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
UK Corporation Tax receivable / (payable) on the profit of subsidiary companies	-	-	-	-

### 11. Fixed Assets

	Freehold Land and buildings £000	Plant & Machinery £000	Fixtures, Fittings & Equipment £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
As at 31 July 2016	130,202	30,720	17,062	2,918	180,902
Additions	-	-	295	11,803	12,098
Transfers	4,972	1,242	1,577	(7,791)	-
At 31 July 2017	<u>135,174</u>	<u>31,962</u>	<u>18,934</u>	<u>6,930</u>	<u>193,000</u>
<b>Accumulated depreciation</b>					
As at 31 July 2016	38,655	14,524	13,118	-	66,297
Charge for the year	3,653	2,171	2,033	-	7,857
Transfers	340	(325)	(15)	-	-
As at 31 July 2017	<u>42,648</u>	<u>16,370</u>	<u>15,136</u>	<u>-</u>	<u>74,154</u>
<b>Net book value</b>					
As at 31 July 2017	<u>92,526</u>	<u>15,592</u>	<u>3,798</u>	<u>6,930</u>	<u>118,846</u>
As at 31 July 2016	<u>91,547</u>	<u>16,196</u>	<u>3,944</u>	<u>2,918</u>	<u>114,605</u>

At 31 July 2017, freehold land and buildings included £1.9m (2016: £1.9m) in respect of freehold land which is not depreciated.

Buildings with a net book value of £33.6m (2016: £34.4m) have been funded by Treasury sources. Should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with HEFCE.

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 12. Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
<b>Consolidated</b>			
At 1 August 2016	-	16,447	16,447
Additions	-	452	452
Disposals	-	(114)	(114)
Revaluation	-	2,028	2,028
At 31 July 2017	-	18,813	18,813
<b>University</b>			
At 1 August 2016	119	16,447	16,566
Additions	-	452	452
Disposals	-	(114)	(114)
Revaluation	-	2,028	2,028
At 31 July 2017	119	18,813	18,932

Other non-current investments consist of:

	Consolidated and University £000
Long term asset portfolio	18,751
Others	62
	18,813

The University as principal sponsor of University Academy Keighley ("UAK") can appoint the majority of the board, though it currently does not hold a majority. However it does not consolidate the financial statements of UAK in to the University group financial statements.

This is because the University cannot obtain any benefits or exercise rights over assets and management as defined in FRS 102. The University does not derive any financial or non-financial benefit (based on the memorandum and articles). The University also does not have the power to control UAK on the basis of the secretary of state intervention powers over the Academy, including the secretary of state's right to assets on wind up.

### 13. Investment in joint venture

The University holds a 50% share of Inprint & Design Limited. This is a joint venture company owned equally by the University and Bradford College. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated in to the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated statement of comprehensive income.

	Year ended 31 July 2017		Year ended 31 July 2016	
	£000	£000	£000	£000
<b>Income and expenditure account</b>				
Income		1,366		1,447
Result before tax		109		2
<b>Balance Sheet</b>				
Fixed assets	75		90	
Current assets	430		336	
Creditors: amounts due within one year		505 (346)		426 (375)
Share of net assets		79		25

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 14. Trade and other receivables

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Prepayments – capital contribution to student village	1,138	1,138	1,225	1,225
Other amounts falling due after more than one year	34	34	34	34
<b>Amounts falling due after more than one year</b>	<b>1,172</b>	<b>1,172</b>	<b>1,259</b>	<b>1,259</b>
Research grant receivables	1,365	1,365	1,220	1,220
Other trade receivable	5,653	5,637	9,208	9,208
Other receivables	93	93	71	71
Prepayments and accrued income	5,942	5,939	5,394	5,394
Amounts due from subsidiary companies	-	257	-	26
	<b>14,225</b>	<b>14,463</b>	<b>17,152</b>	<b>17,178</b>

### 15. Current investments

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Short term investment in shares	42	42	36	36

### 16. Creditors: amounts falling due within one year

	31 July 2017		31 July 2016 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loans	1,269	1,269	1,130	1,130
Trade payables	887	887	1,408	1,408
Social security and other taxation payable	3,436	3,436	3,287	3,287
Accruals and deferred income	26,064	26,059	27,548	27,544
Amounts due to subsidiary companies	-	148	-	111
	<b>31,656</b>	<b>31,799</b>	<b>33,373</b>	<b>33,480</b>

Accruals for goods received but not invoiced at 31 July 2016, previously reported as trade creditors, have been restated as accruals and deferred income.

#### Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Donations	64	64	526	526
Research grants received on account	3,156	3,156	3,874	3,874
Grant income	3,889	3,889	4,012	4,012
Other income	7,095	7,095	9,255	9,255
	<b>14,204</b>	<b>14,204</b>	<b>17,667</b>	<b>17,667</b>

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 17. Creditors: amounts falling due after more than one year

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Deferred income	35,719	35,719	34,241	34,241
Unsecured loans	18,501	18,501	18,855	18,855
	<u>54,220</u>	<u>54,220</u>	<u>53,096</u>	<u>53,096</u>

#### Analysis of unsecured loans:

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Due within one year or one demand	1,269	1,269	1,130	1,130
Due between one and two years	1,163	1,163	1,158	1,158
Due between two and five years	2,346	2,346	2,182	2,182
Due in five years or more	14,992	14,992	15,515	15,515
Due after more than one year	18,501	18,501	18,855	18,855
Total unsecured loans	<u>19,770</u>	<u>19,770</u>	<u>19,985</u>	<u>19,985</u>

Included in loans are the following:

Lender	Amount £000	Term	Interest rate %	Borrower
Barclays Bank plc	17,382	2030	5	University
HEFCE	1,840	2020	0	University
SALIX	548	2019	0	University
	<u>19,770</u>			

### 18. Provision for liabilities

	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations £000	Total Pension Provisions £000	Other Provisions £000
Consolidated and University At 1 August 2016	15,005	37,051	52,056	527
Utilised in year	(2,255)	-	(2,255)	(527)
Additions in 2016/17	195	(22,255)	(22,060)	-
At 31 July 2017	<u>12,945</u>	<u>14,796</u>	<u>27,741</u>	<u>-</u>

#### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

#### Premature Retirement Fund

This provision relates to payments paid in the year, and amounts anticipated to be paid, in relation to employees who signed up to the Voluntary Severance Scheme. The amounts paid in year relate to a combination of pension and salary payments. All amounts outstanding are due to be paid within one year.

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 19. Endowment reserves

	Restricted permanent endowments £000	Expendable endowments £000	2017 Total £000	2016 Total £000
Balances at 1 August 2016				
Capital	182	824	1,006	1,096
Accumulated income	194	82	276	354
	<u>376</u>	<u>906</u>	<u>1,282</u>	<u>1,450</u>
New endowments	-	85	85	40
Investment income	4	2	6	8
Expenditure	-	(307)	(307)	(208)
	<u>4</u>	<u>(305)</u>	<u>(301)</u>	<u>(200)</u>
Increase / (decrease) in market value of investments	6	-	6	(8)
	<u>386</u>	<u>686</u>	<u>1,072</u>	<u>1,282</u>
At 31 July 2017				
Represented by:				
Capital	188	714	902	1,006
Accumulated income	198	(28)	170	276
	<u>386</u>	<u>686</u>	<u>1,072</u>	<u>1,282</u>
Analysis by type of purpose:				
Lectureships	-	259	259	380
Scholarships and bursaries	327	286	613	669
Prize funds	59	55	114	123
General	-	86	86	110
	<u>386</u>	<u>686</u>	<u>1,072</u>	<u>1,282</u>
Analysis by asset:				
Current and non-current asset investments			42	36
Cash and cash equivalents			1,030	1,246
			<u>1,072</u>	<u>1,282</u>

# Notes to the Accounts

## For the year ended 31 July 2017 (continued)

### 20. Restricted reserves

	31 July 2017		31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Balances at 1 August 2016	1,526	1,526	329	329
New donations	99	99	1,374	1,324
Investment income	1	1	1	1
Expenditure	(139)	(139)	(178)	(128)
At 31 July 2017	<u>1,487</u>	<u>1,487</u>	<u>1,526</u>	<u>1,526</u>
Analysis of restricted funds by type of purpose:				
Lectureships	2	2	2	2
Scholarships and bursaries	16	16	16	16
Research support	1,449	1,449	1,488	1,488
General	20	20	20	20
	<u>1,487</u>	<u>1,487</u>	<u>1,526</u>	<u>1,526</u>

### 21. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July:

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	<u>241</u>	<u>241</u>	<u>4,916</u>	<u>4,916</u>

### 22. Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the University are as follows:

Name of undertaking	Country of incorporation	Description of business	Holding
Bradford Education Consulting (Beijing) Co. Ltd	China	Marketing of the University	100%
DHEZ Ltd	United Kingdom	SME Support	90%

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 23. Pension schemes

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

	USS	WYPF
Latest actuarial valuations	31 March 2014 (unaudited)	31 March 2016
Valuation Method	Projected Unit	Projected Unit
Investment returns per annum	5.2%	2.0%
Salary scale increases per annum	3.5%	3.25%
Pension increases per annum	2.6%	2.0%
Value of notional assets	£41,600 million	£11,211 million
Proportion of members' accrued benefits covered by the actuarial value of assets	89%	94%

The contributions payable by the University in respect of the USS scheme during the year were equal to employer contributions of 18% of salary.

The University paid contributions of 17% from August 2016 to March 2017, and 19% from April to July 2017 in respect of the WYPF scheme for the accounting year as recommended by the actuary.

### FRS 102

The institution participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total pension cost for the institution was £7.035M (2016: £6.816M). This includes £583,187 (2016: £603,462) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets



# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 23. Pension schemes (continued)

to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

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

<b>Male members' mortality</b>	98% of SINA ["light"] YoB tables - No age rating
<b>Female members' mortality</b>	99% of SINA ["light"] YoB tables - rated down 1 year

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

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

Existing benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

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

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2017, USS had over 190,000 active members and the institution had 859 active members participating in the scheme.

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 23. Pension schemes (continued)

The West Yorkshire Pension Fund valuation was updated by the University's actuary on an FRS 17 basis as at 31 July 2017, 31 July 2016 and 31 July 2015.

The major assumptions used in this valuation were:

	2017	2016	2015
Rate of increase in salaries	3.25%	3.3%	3.5%
Rate of increase in pensions in payment and deferred pensions	2.0%	1.8%	3.0%
Discount rate applied to scheme liabilities	2.6%	2.3%	3.5%
Inflation Assumption	2.0%	1.8%	2.0%

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

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

	2017	2016
<b>Retiring today</b>		
Males	22.1	22.7
Females	25.2	25.6
<b>Retiring in 20 years</b>		
Males	23.0	24.9
Females	27.0	28.0

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

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 23. Pension schemes (continued)

### Scheme Assets

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

	Value at 2017	Value at 2016	Value at 2015
Present value of scheme assets	£000	£000	£000
Equities	104,977	92,732	85,539
Government Bonds	13,242	13,829	11,721
Other Bonds	5,324	5,186	5,184
Property	6,006	5,927	5,071
Cash/Liquidity	2,321	1,729	1,690
Other	4,641	4,075	3,494
	<u>136,511</u>	<u>123,478</u>	<u>112,699</u>
Present value of scheme liabilities			
Pension liability	(151,307)	(160,529)	(130,948)
Net pension liability	<u>(14,796)</u>	<u>(37,051)</u>	<u>(18,249)</u>

### Analysis of other pension costs charged in arriving at operating deficit

	2016-17	2015-16
	£000	£000
Current service cost	3,997	3,220
Past service cost	305	150
	<u>4,302</u>	<u>3,370</u>

### Analysis of amounts included in other finance income / (costs)

	2016-17	2015-16
	£000	£000
Expected return on pension scheme assets	2,824	3,912
Interest on pension scheme liabilities	(3,648)	(4,511)
	<u>(824)</u>	<u>(599)</u>

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 23. Pension schemes (continued)

Movement in deficit during year	2016-17 £000	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000
Deficit in scheme at beginning of year	(37,051)	(18,249)	(15,944)	(22,656)	(29,279)
Current service cost	(3,997)	(3,220)	(2,783)	(2,964)	(2,714)
Contributions paid	2,491	2,244	2,079	1,823	1,660
Past Service cost	(305)	(150)	(121)	(67)	(83)
Other finance (costs)/income	(824)	(599)	1,999	1,400	881
Actuarial (loss)/gain	24,890	(17,077)	(3,479)	6,520	6,879
Deficit in the scheme at end of year	<u>(14,796)</u>	<u>(37,051)</u>	<u>(18,249)</u>	<u>(15,944)</u>	<u>(22,656)</u>
<b>Asset and Liability Reconciliation</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>	<b>2012-13 £000</b>
<b>Reconciliation of Liabilities</b>					
Liabilities at start of year	160,529	130,948	120,741	126,132	118,251
Current service cost	3,997	3,220	2,783	2,964	2,714
Interest cost	3,648	4,511	4,812	5,542	4,727
Employee contributions	799	815	810	787	726
Actuarial (gain)/loss	(13,264)	25,879	6,320	(10,583)	3,288
Benefits paid	(4,707)	(4,994)	(4,639)	(4,168)	(3,657)
Past service costs/(credit)	305	150	121	67	83
Liabilities at end of year	<u>151,307</u>	<u>160,529</u>	<u>130,948</u>	<u>120,741</u>	<u>126,132</u>
<b>Reconciliation of Assets</b>					
Assets at start of year	123,478	112,699	104,797	103,476	88,972
Expected return on assets	2,824	3,912	6,811	6,942	5,608
Actuarial gain/(loss)	11,626	8,802	2,841	(4,063)	10,167
Employer contributions	2,491	2,244	2,079	1,823	1,660
Employee contributions	799	815	810	787	726
Benefits paid	(4,707)	(4,994)	(4,639)	(4,168)	(3,657)
Assets at end of year	<u>136,511</u>	<u>123,478</u>	<u>112,699</u>	<u>104,797</u>	<u>103,476</u>

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2017 is £2.6m.

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 24. Related Party Transactions

The University owns 50% of the ordinary shares of Inprint & Design Limited. Transactions with the company in the year were:

	2016-17 £	2015-16 £
<b>Charged by the University:</b>		
Rent	76,800	76,800
Salary recharges	362,861	310,286
Other	24,732	28,001
	<u>464,393</u>	<u>415,087</u>
<b>Purchases made by the University:</b>		
Print services	629,621	713,281
	<u>£</u>	<u>£</u>
Owed to the University at 31 July	170,254	192,956
Owed by the University at 31 July	98,738	105,159

Two members of Council were officials of the University of Bradford Students' Union during the year. Transactions with the Students' Union in the year were:

	2016-17 £	2015-16 £
<b>Charged by the University:</b>		
Rent	537,737	537,737
Salary recharges	711,616	604,625
Other	14,464	46,289
	<u>1,263,817</u>	<u>1,188,651</u>
<b>Purchases/grants made by the University:</b>		
Grants	1,428,121	1,357,499
Other	185,294	196,336
	<u>1,613,415</u>	<u>1,553,835</u>
Owed to the University at 31 July	175,252	48,825
Owed by the University at 31 July	95,535	558

Key management personnel remuneration includes £20,000 (2016: £20,000) payable to the Chair of Council.

# Notes to the Accounts For the year ended 31 July 2017 (continued)

## 25. Financial Commitments

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £000	University £000	Consolidated £000	University £000
At 31 July the University had annual commitments under non-cancellable operating leases as follows:				
<b>Land and buildings</b>				
Expiring within one year	257	211	79	32
Expiring within two and five years	48	48	135	135
	<u>305</u>	<u>259</u>	<u>214</u>	<u>167</u>
<b>Equipment</b>				
Expiring within two and five years	46	46	32	32
	<u>46</u>	<u>46</u>	<u>32</u>	<u>32</u>

UNIVERSITY of  
BRADFORD

# ENGINEERING AND INFORMATICS

FINANCIAL STATEMENTS



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