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Vice-Chancellor's and Chair of the Board of Trustees' statement

2015/16 has been a year of progress and success for our University, and has been dominated by the development of a new University Strategy, following an extensive internal and external consultation process. That process demonstrated not only how committed our staff, students and alumni are to their University but also a shared hunger for change, and a renewed sense of ambition.

Our performance in international league tables remains strong. The outcome of the most recent Research Excellence Framework (REF 2014) placed us 5th in the UK for research intensity, and the most recent QS world ranking placed us 41st in the world and 9th in the UK. We cannot however rest on our laurels and there are a number of initiatives described in our new strategy to further strengthen our research performance, including the establishment of specialist research institutes, a Vice-Chancellor's fellowship scheme and a renewed focus on the development of strategic partnerships, including with organisations overseas. We are pleased to report that our 2016 National Student Survey score, which measures student satisfaction, also rose by 2%. We have however more work to do to further enhance the quality of the student experience, which is recognised in our new strategy. This includes a remodelling of the centre of our Clifton campus to create a student-focused 'heart' of our University, and significant curriculum innovation to broaden the breadth of our students' experience, to complement the depth of their academic studies.

We continue to recruit incredibly talented students. The new arrangements introduced in 2012/13 for the financing and regulation of home undergraduate student numbers is now in its fourth year of operation and, as a result, student recruitment across the sector has become extremely competitive. Our successful growth of home undergraduate student numbers of approximately 15% between 2012/13 and 2015/16 underlines the academic reputation and attractiveness of our University.

The upcoming Higher Education and Research Bill will introduce further changes and opportunities to the sector and combined with the longer term impact of Brexit the level of increased uncertainty will need careful navigation. We have ambition to further diversify our student population to make sure we are attracting the widest possible pool of talent, and to increase the number of students from overseas. We have a number of new initiatives outlined in the strategy to realise those aims.

Financial performance continues to be strong. We exceeded our budget assumptions and the reported surplus of £42m in 2015/16 is a significant improvement on the £28m surplus reported in 2014/15.

We are delighted to confirm that Sir Paul Nurse, a Nobel Prize-winning scientist and former President of the Royal Society, has been named as the next Chancellor of the University. He will take up his new role in January 2017.

We will need to make some bold decisions next year to capitalise on our position and take our next step forward. Despite the uncertainty caused by the UK's decision to leave the EU, we feel with our new strategy in place, Sir Paul as our ambassador and a firm financial footing from which to start, taking a significant step forward is both attractive and achievable.



Professor Hugh Brady
Vice-Chancellor

Denis Burn
Chair, University Board of Trustees

Strategic report 2015/16

Mission and strategy

Details of the University's recently released strategy are set out in "Our Vision. Our Strategy", which is available on our website. In summary:

Our mission is to pursue and share knowledge and understanding for their own sake and to help individuals and society fulfil their potential.

Our vision is to sustain and improve upon our world leading reputation for research, and embrace educational innovation that will nurture skilled, adaptable and resilient graduates.

Objectives

This sets out a roadmap for the next phase of our University's development. There are eight cornerstones to the new strategy.

- Educational innovation that will nurture resilient graduates who can thrive in a dynamic and rapidly changing world.
- Developing the structure, content and modes of delivery of our portfolio of taught postgraduate programmes to ensure that they map to current and future market needs.
- Taking our commitments to diversity and inclusivity to a new level through a number of complementary initiatives.
- Building capacity in world leading research through growth of PhD student numbers and a further development of the Bristol Doctoral College as a comprehensive resource for their support.
- Establishing a limited number of specialist research institutes in which Bristol has the potential to sustain world leading research of scale.
- Putting people at the heart of our future developments by significant investment in our staff.
- Transforming the centre of our main campus by clustering student support facilities in a new Student Resource Hub and building a new library around Tyndall Avenue.
- Developing our approach to internationalisation in order to expand our engagement with research partners and students worldwide within a changing context for the UK.

Each area is supported by defined actions, resources and by more detailed project plans and timetables out to 2024/25.

Organisation

The University is organised into six faculties, each led by a Dean:

- Arts
- Biomedical Sciences
- Engineering
- Health Sciences
- Science
- Social Sciences and Law

Responsibility for overall day-to-day management of the University is through the Vice-Chancellor and President (in the role of Accountable Officer), supported by a senior team which for 2016/17 onwards will include the Deputy Vice-Chancellor, five Pro Vice-Chancellors, the Registrar and Chief Operating Officer and the Chief Financial Officer.

Further details of the governance structure of the University are set out on pages 18 to 20.

Key facts – students, research and staff

	2015/16	2014/15	2013/14
Students (ftes)			
Undergraduate			
– Home	14,332	13,754	12,722
– Overseas	1,865	1,736	1,727
Postgraduate Taught			
– Home	1,245	1,198	1,193
– Overseas	1,115	1,409	1,168
Postgraduate Research			
– Home	1,356	1,425	1,450
– Overseas	452	488	456
Total student numbers	20,365	20,010	18,716
National Student Survey results			
Overall satisfaction levels	86%	84%	84%
Research grants and contracts (excluding Research and Development Expenditure Credit)			
Income in year	£149m	£142m	£153m
Awards in year	£147m	£126m	£152m
Staff (Average full time equivalents)			
Academic	2,771	2,639	2,511
Administrative and operational support	2,478	2,377	2,309
Technical	532	523	479
Total	5,781	5,539	5,299
Total staff costs	£284m	£284m	£249m
Staff costs as a % of income	49%	52%	50%

Strategic report 2015/16 continued

Financial strategy and future prospects

The University financial strategy supports the new University Strategy agreed in 2016 and can be summarised as follows:

- Sustained growth in the student population to 28,000 by 2024/25, representing future growth of 6,000 students (27%).
- Generation of significant cash inflows from operating activities (excluding capital grants) to maintain the University's cash position and allow for further investment in our estate and infrastructure.
- A new agreed capital programme of £600m for the next ten years balancing the desire for new projects versus maintenance of the existing buildings and facilities.

In terms of longer term prospects the University sees itself in a strong position to thrive in the new world post an exit from the European Union and the upcoming Higher Education and Research Bill that will promote the prominence of students and increased competition and differentiation of providers.

To achieve our goals we will need to be ambitious and strategic in the generation and deployment of resources and become more efficient and nimble in our structures, governance and management systems.

The University has identified a number of key financial ratios which it monitors as part of its financial strategy. Performance over the last 3 years shows:

Key financial ratios – as a % of income

	2015/16	Restated 2014/15	Restated 2013/14
Surplus (excluding capital grants)	3.3%	0.3%	0.3%
Surplus (including capital grants)	7.2%	5.0%	7.2%
Net cash inflow from operating activities (post loan interest paid)	10.4%	7.8%	9.0%
Staff costs	49%	52%	50%

Financial prospects

Since 2012/13 the financing and regulation of home undergraduate student numbers has changed radically:

- The introduction of a maximum tuition fee cap of £9,000.
- The removal of controls on home undergraduate student numbers.

The University's standard home undergraduate fee is £9,000 but around £1,000 is committed to widening participation activities under our agreement with the Office for Fair Access (OFFA).

The Government have announced that the cap on home undergraduate fees will rise to £9,250 in 2017. This is welcome news but means the fee will not have been inflated for 4 years. In this period national sector pay levels have grown by 5% and the consumer price index (CPI) by 5%. This inevitably has created financial pressure in an inflationary environment, and means that the continued control of both staff numbers and pay levels over the next few years will be critical. The Government has announced that the fee cap will increase in line with inflation (RPIX) from 2017/18 and beyond for institutions that can demonstrate delivery of high quality teaching.

The level of government funding through HEFCE recurrent and capital grants has continued to reduce as the final cohorts of students move to the new £9,000 fee structure. Sector wide concerns remain about the longer term prospects for HEFCE funding and the prospect of the transfer of funding to the Office for Students (OfS) if the proposed HE Bill receives Parliamentary ascent.

Pensions remain a very important factor and are considered in more detail later in this review. We successfully implemented in 2010 major changes to our local UBPAS defined benefit scheme, and a package of major changes to the national USS scheme were implemented in April and October 2016.

Over the past few years we have successfully implemented a number of initiatives to strengthen the University's financial base, both to deal with existing pressures and to put the University into the best possible position to deal with the rapidly changing, uncertain and challenging financial environment.

These have included:

- The expansion of home undergraduate student numbers
- Significant increases in overseas undergraduate and postgraduate student numbers
- A fundamental restructuring of the way in which support services and processes are delivered across the University
- Review and challenge of the efficiency of our academic activities
- Restructuring of our local UBPAS pension scheme arrangements

The results of these initiatives have been demonstrated in the progressive strengthening of our financial performance.

Principal risks and uncertainties

Description of risk/uncertainty	What we are doing to manage and mitigate the risk/uncertainty
<p>Failure to meet student expectations and deliver against the requirements of second phase of the Teaching Excellence Framework, which is expected to give the ability to raise tuition fees for home undergraduate students.</p>	<ul style="list-style-type: none"> • Recently adopted University Strategy 2016-23 focuses strongly in this area including investment in estate, development of the Bristol Futures curriculum and capability including the Bristol Institute of Learning and Teaching and was informed through extensive consultation with students, employers, alumni and other stakeholders • We are already taking focused action to improve our student experience resulting in improved National Student Survey results in August 2016. Overall satisfaction was up from 84% to 86% with the sector average steady at 86% • Active assessment of the University's performance under the Teaching Excellence Framework and development of plans to address areas of identified weakness
<p>Failure to meet student recruitment targets.</p> <p>Competitive pressures will continue to increase, given that other Russell Group universities are planning for significant increases in student numbers. Brexit may have an impact on ability to recruit EU students.</p>	<ul style="list-style-type: none"> • Newly established Pro Vice Chancellor role for International and Student Recruitment to provide enhanced leadership and focus in this area • Increased investment in International Office and in Communications and Marketing Division to improve overseas profile and recruitment of overseas students • Creation of new division of External Relations, to bring together current divisions of Student Recruitment, Access and Admissions on the one hand, and Communications and Marketing on the other hand • University Strategy 2016-23 sets a direction for the development of the institution with the aim of keeping it relevant and attractive to new students
<p>Political change with funding and policy.</p> <p>The EU referendum result has led to some uncertainties over the future of some of our research funding (currently £19m pa, ca 14%). Change in Government has led to uncertainty over future staff and student visa and mobility policy.</p>	<ul style="list-style-type: none"> • Active lobbying through GW4, Russell Group, Universities UK and directly with Government about the value of the research endeavour, student mobility and education exports to the UK and the need to sustain access to and retention of high-talent staff from EU and globally • Active monitoring of policy developments and University Strategy 2016-23 re-alignment to a changing position • UK Treasury is underwriting the payment of research grants awarded under EU programmes for periods that extend beyond the UK's departure from the EU • Active partnership with the Mayor of Bristol in projecting the city and University's position as open for business with Europe and globally, pre- and post-Brexit

Strategic report 2015/16 continued

Description of risk/uncertainty	What we are doing to manage and mitigate the risk/uncertainty
Failure to have/deliver fit for purpose systems and processes for the future	<ul style="list-style-type: none"> • Active governance of key systems programmes (Enterprise Resource Planning and Student Information System) in progress with the aim of providing information systems and processes that will be fit for the future for both organisational management requirements and supporting education and the student experience
Failure to maintain research excellence and volume. Ability to secure and manage major research and innovation initiatives/partnerships will be key to delivery of our research ambitions	<ul style="list-style-type: none"> • Active engagement with, and response to, developments to the next Research Excellence Framework, which will determine future research income levels • Strengthening of relationships in mainland Europe to help secure our position post Brexit • Active monitoring of the development of the UK Research and Innovation (UKRI) agency incorporating the present Research Councils, Innovate UK and the research function of HEFCE, which the HE & Research Bill proposes to form and associated alignment of our activities • University Strategy 2016-23 establishes frameworks, investments and expands our portfolio of University Research Institutes and foreshadows establishment of Specialist Research Institutes to ensure that we build scale, capability and strategic partnerships to remain at the leading edge of the research areas in which we are globally competitive
Pension liabilities and servicing costs at levels where they have a material impact on University financial performance and prospects	<ul style="list-style-type: none"> • Regular briefings and updates to Finance and Audit Committees and Board of Trustees in relation to our two defined benefit pension schemes; UBPAS (University only) and USS (multi-employer scheme for the HE sector) • Proposals put to members and Unions in relation to the future benefit structure of the UBPAS pension scheme with a view to reducing the risk associated with future accrual of defined benefits • Development of a wider pensions strategy with the rest of the sector to respond to growing deficits in the USS scheme
Failure to manage, prioritise and deliver the Capital Programme effectively in an environment of continued real build cost inflation	<ul style="list-style-type: none"> • Well established Estates Divisions Capital Projects Office who engage appropriate external consultants to assist with project delivery • New Capital Programme 2015-2025 agreed as core part of University Strategy following extensive consultation to determine priorities • Opportunity to fund new investment at historic lows for long term rates • Effective governance including the Capital Investment Programme Board, Estates and Finance Committees with regular updates to Board of Trustees

Capital Investment Programme

We need to continue to make substantial investments to both maintain and enhance the academic and student facilities across the University. We will increase by 10% our current core capital investment programme net of specific grants for the 10 years to 2024/25 to approximately £600m in total at current prices. Of this, around £25m a year is required to maintain the estate, equipment and IT systems.

The University estate continues to grow both in size and complexity and this is reflected in increasing balance sheet value as we regularly revalue our assets.

Key projects within the current core programme include:

- A major refurbishment of the Fry Building. This will provide a long awaited single home for our School of Mathematics. We are now in the construction phase of the c£33m project with a target completion date of autumn 2017.
- The strategic acquisition and redevelopment of Beacon House as a landmark student facing social and study hub. This is a prominent building opened in April 2016 and now joins our main precinct through to the other key University sites including the Richmond Building. Including the initial acquisition this was a £12m project.
- The extension of the Queens Building to provide for a substantial expansion of our Engineering faculty. This is a c£13m project with a planned opening date of summer 2017.
- Extensive refurbishment of 8-10 Berkeley Square which will become a dedicated centre for our planned expansion of the School of Law. Opening planned for November 2016.
- Reconstruction of a small hall of residence in central Bristol that was destroyed by fire in October 2015. This project is subject to an ongoing insurance claim.
- A major upgrade to our sports facilities based at Coombe Dingle over the summer of 2016.

Key financial facts

	2015/16 £m	Restated 2014/15 £m	Restated 2013/14 £m
Income and expenditure:			
Total income (before capital grants)	553.6	525.9	467.3
Capital grants	22.7	25.9	34.5
Total expenditure	(537.3)	(529.0)	(465.5)
Gains/(loss) on fixed asset disposals and investments	2.7	4.8	(0.1)
Surplus for the year	41.7	27.6	36.2
Cash flow generated from operations			
– before capital grants	74.7	58.2	59.5
– post loan interest paid	59.8	43.3	49.0
Capital investment	50.0	54.0	108.8
Treasury – Borrowings and cash at year end (excluding endowments)			
Borrowings	250.0	250.0	250.0
Cash, deposits and investments (note 20)	171.4	134.3	116.3
Net debt	78.6	115.7	133.7
Net assets at year end	801.6	666.6	607.6

Strategic report 2015/16 continued

Financial performance 2015/16

University of Bristol has adopted new accounting standards FRS102 (new UK GAAP) from the financial year 2015/16 onwards. FRS102 has generated changes to how we report elements of income and expenditure and our Balance Sheet. As a result comparative figures for 2015 have been restated and are detailed in note 26. The major changes are:

The treatment of capital grants from external bodies which now flow through the Statement of Comprehensive Income and Expenditure in real time as income. These grants are fully expended to purchase or build equipment or other fixed assets and are cash neutral. In terms of assessing the underlying financial performance of the University internally we will continue to monitor our surplus and cash generation from operating activities excluding these grants.

	2015/16 £m	2014/15 £m
Surplus for the year	41.7	27.6
Less: Capital grants (notes 2, 3 & 4)	(22.7)	(25.9)
Surplus excluding capital grants	19.0	1.7
Net cash inflow from operating activities (post loan interest paid) including capital grants*	82.5	69.2
Less: Capital grants received	(22.7)	(25.9)
Net cash inflow from operating activities (post loan interest paid) excluding capital grants	59.8	43.3

(*Derived from cash flow statement as £74.7m cash inflow from operating activities plus £22.7m capital grants less £14.9m loan interest paid)

The rationale for focusing on the surplus and cash generation excluding capital grant income is that the timing of capital grants is uncertain and due to their value can generate significant volatility in the reported surplus under FRS102. The grants are fully invested in assets and are not in the view of the University relevant in the measurement of the annual operational financial performance of the University.

The other major change is that the Balance Sheet now recognises part of our USS pension liability, but only our proportion of any agreed deficit recovery plan (see note 21 for a fuller explanation).

Under FRS102 the University has been presented with options as to how we account for our operations. It is clear that the wider Higher Education sector has picked a range of the options available and therefore direct comparison should be considered carefully.

Financial performance during the year was very positive with an operating surplus of £41.7m (2015: £27.6m). This performance was better than budget and well ahead of our 2014/15 result which included a gain of £9m in respect of Research and Development Expenditure Credit (RDEC). The government announced in the July 2015 budget that Universities would not be entitled to RDECs for periods from August 2015.

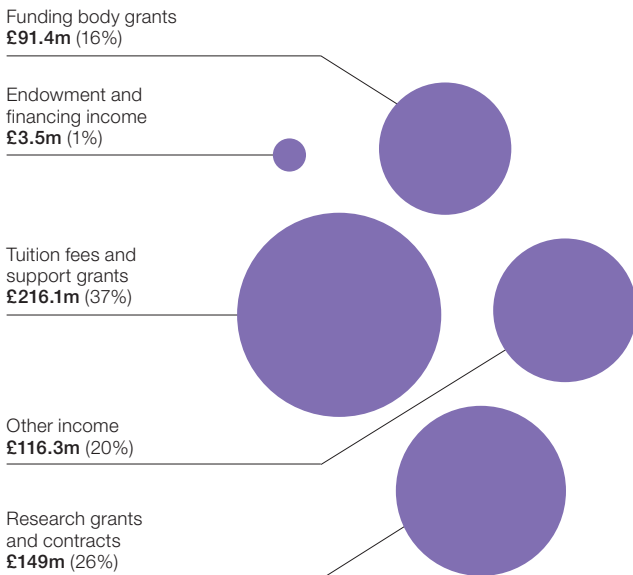
Total income for the year was £576.3m (2015: £551.8m) – a £24.5m (4.4%) increase, which included:

- Tuition fees and education contracts – increase of £13.3m (6.6%), mainly due to the introduction of the £9,000 fee for the fourth cohort of home undergraduate students together with an increase in the number of home and overseas undergraduates and postgraduate taught students.
- Research grants and contracts – a decrease of £1.5m (-0.9%), this reflects a £7.1m increase in grant income less the cessation of Research and Development Expenditure Credit (RDEC) that boosted 2014/15 by £9m.
- Other income – an increase of £15.3m (15.1%), reflecting the growth in the size of the University and service price increases and the Colston Street insurance claim.
- Funding body grants – decrease of £0.5m (-0.5%), principally reflecting funding reductions by HEFCE including the impact of the fourth cohort of home undergraduates subject to the new fee regime. The reductions have been offset by an increase of £4.1m in capital grants that are now included in this total.

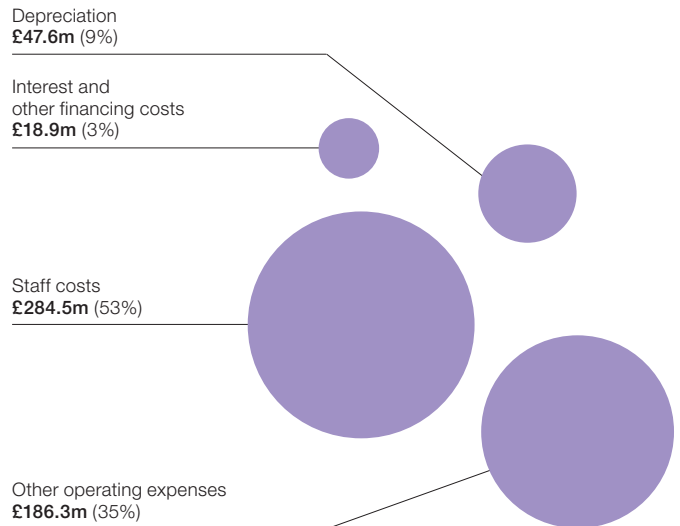
Total expenditure was £537.3m (2015: £529.0m) – an £8.3m (1.6%) increase which included:

- Staff costs – remains unchanged at £284.5m, but within this reflecting additional staff related to the increase in student numbers, increases in the volume of research and other services rendered activities during the year, and a 1% general pay award from 1 August 2015. These increases are then offset by a one off change in the contribution rates to USS that was included in staff costs at £14.9m in 2014/15.
- Other operating expenses – an increase of £9.6m (5.4%), reflecting increases in the volume of research activity (5.0%) and the continuing increase in activity at the National Composites Centre.

Income £576.3m



Expenditure £537.3m



Strategic report 2015/16 continued

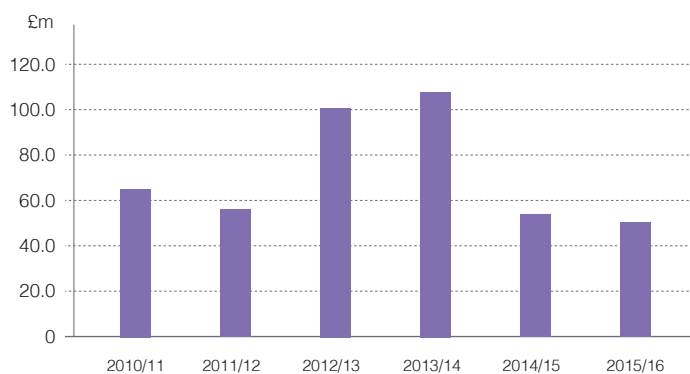
Capital investment

Capital investment in the year was £50m (2015: £54m). Expenditure covered a large number of projects, including:

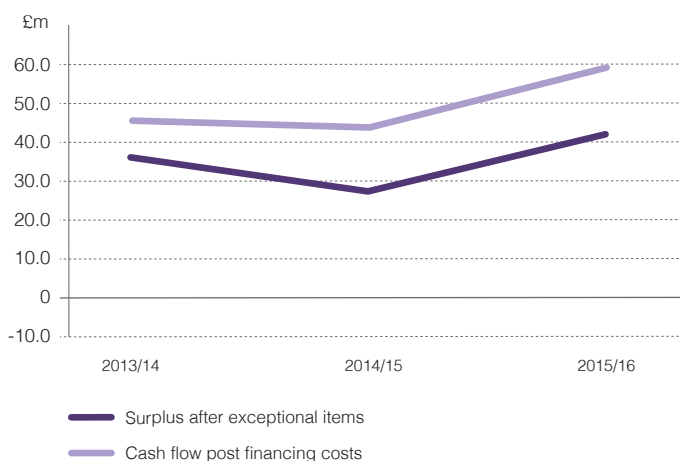
- Fry Building
- Beacon House
- 8-10 Berkeley Square
- Queens Building extension
- Coombe Dingle

Further detail on these projects is available on page 7.

Capital investment



Operating surplus and cash flow generation



Cash flow, treasury strategy and management

Cash flow from operations for the year was £74.7m (2015: £58.2m). After receipts from capital grants of £22.7m, cash outflows in respect of capital expenditure of £50m and other items (including loan interest paid of £14.9m) the change in cash and cash equivalents was £6.2m (2015: £nil).

The University has long-term bank loan facilities for a total value of £250m, which have been fully drawn down. The loans mature in March 2038 (£100m) and October 2047 (£150m) and are at fixed interest rates. The two long-term loans are subject to a common set of conditions and financial covenants; the University complied with these requirements during the year.

The University also has a 5 year term £50m Revolving Credit facility entered into in 2014. At 31 July 2016 no drawings had been made under the facility.

Total borrowings at 31 July 2016 was therefore £250m (2015: £250m). At the year end, the University had cash/money market and financial instrument balances totalling £171.4m (2015: £134.3m), bringing net debt to £78.6m (2015: £115.7m).

HEFCE sets limits through its Memorandum of Assurance and Accountability process for borrowing by universities. Under this the University currently has a borrowing limit of £310m.

The University currently holds substantial cash balances; it invests these balances in a variety of instruments with UK banks, UK subsidiaries of overseas banks, building societies, and in UK government securities and corporate bonds. The University operates to an agreed schedule of investment counterparties based on credit ratings and other relevant factors.

In the current uncertain financial climate, the counterparty policy has been monitored closely and amended to achieve an appropriate balance of counterparty risk and diversification.

Net assets

Net assets have increased to £801.6m (2015 restated: £666.6m). This reflects the operating surplus for the year, revaluation of fixed asset properties and increases in the value of endowment funds.

Endowments

The value of endowment funds increased by 2.3% during the year to £62.6m (2015: £61.2m), this reflects growth via investment performance together with new endowments.

Pensions

Pensions for the majority of the University's staff are currently provided through one of three pension arrangements:

- The Universities Superannuation Scheme (USS)
- The University of Bristol General Pension Plan (UBGPP)
- The University of Bristol Pension and Assurance Scheme (UBPAS)

The ongoing costs and risks associated with both UBPAS and USS schemes remain a very important factor for the future financial sustainability of the University.

In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

From April 2016 the 'contracted out' status of both UBPAS and USS for National Insurance purposes ceased. This has resulted in an increase for the University in National Insurance costs of approximately £3m pa.

UBPAS

UBPAS is a final salary defined benefit scheme, for University of Bristol employees only. To reduce the costs and risks of the scheme, UBPAS was closed to new members in October 2010.

On an FRS102 basis, at 31 July the scheme had assets of £286.3m and liabilities of £374.8m giving a deficit of £88.5m (2015: £71.0m).

A summary of the increase in the deficit since July 2015 for UBPAS shows:

	£m
July 2015 deficit	71.0
Actuarial loss – effect of latest assumptions	20.2
Deficit related contribution by University	(6.9)
Other net changes	4.2
July 2016 deficit	88.5

The previous actuarial valuation for UBPAS at 31 July 2012 showed that on a Trustee's funding basis, UBPAS had a deficit of £82.6m at that date. A deficit recovery plan was agreed with the trustees and requires the University to pay £6.9m pa until 2030. However in recognition of prepayments under the previous deficit recovery plan, the first contribution required was £1.9m in 2014/15, followed by £6.9m in subsequent years. During the year the University prepaid a further £6.9m and as at July 2016 the total amount prepaid was £11.9m.

In light of the outcome of this 2012 actuarial valuation and after consultation with both union representatives and active members of UBPAS, in November 2013 the University implemented changes to UBPAS that reduced the long term cost to the University of the Scheme.

The most recent triennial actuarial valuation as at 31 July 2015 is expected shortly. The University is in active dialogue with local trade unions and members on the future shape of UPBAS and formal consultation on further changes commenced autumn 2016.

Strategic report 2015/16 continued

USS

USS is also a defined benefit scheme. It is a national multi-employer scheme providing pensions for the UK higher education sector. As USS is a multi-employer scheme, in common with other employers, the University does not currently reflect the full share of the assets and liabilities of the scheme on its own balance sheet. From 2015/16 onwards under the new Higher Education SORP the discounted value of deficit recovery commitments is shown as a liability on the balance sheet.

University of Bristol employees represent around 2% of the total active membership of USS.

On an FRS102 basis at March 2016, the last accounting date for the scheme, the actuary has calculated that the scheme was 85% funded and had a deficit of £8.5bn.

The latest available actuarial valuation of USS was at March 2014. This showed a deficit of £5.3bn at that date. The most recent annual report and accounts for USS for the year to 31 March 2016 state a funding level of 83% reflecting an implied deficit of £10 billion.

From April 2016 employers' contributions to USS increased from 16% of pensionable pay to 18% and the final salary section of the scheme was closed to future contributions and benefit accrual. Further changes took effect in October 2016 to open a new defined contribution section of USS. Employee contribution rate and benefits have also been altered. These changes were put in place following consultation post the 2014 valuation result.

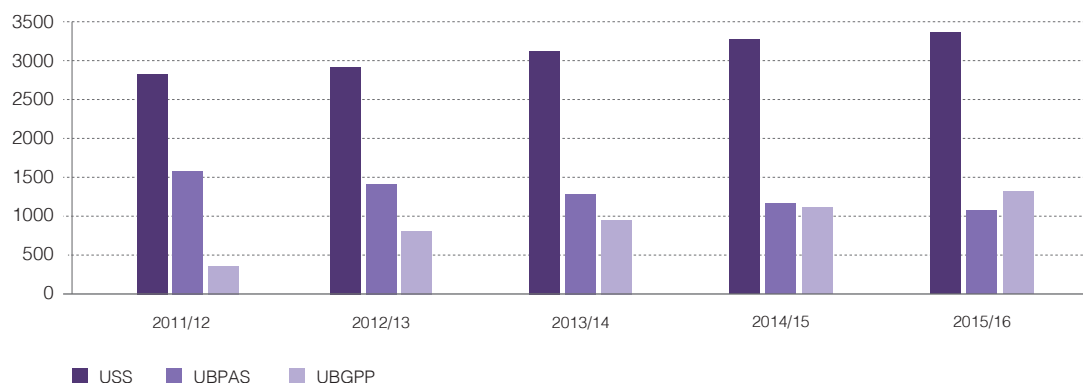
Once all the 2016 changes are implemented USS going forwards will consist of two major sections. A defined benefit scheme open to all staff eligible to join USS, with benefits on a career average salary basis and a new defined contribution scheme. This new section is open to all USS members but introduces a salary cap, above which the employee benefit accrual is entirely on a defined contribution basis. At 1 October 2016 the salary cap is set at £55,000 with provisions to grow in line with earnings. The final salary section of USS was closed to future benefit accrual on 1 April 2016 with the benefits of existing members of this section effectively frozen until their retirement, subject to uplifts based on a CPI based inflationary growth formula with a cap built in.

In the view of USS these changes start to respond to the 2014 actuarial valuation result and information available on the growing deficit of USS since that date. The closure of the final salary section of the scheme will have a significant effect going forwards but it has been introduced at a time when the market conditions for all large employer based defined benefit pension schemes are extremely difficult.

UBGPP

The defined contribution scheme that we established in 2010 had approximately 1,300 active members at 31 July 2016 (1,150 at 31 July 2015) and will continue to grow rapidly.

Pension scheme membership



Public benefit statement

The University of Bristol is an exempt charity under the terms of the Charities Act of 2011. The trustees of the charity are the members of The Board of Trustees, the governing body of the University.

In setting and reviewing the University's objectives and activities, the Board of Trustees has had due regard to the Charity Commission's guidance on Public Benefit and particularly to its supplementary public benefit guidance on reporting and on the advancement of education. This statement has been included in compliance with the formal reporting requirement introduced by HEFCE as the principal regulator of English higher education institutions.

Aims and objectives

The overall aim of the University is that set out in the 1909 Charter, namely "the promotion of Arts, Sciences and Learning".

The University mission also illustrates our commitment to public benefit, providing that we will "pursue and share knowledge and understanding, both for their own sake and to help individuals and society fulfil their potential." This is expanded further in our Strategy, which includes the following key areas of activity that lead to public benefit:

- Education and the student experience
- Research and enterprise
- Our students and staff
- The engaged University

The University and the Board of Trustees take care to consider the beneficiaries of these activities.

Activities

Education and the student experience

The University of Bristol attracts and retains academically gifted and highly motivated students from a wide range of backgrounds, creating a diverse and international University community. In 2015/16, the University had over 22,000 (2014/15: 22,000) registered students of which 76% are studying at undergraduate level. In 2015/16 the University had over 2,000 (2014/15: 2,300) students undertaking research degrees and over 3,200 (2014/15: 3,400) students studying for other postgraduate awards. Over 3,600 (2014/15: 4,000) of the students registered were from overseas (non EU) countries and more than 1,000 were from countries which form part of the European Union. Together with our UK students, this makes up a vibrant and diverse student body with a global outlook.

The University is committed to encouraging applicants from non-traditional backgrounds and a variety of progression routes. We are working to ensure that no student has legitimate reason to be deterred from applying to Bristol because of the costs of living and studying here. During 2015/16, the University spent more than £13.5m in financial support through bursaries and other awards to over 3,000 students, including those from low-income backgrounds, together with a wide range of outreach, student success and progression activities.

Students who attend the University benefit directly from the high quality of education and student experience at the University of Bristol. By ensuring that our students have a fulfilling, demanding and intellectually stimulating experience while at University, we prepare them for employment and worldwide opportunities when they leave. In turn, our skilled graduates make a significant contribution to employers and to the economy generally.

Research and enterprise

The University of Bristol was ranked among the top five institutions in the UK for its research by research intensity (which takes into account the percentage of staff submitted), according to the Research Excellence Framework (REF) 2014. A new element of the assessment in this exercise was a requirement to demonstrate impact. Impact for the REF was defined as change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia. Bristol did particularly well in this category with 58% of impact stories achieving the top 4* rating, deemed to be 'outstanding impacts in terms of their reach and significance'. Notably, 100% of the case studies submitted to the Clinical Medicine Unit of Assessment were 4*.

Public benefit statement continued



The University of Bristol has been awarded the 2016 Queen's Anniversary Prize for Higher Education, the highest accolade for any academic institution, in recognition of its world-leading research in volcanology. The work of Bristol's Volcanology Research Group has been applied across the globe to reduce a variety of risks posed by active volcanism. This includes: (i) Responding to the 2010 Icelandic ash crisis. Researchers from the group played a key advisory role following the eruption of Eyjafjallajökull. Volcanic hazards are now explicit in the UK National Risk Register and the risk to aviation has been significantly reduced; ash clouds are better understood, monitored and predicted due to the implementation of the group's research findings; (ii) Forming the Global Volcano Model Network (GVM). The group led the formation of the GVM which provides systematic evidence, data and analysis of volcanic hazards and risk on global and regional scales, and supports Volcano Observatories at a local scale; (iii) Volcanic risk reduction – improving hazard management and emergency response planning. In response to the crisis at the Soufrière Hills volcano in Montserrat which started in 1995, researchers developed novel methods for assessing volcanic hazard and risk. Their research informed the re-development of housing on the island, as well as economic activities such as the mining of sand, and has ultimately enabled the community to remain on the island. The researchers are now working with volcano observatories, local and national governments and NGOs to produce risk assessments for high risk volcanoes, improve preparedness for volcanic emergencies and build resilience in surrounding communities.

BrisSynBio

BrisSynBio is a £13.3m BBSRC/EPSRC funded Synthetic Biology Research Centre, focused on applying the fundamental principles of engineering (abstraction, modularity, and rational design) to study and exploit biology for public benefit. Synthetic biology approaches are enabling us to tackle important questions of global significance more rapidly, efficiently, and with greater success, for example making new vaccine platforms or improving the yield of staple crops. Using these emerging technologies we are developing new ways to produce agrochemicals, pharmaceuticals and fine chemicals in bacteria, and are working with multi-nationals, SMEs and spinning out our own companies to embed these new approaches into industry.

We are engaging with the public to gauge opinion, build trust in and ultimately to help inform the direction of our research. We do this through numerous mechanisms including public panels, science cafes, a stand-up comedy show at the Edinburgh Fringe and Green Man festivals, and television and radio shows. Professor Dek Woolfson contributes to synthetic biology policy through Parliamentary Science Committees and the Synthetic Biology Leadership Council which has a direct reporting line to government and was responsible for the development of the national synthetic biology roadmap: Bidesign for the Bioeconomy. Importantly, we are actively engaged in developing responsible research and innovation policy for synthetic biology to ensure maximum public benefit is realised in an ethical, responsible, equitable and risk-appropriate manner.



Ultrahaptics, a spinout company from the University is developing a unique technology that brings back the sense of touch to touchless interfaces by feeling without touching. In November 2015 the company raised £10.1 million investment, led by Woodford Investment Management. This financing will allow Bristol-based Ultrahaptics to work with manufacturers in different markets as well as reaching new markets and customers, testing evaluation products and developing a breadth of impact from university research. Tom Carter, a PhD student at the University when the technology was conceived and now CTO of Ultrahaptics, has received a number of awards including Elektra's rising star – new engineer of the year and National Microelectronics Institute young engineer of the year.

Our students and staff

In addition to ensuring an excellent teaching and learning experience, the University offers a range of opportunities that enable students to develop as individuals. In particular, the Careers Service provides guidance, information and skills training to our students and graduates (up to three years after graduation).

The University also provides an environment that promotes a proactive approach to the health and well-being of its students. We offer a wide range of welfare services and continue to be one of the very few UK universities to provide a full-service NHS GP surgery for its students (at which more than 15,000 students are registered). In 2015/16, the University continued to offer our students access to Big White Wall (BWW) free of charge. The BWW service provides around the clock peer and professional support (with trained counsellors online at all times), plus a range of well-being tools to help people self-manage. 95% of members reported feeling better as a result of joining BWW, and 73% shared something for the first time.

By providing these opportunities and support, the University prepares our students to contribute fully to society. Our diverse student body means that a significant number of the University's graduates go on to serve as inspiring leaders in their home communities: public benefit on a global scale.

Our staff benefit from the University's positive working environment. We work to foster a community that is productive, rewarding, enjoyable and healthy within a culture that positively embraces diversity and equality of opportunity. At the end of 2015/16 twelve of the University's Schools held Athena SWAN Bronze Level Awards and two of the University's Schools held Athena SWAN Silver Level Award – an initiative that recognises commitment to advancing women's careers in science, technology, maths and medicine (STEMM) employment in higher education.

The engaged University

Our relationship and engagement with the city, region and nation continues to be an important part of our role as an engaged university. Bristol's designation as European Green Capital 2015 has given us a unique opportunity to contribute to the city's agenda of being a world leader in sustainability, in 2015 and beyond. As a founding strategic partner of the Bristol Green Capital Partnership, we have been working with its 850 members on a number of initiatives to support a sustainable future. The Green Capital, Student Capital project, which was a partnership with the University of the West of England, enabled over 100,000 hours of student engagement with local organisations to tackle issues of sustainability in the city and wider region. Over 7,500 students participated throughout the year in activities ranging from volunteering to internships and collaborative research.

The University is proud of its relationship with the Merchants' Academy, a nursery to sixth form Academy in Withywood, South Bristol, and is committed to supporting the aspirations and attainment of its pupils. Many members of staff are local school governors, supported by PositiveWorking@Bristol, and researchers from all disciplines are involved in engaging school students across the city and region.

The University is committed to engaging the public with our research and teaching, with over 20 public events taking place every month. This provides us with an opportunity to share our research and teaching, encourage public debate and ensure that the work we do is informed by the values and aspirations of society. Activities in 2015/16 included **Thinking Futures** – a festival to showcase the University's research in the social sciences, with discussions on national issues such as counter terrorism and climate while at the same time examining how these and other concerns relate to a local perspective: what difference elected mayors make and how to make Bristol a child friendly city. This year also saw the culmination of **Know your Bristol**, a collaborative project between the University, Bristol City Council and several community groups which enables people to explore, research and co-create Bristol history, heritage and culture.

The University continues to invest in Bristol is Open, a joint venture with Bristol City Council established in 2015. Bristol is Open delivers research and development initiatives that contribute to the development of a smart city and the "Internet of Things".

Environmental sustainability policy

The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. We have a duty to satisfy ourselves that all our operations and activities are conducted with proper regard for the environment. We are committed to maintaining and, wherever possible, improving the quality of the environment, both for the people who live and work in the University and for the wider community, now and in the future. We seek to make the most effective and efficient use of all resources, encouraging all members of the University community to develop a sustainable approach to their work.

The University of Bristol successfully maintained its certification to the internationally recognised Environmental Management System ISO 14001: 2004 in 2015/16. This system helps the University manage the environmental impact of all of its activities while demonstrating to students, funding bodies and the local community environmental legal compliance. We have also managed our greenhouse gas emissions inventory to ISO 14064-1 for six years.

Public benefit statement continued

Our aims are to:

- Reduce the environmental impact of the University through better management of our resources.
- Integrate environmental and sustainable principles into the University's operational procedures, educational activities and research endeavours, promoting best practice at every level.
- Meet the requirements of all relevant legislation and other requirements and exceed these requirements where they best support the University's other objectives.
- Adopt best practice to ensure the prevention of pollution.
- Monitor and regularly review our environmental performance, and set objectives and targets to ensure continual improvement.
- Communicate both internally and externally about our environmental performance, including training and awareness for staff and students.

To achieve these aims the University has devised and is implementing strategies to reduce environmental impact and enhance management of resources, including energy, water and waste management, sustainable purchasing, sustainable construction, transport and biodiversity. We have set ourselves targets, which include:

- Placing the University's building stock on a path consistent with Government targets for a nationwide reduction in carbon emissions of 80% by 2050 from a 2005/6 baseline. At the time of writing we are awaiting external audit but 2015/16 is expected to show a decrease of 8% from the baseline.
- To achieve continuous year-on-year reductions in total waste arising per FTE staff and student, and to reduce hazardous waste arising.
- Ensuring that under the University's capital investment programme we build and refurbish buildings to high environmental standards as set out by Building Research Establishment criteria (BREEAM), so far 17 buildings have been built to this standard including 9 achieving the 'Excellent' standard.
- Developing a framework to support sustainable modes of transport to work and study at the University. Our most recent surveys indicate that 81% of staff and 96% of students travel to work and study by methods other than a single-occupant car journey.

In 2016/17 the University will be progressing towards the newly published ISO14001:15 standard which broadens the management system beyond environmental compliance into wider sustainability aspects including life cycle costing and social aspects such as ethical and community impacts.

Ethical investment policy

The Board of Trustees in its own right and as trustee of the University's endowment funds is expected to act in the best interests of the beneficiaries of the funds for which it is responsible. The beneficiaries include the University itself, staff and students. The Board of Trustees' policy is to aim for the best possible financial return from investments consistent with an appropriate risk profile, and the Board of Trustees may exclude investments from the University's investment portfolios if the aims of the bodies concerned are directly contrary to the objectives of their trusts. To this end, the Board of Trustees has approved investment and banking policies which encompass:

- Not investing the University's endowment assets in the stocks, shares, bonds or units of companies, trusts, governments or other institutions, if the aims of the bodies concerned are contrary to the research, education, and wider aims or objectives of the University or their activities are illegal under UK law.
- Not investing in the stocks, shares, bonds or units of companies, trusts, governments or other institutions, if, by so doing, the wider interests of the University, in particular its ability to raise funds or obtain grants, are likely to be materially harmed.
- Not entering banking arrangements with institutions if the aims of the institutions concerned are contrary to the research, education or wider aims or objectives of the University or if, by so doing, the wider interests of the University, in particular its ability to raise funds or obtain grants, are likely to be materially harmed.

Responsibilities of the Board of Trustees

The Board of Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to the University requires the Board of Trustees to prepare financial statements for each financial year. Under that law the Board of Trustees has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the Board of Trustees must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the University and the group and of the income and expenditure of the University and the group for that period. In preparing these financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

The Board of Trustees is responsible for keeping accounting records that are sufficient to show and explain the University's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the University and the group and enable them to ensure that the Annual Report and the financial statements are prepared in accordance with the University of Bristol Acts 1909, 1960 and 1974, the Statement of Recommended Practice: Accounting for Further and Higher Education, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). They are also responsible for safeguarding the assets of the University and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, within the terms and conditions of the Memorandum of assurance and accountability which sets out the conditions of funding from HEFCE, the Board of Trustees, through its designated officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Bristol and of the surplus or deficit and cash flows for that year.

The Board of Trustees has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University of Bristol and prevent and detect fraud; and
- Secure the economic, efficient and effective management of the University of Bristol's resources and expenditure.

The Board of Trustees is responsible for the maintenance and integrity of the University's financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The following corporate governance statement provides information about the University's governance and legal structure during the year ended 31 July 2016 and up to the date of signing these Financial Statements.

Principles

The University is committed to best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, namely selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. In the year ending 31 July 2016, the University has complied with the guidance to universities provided by the Committee of University Chairs (CUC), in particular the CUC Governance Codes of Practice issued in March 2009 (the "2009 Code") and December 2014 (the "2014 Code") (as applicable), save that:

- Up to 1 January 2016, the University's governing body had 32 members (subject to vacancies), which differs from the guidance of the 2009 Code that governing bodies should have a maximum of 25 members.
- Lay members' appointments to University Board of Trustees are managed by a Nominations Committee of Court and approved by Court rather than by the Board of Trustees (which differs from the guidance of both the 2009 and the 2014 Codes). In accordance with the University's Charter, any changes to this position would require the consent of Court, which has not been obtained.
- Court, rather than the Board of Trustees, had the power to remove members of the Board of Trustees (other than ex officio members and members of academic staff) (which differs from the guidance of the 2014 Code). In accordance with the University's Charter, any changes to this position would require the consent of Court, which has not been obtained.

Legal status of the University

The University is a chartered corporation, whose legal status derives from a Royal Charter granted in 1909. The University's objects, powers and framework of governance are set out in the Charter and supporting Statutes and Ordinances.

The Charter and Statutes require the University to have four separate bodies: Court, the Board of Trustees, Senate, and Convocation, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The University is an exempt charity under the terms of The Charities Act 2011 and is therefore not required to register with the Charity Commission. Since June 2010, Universities in England have been regulated on behalf of the Charity Commission by HEFCE.

Court

There are some 620 members of Court, who include officers of the University, members of the Board of Trustees and Senate, emeritus professors, benefactors, members of the Society of Merchant Venturers, representatives of local authorities, persons appointed by the Privy Council, persons appointed by the Chancellor of the University, representatives of other universities, local Members of Parliament, representatives of local and national bodies, and members elected by Convocation.

Court receives annual reports from the Board of Trustees and an annual audited statement of accounts. Court may comment on the affairs of the University, advise the Board of Trustees on any matter and invite the Board of Trustees to review a decision.

The Board of Trustees reports to Court and is required to take into consideration any views expressed by Court. The constitution of Court is defined by statute.

Court appoints the Chancellor and the Pro Chancellors on the nomination of the Board of Trustees and elects up to 15 lay members of the Board of Trustees.

Court normally meets once a year in December, but may hold special meetings at the request of members. The Chancellor presides.

The Board of Trustees

There are 21 members of the Board of Trustees, with a lay majority. The members are the Vice-Chancellor and President, the Deputy Vice-Chancellor, the Treasurer, up to 15 lay members elected by Court upon the nomination of Court's Nominations Committee, a member formally nominated by Convocation, 3 members of the academic staff, 2 members of non-academic staff and 2 students. Appointed members serve for renewable three-year terms, with the exception of student members who serve one year terms. All members are charity trustees of the University. The lay members do not receive any payment for the work they do for the University, apart from the reimbursement of expenses. All new members of the Board of Trustees are given appropriate induction and training sessions.

The Board of Trustees (known as 'Council' until 31 December 2015) is the governing body of the University, responsible for financial affairs, borrowings, investments, buying, selling, leasing and mortgaging property, contracts and the general business of the University. In consultation with Senate and on the recommendation of the Vice-Chancellor and President, the Board of Trustees sets the strategic direction of the institution. The Board of Trustees appoints the Vice-Chancellor and President, the Deputy Vice-Chancellor and Pro Vice-Chancellors after consultation with Senate. The Board of Trustees may make, amend or repeal statutes subject to the approval of the Privy Council.

The Board of Trustees normally meets five or six times a year. The committees of the Board of Trustees advise the Board of Trustees in a wide range of areas, including Audit, Estates, Finance, Human Resources, Remuneration, and Student Affairs. These committees have written terms of reference and include a significant proportion of lay members of the Board of Trustees and in some cases external lay members.

Audit Committee

Audit Committee meets four times a year. It is chaired by the Treasurer and its membership includes lay members of the Board of Trustees and lay members appointed by the Board of Trustees. Senior officers and the external and internal auditors are in attendance at all meetings. The committee has a risk based approach and considers detailed reports from the auditors, which include recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. This covers both operational and compliance as well as financial risk. The committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to regulatory requirements. The committee meets the auditors without the University officers present at least once a year.

Senate

There are just over 100 members of Senate, comprising the Vice-Chancellor and President, the Deputy Vice-Chancellor, Pro Vice-Chancellors, academic staff and students. Senate is responsible to the Board of Trustees for teaching, examinations and research. Senate advises the Board of Trustees on changes to Ordinances and Regulations. Academic Ordinances may be made only with Senate's consent. Senate may declare an opinion on any matter relating to the University and the Board of Trustees must take Senate's views into consideration. Senate normally meets five times a year. Its chair is the Vice-Chancellor and President.

Convocation

The members of Convocation are the Chancellor, Pro Chancellors, the Vice-Chancellor and President, the Deputy Vice-Chancellor, Pro Vice-Chancellors, honorary fellows, members of Senate, academic staff, University officers, graduates, honorary graduates and such other former students as Convocation determines – currently those who have received academic awards requiring at least nine months of full-time study or an equivalent period of part-time study. There are also associate members, including all the academic-related staff of the University.

Convocation may give an opinion on any matter relating to the University and may communicate directly with Court, the Board of Trustees, or Senate. The Annual General Meeting of Convocation is held in July each year. The Chancellor presides if present, but normally the Chair of Convocation takes the chair.

Vice-Chancellor and President

The chief executive and academic leader of the University is the Vice-Chancellor and President. He has a general responsibility for ensuring that all public funds are properly used and that in its activities the University achieves value for money.

Under the terms of the formal Memorandum of Assurance and Accountability between the University and HEFCE the Vice-Chancellor and President is the Accounting Officer of the University. In that capacity he is required to advise the Board of Trustees on the discharge of all its responsibilities under the Memorandum and the Audit Code of Practice and is required, jointly with the Board of Trustees, to ensure that all such responsibilities are discharged. He is required to advise the Board of Trustees if, at any time, any action or policy under consideration by the Board of Trustees appears to him to be incompatible with the terms of the Memorandum. He is required to inform the Accounting Officer of HEFCE in writing forthwith should the Board of Trustees decide nevertheless to proceed with such an action or policy. The Vice-Chancellor and President may be summoned to appear before the Public Accounts Committee of the House of Commons.

Corporate governance continued

Internal control

The Board of Trustees has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives, and it can therefore provide only a reasonable and not an absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's goals, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2016 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

In order to implement the risk management strategy, the Board of Trustees has adopted a risk management policy in line with advice from the internal auditors. The University conducts a risk review each year which sets out the University's most significant risks for the coming year, together with actions currently being taken to control the risks and a future action plan. The risk process feeds into the University's longer term planning & strategy and is the basis of the work of internal audit.

The University has internal auditors who submit regular reports which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Board of Trustees, including by reference to these reports, concluded that overall the University has adequate and effective arrangements for risk management, control and governance.

Register of Interests

The University maintains a Register of Interests of members of the Board of Trustees, members of the committees of the Board of Trustees and senior officers. The register is available for inspection under the Freedom of Information Act 2000.

During the year a total of £15,000 (2015: £11,400) was reimbursed to, or paid on behalf of, lay members of the Board of Trustees in respect of travelling and other expenses. Staff and student members are not remunerated for their Board of Trustees services.

Further information

Any enquiries about the constitution and governance of the University or request to inspect the Register of Interests should be addressed to the University Secretary, who is Clerk to Court, the Board of Trustees and Convocation.

Members of the Board of Trustees

For year to 31 July 2016

Class I: Lay Members

Treasurer:

Mr Andrew Poolman

Appointed by Convocation:

Mrs Julie Goldstein

Appointed by the Society of Merchant Venturers*:

Dr Andrew Garrad (to 31 December 2015)

Appointed by Bristol City Council*:

(Vacancy)

Appointed by Court:

Mr Denis Burn

Mr Roy Cowap

Mr Colin Green C.B.E. (to 31 December 2015)

Dr Moira Hamlin

Mr Paul Hand

Dame Denise Holt (to 31 May 2016)

Sir Ronald Kerr

Dr John Manley

Mr Bob Morton (to 31 December 2015)

Ms Cindy Peck (to 31 Decemebr 2015)

Mr Mohammed Saddiq

Ms Victoria Stace

Ms Anne Stephenson

Mr James Wetz

Class II: University Staff

Ex officio:

Professor Hugh Brady

Professor Guy Orpen

Professor Nick Lieven (to 31 December 2015)

Professor Judith Squires (to 31 December 2015)

Elected members of the academic staff:

Dr Sally-Ann Kitts

Professor Stephen Mann

Professor Bridget Lumb

Elected members of the non-academic staff:

Mrs Tilly Beech

Mr Robert Massie

Class III: Students

Mx Jamie Cross (from 1 July 2016)

Ms Laura Ho

Mr Tom Phipps (to 31 December 2015)

Dr Stephanie Harris (to 30 June 2016)

* this position ceased to exist from 1 January 2016

Independent auditors' report to the Board of Trustees of the University of Bristol (the "institution")

Report on the financial statements

Our opinion

In our opinion, the University of Bristol'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 2016 and of the group's income and expenditure 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 Statement of Recommended Practice – Accounting for Further and Higher Education, and the requirements of the 2015/16 HEFCE accounts direction.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Consolidated and University balance sheet as at 31 July 2016;
- the Consolidated and University statement of comprehensive income and expenditure for the year then ended;
- 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 Principal accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board of Trustees has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Board of Trustees and auditors

As explained more fully in the Responsibilities of the Board of Trustees set out on page 17 the Board of Trustees is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Trustees as a body in accordance with Statute 12 paragraph 2 of the Charters and Statutes of the institution 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board of Trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Board of Trustees’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

11 November 2016

Consolidated and University statement of comprehensive income and expenditure

Year ended 31 July 2016

	Notes	Year ended 31 July 2016		Restated Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Income					
Tuition fees and education contracts	1	216.1	216.1	202.8	202.8
Funding body grants	2	91.4	91.4	91.9	91.9
Research grants and contracts	3	149.0	146.2	150.5	147.9
Other income	4	116.3	108.6	101.0	95.5
Investment income	5	3.2	3.2	3.1	2.9
Total income before endowments and donations		576.0	565.5	549.3	541.0
Donations and endowments	6	0.3	0.3	2.5	2.5
Total income		576.3	565.8	551.8	543.5
Expenditure					
Staff costs	7	284.5	271.7	284.4	273.5
Other operating expenses	9	186.3	190.0	176.7	180.6
Depreciation	10	47.6	46.6	49.1	48.5
Interest and other finance costs	8	18.9	18.9	18.8	18.8
Total expenditure	9	537.3	527.2	529.0	521.4
Surplus before other gains and losses					
Gain on disposal of fixed assets		1.7	1.7	1.8	1.8
Gain on investments	11/17	1.0	1.2	3.0	3.1
Surplus for the year		41.7	41.5	27.6	27.0
Unrealised surplus on revaluation of land and buildings	10	113.5	113.5	38.6	36.1
Unrealised gains on revaluation of other investments		–	–	0.1	0.1
Actuarial loss in respect of pension schemes	16/21	(20.2)	(20.2)	(7.3)	(7.3)
Total comprehensive income for the year		135.0	134.8	59.0	55.9
Represented by:					
– Endowment comprehensive income for the year		1.4	1.4	5.9	5.9
– Unrestricted comprehensive income for the year		133.6	133.4	53.1	50.0
Total comprehensive income for the year		135.0	134.8	59.0	55.9

All items of income and expenditure relate to continuing activities.

Consolidated and University statement of changes in reserves

Year ended 31 July 2016

	Income and expenditure account		Revaluation reserve £m	Total reserves £m
	Endowment £m	Unrestricted £m		
Consolidated				
Balance at 1 August 2014	55.3	258.7	293.6	607.6
Surplus from the income and expenditure statement	5.9	21.7	–	27.6
Other comprehensive income	–	–	38.7	38.7
Actuarial losses in year	–	(7.3)	–	(7.3)
Transfers between revaluation and income and expenditure reserves in respect of:				
– Depreciation on revalued assets	–	5.2	(5.2)	–
Total comprehensive income for the year	5.9	19.6	33.5	59.0
Balance at 31 July 2015 (restated)	61.2	278.3	327.1	666.6
Surplus from the income and expenditure statement	1.4	40.3	–	41.7
Other comprehensive income	–	(20.2)	113.5	93.3
Transfers between revaluation and income and expenditure reserve in respect of:				
– Depreciation on revalued assets	–	1.4	(1.4)	–
Total comprehensive income for the year	1.4	21.5	112.1	135.0
Balance at 31 July 2016	62.6	299.8	439.2	801.6

	Income and expenditure account		Revaluation reserve £m	Total reserves £m
	Endowment £m	Unrestricted £m		
University				
Balance at 1 August 2014	55.3	255.9	291.2	602.4
Surplus from the income and expenditure statement	5.9	21.1	–	27.0
Other comprehensive income	–	–	36.2	36.2
Actuarial losses in year	–	(7.3)	–	(7.3)
Transfers between revaluation and income and expenditure reserves in respect of:				
– Depreciation on revalued assets	–	5.2	(5.2)	–
Total comprehensive income for the year	5.9	19.0	31.0	55.9
Balance at 31 July 2015 (restated)	61.2	274.9	322.2	658.3
Surplus from the income and expenditure statement	1.4	40.1	–	41.5
Other comprehensive income	–	(20.2)	113.5	93.3
Transfers between revaluation and income and expenditure reserve in respect of:				
– Depreciation on revalued assets	–	1.4	(1.4)	–
Total comprehensive income for the year	1.4	21.3	112.1	134.8
Balance at 31 July 2016	62.6	296.2	434.3	793.1

Consolidated and University balance sheet

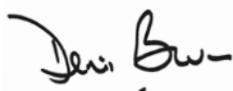
Year ended 31 July 2016

	Notes	As at 31 July 2016		Restated As at 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Non-current assets					
Intangible assets		0.2	0.2	0.3	0.3
Fixed assets	10	1,011.9	988.8	904.7	881.0
Investments	11	0.8	23.3	0.8	23.1
		1,012.9	1,012.3	905.8	904.4
Current assets					
Stock		1.6	1.2	1.3	1.1
Trade and other receivables	12	72.9	76.6	62.0	67.4
Investments	13	132.3	132.3	100.0	100.0
Cash and cash equivalents		101.7	98.7	95.5	91.2
		308.5	308.8	258.8	259.7
Creditors – amounts falling due within one year	14	(129.6)	(137.8)	(126.1)	(133.9)
Net current assets		178.9	171.0	132.7	125.8
Total assets less current liabilities		1,191.8	1,183.3	1,038.5	1,030.2
Creditors: amounts falling due after more than one year	15	(250.0)	(250.0)	(250.0)	(250.0)
Provisions					
Pension provisions	16	(140.2)	(140.2)	(121.9)	(121.9)
Total net assets		801.6	793.1	666.6	658.3
Restricted reserves					
Income and expenditure reserve – endowment reserve	17	62.6	62.6	61.2	61.2
Unrestricted reserves					
Income and expenditure reserve – unrestricted		299.8	296.2	278.3	274.9
Revaluation reserve	18	439.2	434.3	327.1	322.2
Total reserves		801.6	793.1	666.6	658.3

The financial statements on pages 24 to 56 were approved by the Board of Trustees on 11 November 2016 and signed on its behalf on that date by:



Professor Hugh Brady
Vice-Chancellor and President



Mr Denis Burn
Chair of the Board of Trustees

Consolidated statement of cash flows

Year ended 31 July 2016

	Notes	31 July 2016 £m	Restated 31 July 2015 £m
Cash flow from operating activities			
Surplus for the year		41.7	27.6
Adjustment for non-cash items			
Depreciation	10	47.6	49.1
Impairment of fixed asset	10	8.7	–
Amortisation of intangibles		0.3	0.2
Gain on investments	11/17	(1.0)	(3.0)
Pension contributions to UBPAS greater than accounting charge	16	(2.7)	(3.3)
Increase in stock		(0.3)	–
Increase in debtors	12	(10.9)	(11.0)
Increase in creditors	14	3.5	0.8
Increase in USS pension provision	16	0.8	16.2
Adjustment for investing or financing activities			
Investment income	5	(3.2)	(3.1)
Interest payable and other bank charges	8	14.9	14.9
Endowment income		(0.3)	(2.5)
Profit on the sale of fixed assets		(1.7)	(1.8)
Capital grant income	2,3,4	(22.7)	(25.9)
Net cash inflow from operating activities		74.7	58.2
Cash flows from investing activities			
Proceeds from sales of fixed assets		1.7	2.1
Capital grant income		22.7	24.0
Withdrawal of deposits		(29.3)	(18.0)
Endowments cash		(1.5)	–
Investment income		3.2	3.1
Payments made to acquire fixed assets	10	(50.0)	(54.0)
Payments made to acquire intangible assets		(0.2)	(0.2)
New current asset investments		(0.2)	–
New deposits		(0.3)	(2.8)
Net cash outflow from investing activities		(53.9)	(45.8)
Cash flows from financing activities			
Loan interest paid	8	(14.9)	(14.9)
Endowment cash received		0.3	2.5
Net cash outflow from financing activities		(14.6)	(12.4)
Increase in cash and cash equivalents in the year		6.2	–
Cash and cash equivalents at beginning of the year		95.5	95.5
Cash and cash equivalents at end of the year		101.7	95.5

Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and land and buildings, and in accordance with both the Statement of Recommended Practice – Accounting for Further and Higher Education 2015 (SORP) and the applicable Financial Reporting Standard in the United Kingdom – FRS102. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements across the group. Comparative amounts presented in these financial statements are restated under FRS102.

Basis of consolidation

The consolidated financial statements include the results of the University and all subsidiary undertakings for the financial year to 31 July, all prepared on a going concern basis.

The consolidated financial statements do not include those of the University of Bristol Students' Union, as the University does not have the power to govern the Union's policy decisions.

Recognition of income

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

Grant funding including funding council block grant, research grants from government sources, and grants (including research grants) from non-government sources are recognised as 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.

Research grants and contracts income is to be included to the extent of expenditure incurred, together with any related contributions towards indirect costs.

Services rendered income is included to the extent of the completion of the contract or service concerned. Stage of completion is determined by the reference to the cost incurred to date as a proxy to the progress of the project.

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 unrestricted income according to the terms and applied to the individual endowment fund.

There are three 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. 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.
3. 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.

The gain or loss on the value of any investments held by the endowment fund is recorded within the Statement of Comprehensive Income and Expenditure under the gain or loss on investments in the year in which it arises based on at least annual valuations.

Investment income received from the endowment fund's investments is recorded within investment income and held within restricted reserves to the extent that it has not been spent in line with the restrictions of the donation.

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.

Capital grants and donations

Grants and donations are received for the purpose of funding the acquisition and construction of tangible fixed assets. Grant funding is recognised as income when the University is entitled to the income and performance related conditions have been met. In the case of depreciable assets the following treatment applies:

- Income on HEFCE grants is credited to funding body grants income upon being awarded and then held in unrestricted reserve.
- Income on other capital grants is recognised within research or other income.

Operating leases

The University of Bristol leases properties and equipment, which includes mostly office and catering equipment. Most properties are leased from third parties and are for student residences, study and research. Some are rented from subsidiaries.

Lease duration for properties varies from 2 to 30 years, whilst for equipment it is on average 3 years. None of the leases transfer ownership of an asset between the lessor and lessee. Thus all University's leases are recognised as operating leases with rental costs being charged to expenditure in equal amounts over the duration of the lease.

The University also acts as a lessor by letting some properties to some of its subsidiaries. These properties are used for the public benefit. As there is no transfer of ownership, leased properties are accounted for as University's tangible fixed assets and rental income is recognised evenly over the life of leases.

Freehold land and buildings

Land and buildings are stated at fair value or cost less accumulated depreciation and accumulated impairment losses. Annually the University, assisted by external professional advisers, carries out a review of the underlying value of its portfolio of properties and carries out revaluation when and where appropriate. The basis of valuation is fair value using depreciated replacement cost or existing use and open market value depending on the nature of the property. Where the depreciated replacement cost basis is used, an element of irrecoverable VAT has been added to the valuation to reflect the full cost to the University.

Annually a minimum of 25% of the properties are revalued. Valuations were carried out by external professional chartered surveyors, with specific regard to the requirements of the Royal Institution of Chartered Surveyors Valuation Standards.

No depreciation is provided on freehold land or assets in construction. Buildings are depreciated over their average expected useful life of 50 years.

The cost of buildings includes the original purchase price of the asset, the costs attributed to bringing the asset to its working condition for its intended use and the cost of interest capitalised during the course of construction.

Additions are initially recognised at cost if individually or collectively they exceed £50k threshold and depreciated over their average expected useful economic life of 50 years.

Leasehold and laboratory refurbishments

Leasehold and laboratory refurbishments are identified and capitalised separately from the main land and building costs. They are depreciated over the shorter of the lease periods or their expected useful life of 10 years.

Maintenance of premises

The University has a long-term maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. The University also plans in its capital programme to meet the cost of major upgrade expenditure which occurs on an irregular basis; such expenditure is treated either as additions to land and buildings or laboratory refurbishments and depreciated over its expected useful lives.

Principal accounting policies continued

Equipment

Additions to equipment are initially recognised at cost if individually or collectively they exceed the thresholds:

Equipment acquired with the aid of specific grants	£25k
All other equipment	£10k

Capitalised equipment is stated at cost and depreciated over its expected useful life of 5 years for internally and 3 years for externally funded equipment. Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use.

Heritage assets

The University holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Such heritage assets acquired before 1 August 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 August 2010 will be capitalised at cost or, in the case of donated assets, if practical and on a cost-benefit basis, at expert valuation on receipt. The threshold for capitalising heritage assets is £25k. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Intangible assets

The value of internally generated patents, licences, and other similar rights over assets is recognised on the balance sheet by capitalising the costs of registering such rights and amortising over a period of 3 years.

Fixed asset investments

Fixed asset investments are included in the balance sheet at market value.

Investments in subsidiary undertakings and a joint venture are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Current asset investments

Current asset investments comprise mostly of bank credit deposits with maturity of more than 3 months are included in the balance sheet at amortised value.

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in first out basis.

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.

Assets that form Endowment funds are included within Cash at bank or Investments as appropriate.

Provisions

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Trade and other receivables

Basic financial assets, including trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income and expenditure.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income and expenditure.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Bad debt provision

Bad debt provisions are only recognised when there is objective evidence of impairment based on historical experience. Debtors are analysed by groups with similar risk characteristics to establish general provisions.

Trade and other payables

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial instruments

The University uses fixed rate loans to fund its ongoing capital investment programme. Interest expense is accounted for on an accrual basis evenly over the year. Loans are included in the balance sheet at amortised value.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the spot rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward exchange contracts, at contract rates. Any resulting differences are accounted for in the income and expenditure for the year.

Employment benefits

Short term employment benefits such as salaries and holiday pay 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.

Principal accounting policies continued

Pension schemes

The University participates in the University of Bristol Pension and Assurance Scheme (UBPAS), the University of Bristol Group Personal Pension Plan (UBGPP), the Universities Superannuation Scheme (USS), and the National Health Service Pension Scheme (NHSPS).

UBPAS, USS and NHSPS are defined benefit schemes in part or full. USS and UBPAS have assets held in separate trustee administered funds, whilst NHSPS is a non-funded occupational scheme backed by the Government. The costs are financed by contributions from the University and its staff.

The costs of pension increases paid to some former employees under the Federated Superannuation Scheme for Universities (FSSU) and the University of Bristol Superannuation Scheme for non-academic staff, are also met by the University and charged to the Statement of Comprehensive Income and Expenditure as pension costs.

USS

The University participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represent the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

UBGPP

UBGPP is a defined contribution scheme established by the University during 2010.

UBPAS

For UBPAS, the assets of the scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit credit method and discounted at an appropriate rate of return. The surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs.

The interest element is calculated based on the year end deficit (net liability) multiplied by the discount rate. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the Statement of Comprehensive Income and Expenditure.

NHSPS

NHSPS is an unfunded occupational scheme backed by the Exchequer. The University accounts as if the scheme were a defined contribution scheme.

Taxation status

The University is an exempt charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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.

Critical accounting judgements

(i) USS pension

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 will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Trustees 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.

(ii) UBPAS pension

UBPAS is a defined benefit pension scheme that the University operates in-house and until 30 September 2010 was offered to all staff who were not eligible to join the USS or NHSPS. The assumptions used are those deemed to be the most appropriate for the scheme and are based on advice from the scheme actuary. A small difference in assumptions can have a significant impact on the liability.

(iii) Valuations of land and buildings

Land and buildings are held at fair value. Annually, a valuation exercise of a proportion of the portfolio is undertaken by a qualified chartered surveyor to ensure the carrying value of the assets are not materially different to their fair value.

(iv) Revenue

Under FRS102 performance-related conditions are the conditions that require a performance of a particular level of service of units or output to be delivered. Restrictions exist where the funding is allocated for specific purpose and cannot be used for other aims.

Research revenue grants are based on budget, which specifies performance levels. These grants therefore have performance-related conditions attached. Revenue is recognised on percentage completion basis of costs as these are considered a close proxy to the progress of project.

Capital grants are funds used for acquisition or building of items that are capital in nature. Restrictions on the grants have been identified as funds are allocated for specific capital items. Income is recognised on entitlement upon award of grant.

Transition to SORP 2015 and changes in accounting policy

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 26.

Changes in accounting policy have been made as part of the transition in the following areas: capital grants, USS pension, holiday pay, studentships and campaigns related balances. Details of these changes can be found in note 26.

Notes to the financial statements

1. Tuition fees and education contracts

	Year ended 31 July 2016		Restated Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Full-time home and EU students	129.7	129.7	114.6	114.6
Full-time international students	59.0	59.0	62.3	62.3
Part-time students	3.9	3.9	3.1	3.1
Research Training Support Grant	19.0	19.0	18.8	18.8
Short course fees	4.5	4.5	4.0	4.0
	216.1	216.1	202.8	202.8

2. Funding body grants

	Year ended 31 July 2016		Restated Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Recurrent grant				
Higher Education Funding Council	76.5	76.5	81.2	81.2
Capital grants	9.8	9.8	5.7	5.7
Specific grants				
Joint Information Systems Committee	–	–	0.1	0.1
Higher Education Innovation Fund	3.0	3.0	2.8	2.8
Other	2.1	2.1	2.1	2.1
	91.4	91.4	91.9	91.9

3. Research grants and contracts

	Year ended 31 July 2016		Restated Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Research councils	59.9	59.9	58.8	58.8
UK-based charities	20.7	20.7	18.7	18.7
European Commission and other Euro-denominated contracts	16.7	16.7	19.7	19.7
Other grants and contracts	51.3	48.9	44.3	41.7
Research Development Expenditure Credit	0.4	–	9.0	9.0
	149.0	146.2	150.5	147.9

Included in research grants and contracts are capital grants of £1.9m (2015: £4.8m).

4. Other income

	Year ended 31 July 2016		Restated Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Residences, catering and conferences	39.2	39.2	34.8	34.8
Other capital grants	11.0	11.0	15.4	15.3
Other services rendered	17.2	7.7	16.5	8.9
Contracts with health and hospital authorities	4.8	4.8	5.2	5.2
Funded teaching and general research	12.6	12.6	11.4	11.5
Departmental and other income	18.9	20.7	15.3	17.4
Insurance claim	10.0	10.0	–	–
Donations	2.6	2.6	2.4	2.4
	116.3	108.6	101.0	95.5

The insurance claim relates to the October 2015 fire at a hall of residence that requires reconstruction. The asset impairment of £8.7m is recognised in note 10. At July 2016 the project to rebuild the hall was underway.

5. Investment income

	Note	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Investment income on endowments	17	1.7	1.7	1.7	1.7
Other investment income		1.5	1.5	1.4	1.2
		3.2	3.2	3.1	2.9

6. Donations and endowments

	Note	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
New endowments	17	0.3	0.3	2.5	2.5
		0.3	0.3	2.5	2.5

7. Staff costs

	Notes	Year ended 31 July 2016		Restated Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Staff costs:					
– Salaries		229.5	218.2	217.3	207.9
– Social security costs		20.3	19.4	17.4	16.7
– Movement on USS provision		–	–	14.9	14.9
Other pension costs	21	34.7	34.1	34.8	34.0
Total		284.5	271.7	284.4	273.5

Notes to the financial statements continued

7. Staff costs (continued)

	Year ended 31 July 2016 £k	Year ended 31 July 2015 £k
Emoluments of the Vice-Chancellor:		
Salary	264	301
Benefits	1	2
Payment in lieu of pension contributions	17	41
Pension payment	41	–
	323	344

Remuneration of other higher paid staff, excluding employer's pension contributions and any compensation for loss of office (payments in respect of distinction awards and other payments under separate NHS contracts of employment are excluded from the University's income and expenditure account):

	Excluding distinction awards and other NHS		Including distinction awards and other NHS payments	
	Year ended 31 July 2016 No.	Year ended 31 July 2015 No.	Year ended 31 July 2016 No.	Year ended 31 July 2015 No.
£100,000 to £109,000	41	48	35	46
£109,000 to £119,000	22	25	19	13
£120,000 to £129,000	16	14	22	17
£130,000 to £139,000	5	2	9	10
£140,000 to £149,000	2	3	7	10
£150,000 to £159,000	4	1	10	8
£160,000 to £169,000	–	–	4	4
£170,000 to £179,000	2	3	5	5
£180,000 to £189,000	1	2	2	4
£190,000 to £199,000	2	–	1	1
£200,000 to £209,000	1	–	3	3
£210,000 to £219,000	–	–	–	–
£220,000 to £229,000	1	–	–	–
£230,000 to £239,000	–	–	1	–
£250,000 to £259,000	–	–	1	–
	97	98	119	121

Average staff numbers by major category:

– Academic/Clinical	2,771	2,639
– Administrative and operational support	2,478	2,377
– Technical	532	523
	5,781	5,539

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

The University's 'key management personnel' are those members of the senior management team who form the Vice Chancellor's Advisory Group.

	Year ended 31 July 2016 £k	Year ended 31 July 2015 £k
Key management personnel remuneration	1,594	1,623

8. Interest and other finance costs

	Note	Year ended 31 July 2016		Restated Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
Loan interest		14.0	14.0	14.0	14.0
Other bank charges		0.9	0.9	0.9	0.9
Net charge on pension scheme	21	4.0	4.0	3.9	3.9
		18.9	18.9	18.8	18.8

Interest payable includes the amortisation of fees associated with long-term financing arrangements.

9. Analysis of expenditure by activity

	Staff costs £m	Other expenses £m	Depreciation £m	Financing costs £m	Year ended 31 July 2016 Total £m	Restated Year ended 31 July 2015 Total £m
Consolidated						
Academic and related expenditure	155.1	57.6	4.1	18.0	234.8	225.8
Administration and central services	23.3	8.8	0.1	–	32.2	43.2
Premises	12.8	34.0	35.8	–	82.6	64.6
Residences, catering and conferences	6.9	20.1	4.4	0.9	32.3	29.4
Research grants and contracts	68.6	39.6	3.0	–	111.2	104.3
Services rendered	7.2	5.8	0.2	–	13.2	13.0
Other including general endowment expenditure	10.6	20.4	–	–	31.0	48.7
	284.5	186.3	47.6	18.9	537.3	529.0

	Staff costs £m	Other expenses £m	Depreciation £m	Financing costs £m	Year ended 31 July 2016 Total £m	Restated Year ended 31 July 2015 Total £m
University						
Academic and related expenditure	155.1	57.6	3.8	18.0	234.5	225.6
Administration and central services	20.4	8.2	0.1	–	28.7	42.1
Premises	12.8	34.7	35.5	–	83.0	65.3
Residences, catering and conferences	6.9	20.1	4.3	0.9	32.2	29.4
Research grants and contracts	63.9	46.1	2.9	–	112.9	104.9
Services rendered	2.6	2.9	–	–	5.5	5.7
Other including general endowment expenditure	10.0	20.4	–	–	30.4	48.4
	271.7	190.0	46.6	18.9	527.2	521.4

	Year ended 31 July 2016 £k	Year ended 31 July 2015 £k
Other operating expenses included:		
– Audit fees payable to the University's external auditors for University main audit	48	47
– Audit fees payable to the University's external auditors for audit of subsidiaries	28	28
– Other fees payable to the University's external auditors	51	109
– Audit fees payable to other auditors for audit of individual grants	78	70
Operating lease rentals	£m	£m
Land and buildings	12.5	8.5

Notes to the financial statements continued

10. Tangible assets

	Freehold land & buildings £m	Assets in construction £m	Leasehold & laboratory refurbishment £m	Equipment £m	2016 Total £m	2015 Total £m
Consolidated						
Cost or valuation						
At 1 August	849.2	1.4	108.0	78.4	1,037.0	983.6
Additions at cost	27.5	1.5	2.5	18.5	50.0	54.0
Acquired in year	–	–	–	–	–	2.0
Re-categorisation	2.9	(2.9)	–	–	–	–
Impairment	(8.7)	–	–	–	(8.7)	–
Disposals	–	–	–	–	–	(0.6)
Elimination of fully depreciated items	–	–	(24.5)	(18.8)	(43.3)	(28.4)
Revaluations in year	86.7	–	–	–	86.7	26.4
At 31 July	957.6	–	86.0	78.1	1,121.7	1,037.0
Accumulated depreciation						
At 1 August	23.5	–	71.0	37.8	132.3	124.1
Charge for year	14.8	–	11.3	21.5	47.6	49.1
Disposals	–	–	–	–	–	(0.3)
Elimination of fully depreciated items	–	–	(24.5)	(18.8)	(43.3)	(28.4)
Written back on revaluation	(26.8)	–	–	–	(26.8)	(12.2)
At 31 July	11.5	–	57.8	40.5	109.8	132.3
Net book value						
At 31 July	946.1	–	28.2	37.6	1,011.9	904.7
At 1 August	825.7	1.4	37.0	40.6	904.7	859.5

	Freehold land & buildings £m	Assets in construction £m	Leasehold & laboratory refurbishment £m	Equipment £m	2016 Total £m	2015 Total £m
University						
Cost or valuation						
At 1 August	828.2	1.4	108.0	73.6	1,011.2	958.9
Additions at cost	27.5	1.5	2.5	18.1	49.6	53.7
Acquired in year	–	–	–	–	–	2.0
Re-categorisation	2.9	(2.9)	–	–	–	–
Impairment	(8.7)	–	–	–	(8.7)	–
Disposals	–	–	–	–	–	(0.3)
Elimination of fully depreciated items	–	–	(24.5)	(18.7)	(43.2)	(28.4)
Revaluations in year	86.7	–	–	–	86.7	25.3
At 31 July	936.6	–	86.0	73.0	1,095.6	1,011.2
Accumulated depreciation						
At 1 August	23.7	–	70.8	35.7	130.2	120.9
Charge for year	14.5	–	11.3	20.8	46.6	48.5
Disposals	–	–	–	–	–	–
Elimination of fully depreciated items	–	–	(24.5)	(18.7)	(43.2)	(28.4)
Written back on revaluation	(26.8)	–	–	–	(26.8)	(10.8)
At 31 July	11.4	–	57.6	37.8	106.8	130.2
Net book value						
At 31 July	925.2	–	28.4	35.2	988.8	881.0
At 1 August	804.5	1.4	37.2	37.9	881.0	838.0

10. Tangible fixed assets (continued)

Annually the University undertakes a review of the underlying value of its portfolio of freehold land and buildings and carries out revaluation when and where appropriate. As at 31 July 2016, in excess of 25% (2015: 25%) of the estate was revalued by an external professional firm of Chartered Surveyors, on the basis of either market value or existing use value using the Depreciated Replacement Cost methodology. All properties are subject to a full valuation at least once every four years. Freehold land and buildings at 31 July 2016 consisted of:

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
At valuation	946.0	925.0	843.9	822.8
At cost	11.6	11.6	5.3	5.4
Total freehold land and buildings	957.6	936.6	849.2	828.2

Freehold land and buildings include land totalling £203.0m (2015: £187.2m) which is not depreciated.

No interest cost has been capitalised in construction costs in the year (2015: £nil).

Leasehold and laboratory refurbishments include £8.0m cost and £5.6m accumulated depreciation (2015: £8.2m and £5.0m) of leasehold land and buildings.

Contracted capital commitments as at 31 July 2016 were £38.8m (2015: £16.8m).

The impairment relates to a small hall of residence in central Bristol that was destroyed by fire in October 2015. This project is subject to an ongoing insurance claim (see note 4). The impairment has been classified as a premises cost in note 9.

Heritage assets: The University holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed in the University's nationally accredited museums and collections and in its libraries, providing a valuable research and educational resource locally, nationally and internationally. Other collections are held in academic departments or are on display as public art. Major collections include those held by the University Library, the Botanic Garden and Theatre Collection.

In respect of its major collections, the University's practice, in accordance with the national accreditation standards, is; to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable wide access to and engagement with the collections by members of the public.

As noted in the statement of principal accounting policies, heritage assets costing more than £25k acquired since 1 August 2010 would be capitalised where practicable and on a cost-benefit basis. The majority of heritage assets held in the University's collections were acquired before 1 August 2010 and they are not recognised in the balance sheet.

There were no material heritage assets acquired during the year (2015: none).

Notes to the financial statements continued

11. Non-current investments

Consolidated	Shares in University's subsidiary companies £m	Shares in listed and unlisted companies £m	Total £m
At 1 August 2015	–	0.8	0.8
Additions	–	0.2	0.2
Impairments	–	(0.2)	(0.2)
At 31 July 2016	–	0.8	0.8

University	£m	£m	£m
At 1 August 2015	22.7	0.4	23.1
Additions	–	0.2	0.2
At 31 July 2016	22.7	0.6	23.3

The Board of Trustees believes that the carrying value of the investments is supported by their underlying net assets.

Shares in listed and unlisted companies excluding subsidiaries consist of:

	Consolidated £m	University £m
27.3% in Sulis Seedcorn Fund	0.4	0.4
Revolymmer	0.2	–
UoB Enterprise Fund	0.2	0.2
	0.8	0.6

12. Trade and other receivables

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due within one year				
Research grants receivable	21.9	21.9	28.9	28.9
Other debtors	45.3	41.1	27.7	24.9
Prepayments and accrued income	5.7	5.7	5.4	5.3
Amounts due from subsidiary undertakings	–	7.9	–	8.3
	72.9	76.6	62.0	67.4

13. Current investments

	Consolidated and University	
	2016 £m	2015 £m
Short term deposits	132.2	99.9
Shares in listed companies	0.1	0.1
	132.3	100.0

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. At 31 July 2016 the weighted average interest rate of these fixed rate deposits was 1.21% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 149 days. The fair value of these deposits was not materially different from the book value.

14. Creditors – amounts falling due within one year

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Trade creditors	0.4	0.4	0.7	0.7
Other creditors	48.9	48.8	46.7	46.7
Social security and other taxation payable	1.1	1.1	3.3	3.3
Accruals and deferred income	34.2	30.8	34.6	30.7
Research grants received in advance	45.0	45.0	40.8	40.8
Amounts owed to subsidiary undertakings	–	11.7	–	11.7
	129.6	137.8	126.1	133.9

Deferred Income

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

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Research grants received on account	45.0	45.0	40.8	40.8

Notes to the financial statements *continued*

15. Creditors – amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Unsecured loans due in five years or more	250.0	250.0	250.0	250.0
	250.0	250.0	250.0	250.0
Unsecured loans repayable by 2038	100.0	100.0	100.0	100.0
Unsecured loans repayable by 2047	150.0	150.0	150.0	150.0
	250.0	250.0	250.0	250.0

Included in the loans are the following:

Lender	Amount £m	Term	Interest rate %	Borrower
Barclays Bank PLC	100.0	2038	5.6	University of Bristol
Barclays Bank PLC	150.0	2047	5.6	University of Bristol
Total	250.0			

16. Pension provisions

Consolidated and University	Obligation to fund deficit on USS pension £m	Obligation to fund deficit on UBPAS Pension £m	Total Pensions Provisions £m
At 1 August 2015	50.9	71.0	121.9
Utilised in year	–	(2.7)	(2.7)
Additions	0.8	20.2	21.0
At 31 July 2016	51.7	88.5	140.2

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) 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. (See also note 21).

17. Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted Permanent £m	Unrestricted Permanent £m	Expendable endowments £m	Consolidated and University	
				2016 Total £m	2015 Total £m
Balances at 1 August 2015					
Capital	43.4	2.6	7.3	53.3	47.8
Accumulated income	4.2	0.2	3.5	7.9	7.5
	47.6	2.8	10.8	61.2	55.3
New endowments	0.3	–	–	0.3	2.5
Investment income	1.3	0.1	0.3	1.7	1.7
Expenditure	(1.2)	–	(0.6)	(1.8)	(1.4)
	0.1	0.1	(0.3)	(0.1)	0.3
Increase in market value of investments	0.7	–	0.5	1.2	3.1
At 31 July 2016	48.7	2.9	11.0	62.6	61.2
Represented by:					
Capital	44.4	2.6	7.8	54.8	53.3
Accumulated income	4.3	0.3	3.2	7.8	7.9
	48.7	2.9	11.0	62.6	61.2
Analysis by type of purpose:					
Dame Emily Smyth endowment trust					
– support of agricultural research	13.1	–	–	13.1	13.0
William P Coldrick – Chair in Genomics	–	–	3.7	3.7	3.7
Professorships, readerships and lectureships	4.6	–	3.2	7.8	7.6
Scholarships and bursaries	16.1	–	1.7	17.8	17.1
Research support	5.3	–	0.4	5.7	5.6
Prize funds	0.7	–	–	0.7	0.6
General	4.5	2.9	–	7.4	7.2
Other	4.4	–	2.0	6.4	6.4
	48.7	2.9	11.0	62.6	61.2
Analysis by asset					
Current and non-current asset investments				58.6	55.6
Cash & cash equivalents				4.0	5.6
				62.6	61.2

Deficit balances

There are no endowment balances in deficit.

Notes to the financial statements continued

18. Revaluation reserve

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
At 1 August	327.1	322.2	293.6	291.2
Revaluation of properties	86.7	86.7	26.4	25.3
Cumulative depreciation of properties written back on revaluation	26.8	26.8	12.2	10.8
Revaluation of investments	–	–	0.1	0.1
Transfer to income and expenditure reserve in respect of:				
– Depreciation on revalued assets	(1.4)	(1.4)	(5.2)	(5.2)
At 31 July	439.2	434.3	327.1	322.2

19. Financial instruments

The University has the following financial instruments:

	31 July 2016		31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Financial instruments at fair value through profit or loss	0.2	–	0.4	–
Financial instruments that are debt instruments measured at amortised cost:				
– trade receivables	21.9	21.9	28.9	28.9
– other receivables	45.3	41.1	27.7	24.9
– investments in listed companies	0.1	0.1	0.1	0.1
– investments in short term deposits	132.2	132.2	99.9	99.9
	199.5	195.3	156.6	153.8
Financial assets that are equity instruments measured at cost less impairment	0.4	0.6	0.4	0.4
Financial liabilities measured at amortised cost:				
– unsecured loans	250.0	250.0	250.0	250.0
– trade creditors	0.4	0.4	0.7	0.7
– accruals	34.2	30.8	34.6	30.7
– deferred income	45.0	45.0	40.8	40.8
– other creditors	50.0	49.9	50.0	50.0
	379.6	376.1	376.1	372.2

20. Analysis of changes in net debt (excluding endowments)

Consolidated	At 1 August 2015 £m	Cash flow in year £m	At 31 July 2016 £m
Cash and cash equivalents	89.9	7.8	97.7
Liquid resources – including certificates of deposit and corporate bonds	44.4	29.3	73.7
	134.3	37.1	171.4
Debts due after one year	(250.0)	–	(250.0)
Total net debt	(115.7)	37.1	(78.6)

University	At 1 August 2015 £m	Cash flow in year £m	At 31 July 2016 £m
Cash and cash equivalents	85.6	9.1	94.7
Liquid resources – including certificates of deposit and corporate bonds	44.4	29.3	73.7
	130.0	38.4	168.4
Debts due after one year	(250.0)	–	(250.0)
Total net debt	(120.0)	38.4	(81.6)

21. Pension schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Bristol Pension and Assurance Scheme (UBPAS) and the University of Bristol Group Personal Pension Plan (UBGPP). In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

The total pension costs for the University and its subsidiaries recognised within the statement of comprehensive income and expenditure account were:

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 Restated	
		Consolidated £m	University £m	Consolidated £m	University £m
Employer's cost for USS		24.6	24.5	25.0	24.9
Employer's cost for UBPAS		7.2	7.2	7.1	6.9
Employer's cost for UBGPP		2.0	2.0	1.6	1.6
Employer's cost for NHSPS		0.4	0.4	0.6	0.6
Other		0.5	–	0.5	–
Total pension costs in staff costs	7	34.7	34.1	34.8	34.0
Net financing charge in respect of deficit in UBPAS and USS	8	4.0	4.0	3.9	3.9
Total pension costs		38.7	38.1	38.7	37.9

Employer's costs shown above include amounts payable under salary sacrifice arrangements. All pension contributions were fully paid at the year end.

(i) USS

The total cost charged to the profit and loss account is £25.9m (2015:£26.1m) and is included within staff costs in note 7 and interest and finance costs in note 8.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the variation 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.

Notes to the financial statements *continued*

21. Pension schemes (continued)

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

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

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	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) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – no age rating
Female members' mortality	99% of S1NA ["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:

	2016 £m	2015 £m
Males currently aged 65 years	24.3	24.2
Females currently aged 65 years	26.5	26.3
Males currently aged 45 years	26.4	26.2
Females currently aged 45 years	28.8	28.6
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

The financial assumptions used to calculate the deficit repayment liability within these financial statements are:

	31 July 2016 %	31 July 2015 %
Deficit contribution rate	2.1	2.1
Rate of increase in salaries	4.0	4.0
Discount rate	2.5	3.7

(ii) University of Bristol Pension Scheme (UBPAS)

UBPAS is a defined benefit pension scheme that the University operates in-house and until 30 September 2010 was offered to all staff who were not eligible to join the USS or NHSPS. UBPAS was contracted-out of the State Second Pension (S2P) until April 2016, it is now closed to new members. The assets of the scheme are held in a separate fund administered by a board of seven trustees. UBPAS currently has around 1,200 active members.

The trustees, acting separately from the University, hold and manage UBPAS assets for the members of the scheme. Of the seven trustees, three are members of the scheme, nominated by all members of the Scheme for a six-year term; and three are appointed by the Board of Trustees of the University to represent the University. The Chairman is an independent person recommended by the University for appointment by the other trustees. Under the Scheme trust deed and rules, the employer contribution rate is determined by agreement between the trustees and the University, acting on actuarial advice.

21. Pension schemes (continued)

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	31 July 2016 %	31 July 2015 %
Price Inflation (RPI)	2.7	3.2
Price Inflation (CPI)	1.7	2.2
Rate of increase in salaries	3.4	3.9
Increases to non-GMP pension in deferment (RPI capped at 5% pa)	2.7	3.1
Increases to non-GMP pension in payment (CPI)	1.8	2.2
Increases to Post 88 GMP in payment (CPI capped at 3% pa)	1.6	2.0
Discount rate	2.4	3.7

Mortality rates have been assumed to be consistent with those proposed for the 2015 actuarial valuation. In particular, using the amounts-based SAPs Series 1 "Pensioner" tables for all retirements, with multipliers of 119.5% (males) and 105.5% (females), and an allowance for improvements in mortality using the CMI 2014 core projections with a 1.5% long term rate.

The assets in the scheme were:

	Fair value as at 31 July		
	2016 £m	2015 £m	2014 £m
Equities/Diversified growth funds	131.1	114.8	117.5
Government bonds	–	–	42.4
Corporate bonds	–	–	34.6
Liability Driven Investments	92.8	77.3	0.9
Absolute return bond fund	41.8	39.9	–
Property	20.3	20.5	17.9
Other net assets (including cash)	0.3	–	10.1
Total	286.3	252.5	223.4

Reconciliation of scheme assets and liabilities:

	Assets £m	Liabilities £m	Total £m
At 1 August 2015	252.5	(323.5)	(71.0)
Benefits paid	(10.5)	10.5	–
Employer contributions	12.6	–	12.6
Scheme participants' contributions	–	–	–
Current service cost	–	(7.2)	(7.2)
Interest income/(expense)	9.1	(11.8)	(2.7)
Re-measurement gains/(losses):			
– Actuarial losses	–	(42.8)	(42.8)
– Return on plan assets	22.6	–	22.6
Total at 31 July 2016	286.3	(374.8)	(88.5)

Notes to the financial statements continued

21. Pension schemes (continued)

Total cost recognised as an expense:

	2016 £m	2015 £m
Current service cost	7.2	7.0
Past service cost	–	–
Interest cost	2.7	2.6
Total	9.9	9.6

Actuarial valuation

The last actuarial valuation of the scheme was as at 31 July 2012. Based on the Pensions Act 2004, the valuation is performed under the scheme-specific funding regime, adopting a statutory funding objective, which is to have sufficient and appropriate assets to cover the scheme's technical provisions.

The valuation was carried out using the projected unit method. The key assumptions and other data relevant to the determination of the contribution levels of the scheme were as follows:

Discount rate

– Pre-Retirement	5.4%
– Post-Retirement	3.4%
Rate of increase to RPI	2.9%
Rate of increase to CPI	2.3%
Rate of increase to salaries	3.6%
Expected asset return during the recovery period	6.0%

Standard mortality tables were used for both pre and post retirement as follows:

- Base table 119.5%/105.5% Male/Female SAPs Pensioner tables for all retirements.
- Future improvements: CMI 2011 core projections from 2012 with a 1.5% long term rate. Use of these mortality tables reasonably reflects the actual UBPAS experience but also provides an element of conservatism to allow for further improvements in mortality rates.

At the valuation date, the value of the assets of the scheme was £181.0m and the value of the scheme's technical provisions was £263.6m resulting in a deficit of £82.6m. The assets therefore were sufficient to cover 69% of the benefits which had accrued to members after allowing for expected future increases in earnings.

A new deficit recovery plan was agreed which requires the University to pay £6.9m pa until 2030, however, in recognition of prepayments under the previous deficit recovery plan, the first contribution required was £1.9m in 2014/15, followed by £6.9m in subsequent years.

During the year the University paid deficit contributions of £6.9m (2015: £6.9m) and as at 31 July 2016 had prepaid a total of £11.9m (2015: £11.9m).

As required by law, the actuary also made an estimate of the amount the University would have to pay to secure all members' benefits with an insurance company; in the event that the Trustees were to decide that the scheme should be wound up. (This measure is sometimes referred to as "full solvency"). The shortfall in funding under this "full solvency" measure was approximately £194.1m.

The University undertook a formal consultation with active members of UBPAS about fundamental changes to the contribution and benefit structure of UBPAS. Following the consultation, from 1 November 2013, active members have three contribution/benefit options to choose from for future service after that date. These changes are designed to reduce the future risk and cost of the scheme to the University.

21. Pension schemes (continued)

(iii) UBGPP

Following the closure of UBPAS to new members on 1 October 2010, the University, working with trade unions representatives launched a new retirement saving plan for all new members of University staff Grade A to I and staff who have previously opted not to join UBPAS.

In addition to matching contributions by the University to members' pension savings, the University has also paid for other benefits. These included a Lump Sum Death In Service Benefit of 6 x basic salary and an Income Protection Benefit of 50% of basic salary plus a further 10% of salary in respect of University pension contributions to UBGPP payable normally from after 26 weeks absence and could be payable to age 65.

UBGPP is managed by Legal & General Pension Management Limited. On 31 July 2016, there were a total of 1,314 members (2015: 1,150).

(iv) NHSPS

The NHSPS is a non-funded occupational scheme backed by the Government, which is restricted to some clinical staff. Under the definitions set out in FRS 17, the NHSPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has applied the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

22. Operating leases

Total future commitments under operating leases in respect of land and buildings are as follows:

	2016 £m	2015 £m
Future minimum lease payments due:		
Less than 1 year	13.2	12.0
Total lease payments due	13.2	12.0

23. Events after the reporting period

No events that require disclosure have occurred after the end of reporting period.

24. Subsidiary undertakings

The University holds ordinary shares in the following companies, all of which have been incorporated in England, and consolidated into the University's financial statements.

Company	Class of share	% Holding	Nature of business
Bristol Innovations Ltd	Ordinary	100%	Development and commercial exploitation of intellectual property
Langford Veterinary Services Ltd	Ordinary	100%	Provision of clinical veterinary services
NCC Operations Ltd	Ordinary	100%	Operations relating to the national research centre for composites materials
Park Row Ltd	Ordinary	100%	Property and project management
The Science Research Foundation	N/A – company limited by guarantee	100%	Promotion of new research companies
University of Bristol Services Ltd	Ordinary	100%	Property management services

Notes to the financial statements continued

25. Related party transactions

University of Bristol Students' Union

During the year, the University of Bristol made a block grant payment of £1.65m (2015: £1.6m) to Bristol SU (the Students' Union of the University). On 31 July 2016, the current account due to the Union was £nil (2015: £8k). In addition to the provision of services (portering, housekeeping, etc.), the University provides the building in which Bristol SU operates, and meets all utility costs.

The Board of Trustees members

The University's Board of Trustees members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board of Trustees, 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 Board of Trustees may have an interest. All transactions involving organisations in which a member of the Board of Trustees may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The University maintains a Register of Interests of members of The Board of Trustees. The register is available for inspection under the Freedom of Information Act 2000. There are no such transactions during the year that we consider need to be reported under the accounting standard requirements.

No Board of Trustees member has received any remuneration/waived payments from the group during the year (2015: none).

The total expenses paid to or on behalf of 14 Board of Trustees members was £15k (2015 – £11k to 20 Board of Trustees members). This represents travel and subsistence expenses incurred in attending Board of Trustees meetings, Committee meetings and Charity events in their official capacity.

UBPAS

UBPAS is a final salary defined benefit pension scheme for University of Bristol employees only. The assets of the scheme are held in separate fund administered by a board of seven trustees. Of the seven trustees, three are members of the scheme, nominated by all members of the Scheme for a six-year term; and three are appointed by the Board of Trustees of the University to represent the University. The Chairman is recommended by the University for appointment by the other trustees.

As University exercises a significant power to appoint four out of seven trustees, UBPAS is a considered to be a related party to the University.

For details of transactions between the University and UBPAS please refer to note 21.

26. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out on pages 28 to 33 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

26. Transition to FRS102 and the 2015 SORP (continued)

	31 July 2014			31 July 2015		
	2007 SORP	1 August 2014 Effect of transition to 2015 SORP	2015 SORP	2007 SORP	31 July 2015 Effect of transition to 2015 SORP	2015 SORP
Consolidated						
Non-current assets						
Intangible assets	0.3	–	0.3	0.3	–	0.3
Fixed assets	859.5	–	859.5	904.7	–	904.7
Investments	0.4	0.5	0.9	0.4	0.4	0.8
	860.2	0.5	860.7	905.4	0.4	905.8
Endowment assets	55.3	(55.3)	–	61.2	(61.2)	–
Current assets						
Stock	1.4	–	1.4	1.3	–	1.3
Trade and other receivables	51.0	–	51.0	62.0	–	62.0
Investments	52.6	23.4	76.0	62.4	37.6	100.0
Cash and cash equivalents	63.7	31.9	95.6	71.9	23.6	95.5
	168.7	55.3	224.0	197.6	61.2	258.8
Creditors – amounts falling due within one year	(123.5)	(1.9)	(125.4)	(123.8)	(2.3)	(126.1)
Net current assets	45.2	53.4	98.6	73.8	58.9	132.7
Total assets less current liabilities	960.7	(1.4)	959.3	1,040.4	(1.9)	1,038.5
Creditors – amounts falling due after more than one year	(250.0)	–	(250.0)	(250.0)	–	(250.0)
Provisions						
Pension provisions	(67.0)	(34.7)	(101.7)	(71.0)	(50.9)	(121.9)
Total net assets	643.7	(36.1)	607.6	719.4	(52.8)	666.6
Deferred capital grants	208.1	(208.1)	–	213.3	(213.3)	–
Endowments						
Expendable	8.9	(8.9)	–	10.8	(10.8)	–
Permanent	46.4	(46.4)	–	50.4	(50.4)	–
	55.3	(55.3)	–	61.2	(61.2)	–
Restricted reserves						
Income and expenditure reserve – endowment reserve	–	55.3	55.3	–	61.2	61.2
Unrestricted reserves						
Income and expenditure reserve – unrestricted	86.7	172.0	258.7	117.8	160.5	278.3
Revaluation reserve	293.6	–	293.6	327.1	–	327.1
Total unrestricted reserves	380.3	172.0	552.3	444.9	160.5	605.4
Total funds	643.7	(36.1)	607.6	719.4	(52.8)	666.6

Notes to the financial statements *continued*

26. Transition to FRS102 and the 2015 SORP (continued)

The effect of transition to FRS 102 and the 2015 SORP includes the following:

Deferred capital grants

Previously capital grants received were held on the Balance Sheet and released to income over the life of the grant as the expenditure had been incurred. Under FRS102 capital grants are recognised within income as soon as they are received or receivable when the performance conditions have been met. The balance of deferred capital grants previously held on the Balance Sheet has been transferred into unrestricted reserves.

Pension schemes

USS is multi-employer defined benefit pension scheme and therefore each employer cannot identify its share of assets and liabilities. Previously the University utilised the exemption available under the old UK GAAP and accounted for the pension scheme as if it were a defined contribution scheme. However under FRS102 this exemption no longer applies and University has reflected a net liability and related expenditure based on the agreed deficit recovery plan.

Previously the UBPAS expected return on assets was higher than discount rate for liabilities, however these two rates are now the same. This has resulted in an additional charge to the income and expenditure account.

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Statement of Comprehensive Income and Expenditure account. The University has estimated the value of unused holiday pay at the year end and included an accrual for this.

Fundraising

The University raises funds for various campaigns. These monies were previously held on the Balance Sheet within creditors until spent on the basis that if they were not used, the funds would need to be re-paid. However under FRS102 they are to be recognised in the Statement of Comprehensive Income when received or receivable if there are no performance conditions imposed or the performance conditions have been met, as it is at this point the University is entitled to the income.

Endowment assets

Previously, endowment assets were disclosed separately on the face of the Balance Sheet. This no longer required and these assets are now included in either cash or investments as appropriate.

Endowment reserves

Previously endowment reserves formed part of reserves, however under FRS102 endowments are reflected within a separate restricted endowment reserve.

Studentships

Previously studentships were excluded from both income and expenditure as it was considered the University was acting as an agent. However, terms and conditions have been re-assessed and the University is now deemed to act as principal in the arrangement and therefore both income and expenditure amounts are reported within the results for the year.

Cash equivalents

Under FRS102, the definition of cash equivalents has changed to include deposits maturing within 3 months from the year end date. This has resulted in a reclassification of balances from investments to cash.

26. Transition to FRS102 and the 2015 SORP (continued)

Consolidated	Year ended 31 July 2015			
	2007 SORP	STRGL items*	Effect of transition to 2015 SORP	2015 SORP
Income				
Tuition fees and education contracts	189.7	–	13.1	202.8
Funding body grants	95.0	–	(3.1)	91.9
Research grants and contracts	148.4	–	2.1	150.5
Other income	94.7	–	6.3	101.0
Investment income	3.1	–	–	3.1
Total income before donations and endowments	530.9	–	18.4	549.3
Donations and endowments	–	–	2.5	2.5
Total income	530.9	–	20.9	551.8
Expenditure				
Staff costs	269.3	–	15.1	284.4
Other operating expenses	163.3	–	13.4	176.7
Depreciation	49.1	–	–	49.1
Interest and other finance costs	15.0	–	3.8	18.8
Total expenditure	496.7	–	32.3	529.0
Gain on disposal of fixed assets	1.8	–	–	1.8
Gain on investments	–	–	3.1	3.1
Surplus for the year	36.0	–	(8.3)	27.7
New endowments	–	2.5	(2.5)	–
Unrealised surplus on revaluation of land and buildings	–	26.4	–	26.4
Depreciation written back on revaluation of properties	–	12.2	–	12.2
Increase in market value of endowment asset investments	–	3.1	(3.1)	–
Unrealised gains on revaluation of other investments	–	0.1	–	0.1
Actuarial loss in respect of pension schemes	–	(9.8)	2.5	(7.3)
Total comprehensive income for the year	36.0	34.5	(11.4)	59.1

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column does not include recognition of valuation changes arising from the adoption of 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Notes to the financial statements continued

26. Transition to FRS102 and the 2015 SORP (continued)

	31 July 2014			31 July 2015		
	2007 SORP	1 August 2014 Effect of transition to 2015 SORP	2015 SORP	2007 SORP	31 July 2015 Effect of transition to 2015 SORP	2015 SORP
University						
Non-current assets						
Intangible assets	0.3	–	0.3	0.3	–	0.3
Fixed assets	838.0	–	838.0	881.0	–	881.0
Investments	24.9	–	24.9	23.1	–	23.1
	863.2	–	863.2	904.4	–	904.4
Endowment assets	55.3	(55.3)	–	61.2	(61.2)	–
Current assets						
Stock	1.1	–	1.1	1.1	–	1.1
Trade and other receivables	53.8	–	53.8	67.4	–	67.4
Investments	52.6	23.4	76.0	62.4	37.6	100.0
Cash and cash equivalents	60.1	31.9	92.0	67.6	23.6	91.2
	167.6	55.3	222.9	198.5	61.2	259.7
Less: Creditors – amounts falling due within one year	(130.5)	(1.5)	(132.0)	(131.6)	(2.3)	(133.9)
Net current assets	37.1	53.8	90.9	66.9	58.9	125.8
Total assets less current liabilities	955.6	(1.5)	954.1	1,032.5	(2.3)	1,030.2
Creditors – amounts falling due after more than one year	(250.0)	–	(250.0)	(250.0)	–	(250.0)
Provisions						
Pension provisions	(67.0)	(34.7)	(101.7)	(71.0)	(50.9)	(121.9)
Total net assets	638.6	(36.2)	602.4	711.5	(53.2)	658.3
Deferred capital grants	208.1	(208.1)	–	213.3	(213.3)	–
Endowments						
Expendable	8.9	(8.9)	–	10.8	(10.8)	–
Permanent	46.4	(46.4)	–	50.4	(50.4)	–
	55.3	(55.3)	–	61.2	(61.2)	–
Restricted reserves						
Income and expenditure reserve – endowment reserve	–	55.3	55.3	–	61.2	61.2
Unrestricted reserves						
Income and expenditure reserve – unrestricted	84.0	171.9	255.9	114.8	160.1	274.9
Revaluation reserve	291.2	–	291.2	322.2	–	322.2
Total unrestricted reserves	375.2	171.9	547.1	437.0	160.1	597.1
Total funds	638.6	(36.2)	602.4	711.5	(53.2)	658.3

26. Transition to FRS102 and the 2015 SORP (continued)

University	Year ended 31 July 2015			
	2007 SORP	STRGL items*	Effect of transition to 2015 SORP	2015 SORP
Income				
Tuition fees and education contracts	189.7	–	13.1	202.8
Funding body grants	95.0	–	(3.1)	91.9
Research grants and contracts	145.8	–	2.1	147.9
Other income	89.3	–	6.2	95.5
Investment income	2.9	–	–	2.9
Total income before donations and endowments	522.7	–	18.3	541.0
Donations and endowments	–	–	2.5	2.5
Total income	522.7	–	20.8	543.5
Expenditure				
Staff costs	258.4	–	15.1	273.5
Other operating expenses	167.0	–	13.6	180.6
Depreciation	48.5	–	–	48.5
Interest and other finance costs	15.0	–	3.8	18.8
Total expenditure	488.9	–	32.5	521.4
Gain on disposal of fixed assets	1.8	–	–	1.8
Gain on investments	–	–	3.1	3.1
Surplus for the year	35.6	–	(8.6)	27.0
New endowments				
Unrealised surplus on revaluation of land and buildings	–	2.5	(2.5)	–
Depreciation written back on revaluation of properties	–	10.8	–	10.8
Increase in market value of endowment asset investments	–	3.1	(3.1)	–
Unrealised gains on revaluation of other investments	–	0.1	–	0.1
Actuarial loss in respect of pension schemes	–	(9.8)	2.5	(7.3)
Total comprehensive income for the year	35.6	32.0	(11.7)	55.9

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column does not include recognition of valuation changes arising from the adoption of 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Notes to the financial statements continued

26. Transition to FRS102 and the 2015 SORP (continued)

As a result comparative figures for 2015 have been restated.

Summary of the impact on reported surplus

	2014/15 £m
Operating profit as previously reported	36.0
Impact of FRS 102 adjustments:	
– Capital grants received/release	5.2
– USS / UBPAS	(18.6)
– Endowments	2.8
– Gain on investments previously reported within the STRGL	3.1
– Other changes	(0.9)
Surplus as reported under FRS 102	27.6

Summary of the impact on net reserves

	2014/15 £m
Net assets as previously reported	719.4
Impact of FRS 102 adjustments:	
– Investments at market value	0.4
– USS pension liability	(50.9)
– Campaigns creditor	2.3
– Holiday pay accrual	(4.6)
Net assets as reported under FRS 102	666.6

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