

FINANCIAL STATEMENT

2015-2016



Contents

3	Treasurer's Report
15	Public Benefit Statement
23	Corporate Governance
27	Responsibilities of the University's Council
28	Statement of Equality Objectives 2016-18
29	Membership of the University's Council
30	Independent Auditor's Report
33	Statement of Principal Accounting Policies
39	Statement of Comprehensive Income for the year ended 31 July 2016
40	Statement of Changes in Reserves for the year ended 31 July 2016
41	Statement of Financial Affairs as at 31 July 2016
42	Cash flow Statement for the year ended 31 July 2016
43	Notes to the Accounts
69	Glossary to the Accounts



Treasurer's Report

Introduction

I am pleased to report on a year that has seen the University of Bath deliver on its strategy and increase its influence and reputation both nationally and internationally. The decision to leave the European Union will present challenges to the University and the sector as a whole; our current standing, together with our strategy for the next five years, both referred to below, will place us in a strong position to overcome the resultant difficulties. Furthermore, as the University enters its 50th anniversary year I am prompted to reflect back over a longer period as well as to look forward to the celebrations planned for the coming year. During the last five decades the University has grown in size and reputation to an extent that would have been hard to foresee in 1966. It has established itself as one of the country's leading Universities with an increasing presence on the global stage. Locally, the University provides almost £300m of added value to the economy representing 6% of economic activity. The impact of the University's research is increasingly being recognised on an international stage and the influence of our alumni is evidenced around the globe. I would like to take this opportunity to note my appreciation to the Vice Chancellor and to thank the students, alumni and staff, both past and present, for making the University such a remarkable place.

Strategy and Objectives

The University strategy 2016-2021 has recently been published. It reiterates our vision to be recognised as an international centre of research and teaching excellence, achieving global impact through our alumni, research and strategic partnerships. Although the strategy was set before the Referendum result, it is even more relevant in the light of the Brexit decision. The new strategy builds on our heritage of invention, enterprise and international engagement and aims for the University to become an international leader in high quality, innovative graduate education. In delivering the new strategy we will:

- extend our research power by recruiting dynamic researchers, nurturing their talent and fuelling their ambition;
- affirm our international influence through worldwide partnerships to create dynamic responses to research and educational opportunities;
- attract increasing numbers of postgraduates by enhancing our existing prestige portfolio with innovative and global modes of delivery;
- enrich the postgraduate and undergraduate experience by engaging purposefully with our student, donor and alumni communities;
- expand our capacity and capability by investing in new infrastructure, facilities and technologies.

It is intended to build on the success of the teaching, research and international strategies that were articulated in the 2013-2016 document. These strategies and the people, financial and estates strategies that have supported them are discussed further in considering the University's performance.

Performance

The University Council monitors performance and progress by referencing key performance indicators for its most important areas of activity. This report refers to a number of these indicators. In some cases data for 2015/16 is not yet available but the most recent available data is reported in all cases. For data relating to academic FPE (Full Person Equivalent) provisional data is shown for 2015/16.

National and International rankings are also used as a measure of performance and the University has maintained its position in both domestic and international rankings being 10th, 11th and 12th in the three main domestic rankings and 159th in the QS world ranking.

Treasurer's Report (continued)

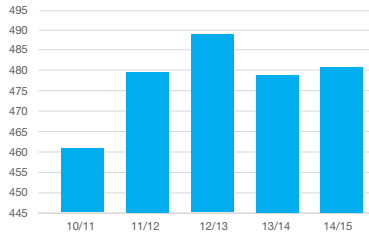
Teaching

Average tariff scores are used to monitor the quality of the home/EU undergraduate intake. This indicates that there has been no reduction in the quality of undergraduate intake since the introduction of a competitive market for top quality students in 2012. Over the period shown the number of core full-time undergraduate students has increased by 25%. For 2014/15 data the University is ranked 10th nationally.

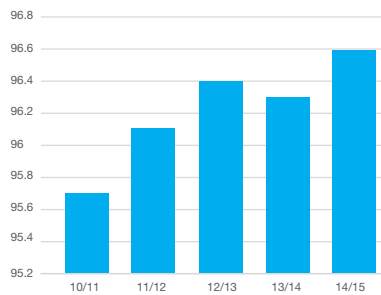
Continuation rates are measured as a proxy for student satisfaction and the effectiveness of the University's student support structures. The University continues to perform at a high level when compared to its peer group and the HE sector.

The quality of teaching is measured by reference to those who either 'definitely' or 'mostly' agree with the National Student Survey (NSS) question "Overall I am satisfied with the quality of my course." Whilst the score has been marginally lower in the last two years the University is one of only two in its benchmark group to score over 90% in each of the last 5 years. The sector average was 86% in 2016.

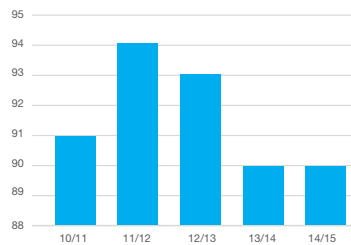
Average tariff scores



Continuation rates %

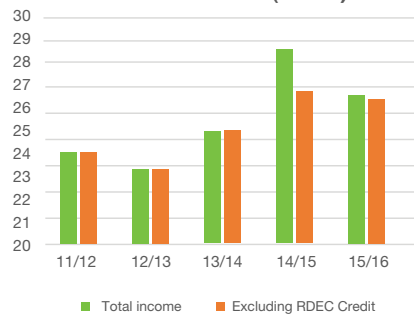


Student satisfaction %



Treasurer's Report (continued)

Grant and contract income per academic FPE (£'000)

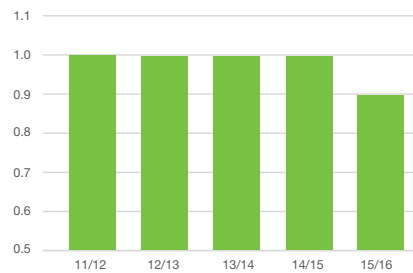


Research

Grant and contract income per academic FPE is monitored as a measure of research activity. The chart shows a reduction for 2015/16 as 2014/15 benefitted from the Research Development Expenditure Credit (RDEC) income which related to activity from April 2013 to July 2015. Excluding the RDEC income then 2015/16 is slightly lower than 2014/15 though ahead of the previous years.

Postgraduate research students per academic FPE reduced to 0.9, the first reduction in 5 years.

Postgraduate research students per academic (FPE)



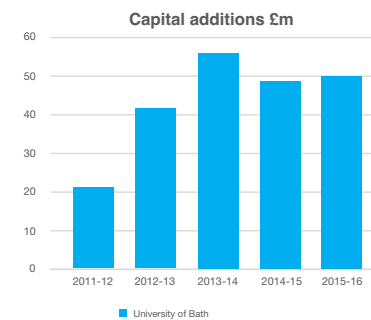
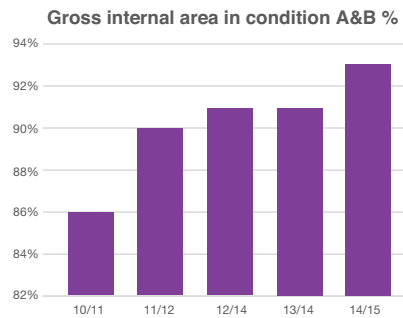
In contrast to previous research, scientists found that global warming can increase freshwater diversity, but reduce marine diversity.





Scams are a big problem in society. Our research explores the methods that scams use to persuade us to respond.

Treasurer's Report (continued)



Estates

This year saw the completion of the University's 2012-2016 capital programme. Totalling in excess of £150m it has provided new high quality space and has transformed the quality of refurbished older buildings.

The University monitors the condition assessment of its estate as a measure of the quality of the space provided. The table shows year on year improvement with 2014/15 being the highest level that the University has recorded.

Capital additions were £50.1m in 2015/16. During the year the 10 West and 4 East South buildings were completed. 4 East South provides research and teaching space for the Faculty of Engineering and Design as well as housing a state of the art data centre to support the University's IT services. 10 West provides additional space to support the growth of the Department of Psychology and house the Institute for Policy Research. In addition the upper floors are a dedicated postgraduate study space.



Treasurer's Report (continued)

Financial Highlights

- Operating surplus as a percentage of income exceeds target for the 7th successive year
- EBITDA (Earnings before interest, tax, depreciation and amortisation) of £40m matches last year's record level
- Gearing (Net debt/ Total net assets) remains low at 13%

Key performance indicators (KPI's) are not always UK GAAP measures, details of the KPI's referred to in this report are defined with the Glossary on pages 69 & 71 of these Financial Statements.

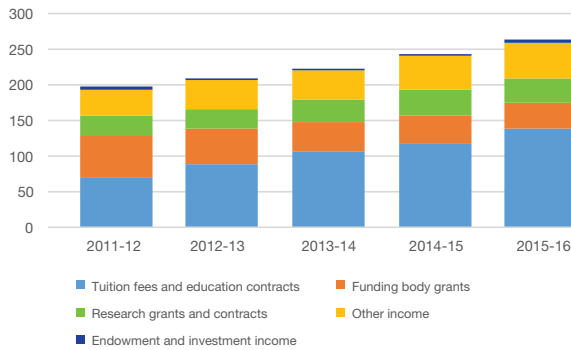
Financial Performance

The last year has been another year of strong financial performance. The University has exceeded its operating surplus target for the 7th successive year. The underlying historic cost surplus of £18.6m (£22.5m 2014/15) represents 7.3% (9.4% 2014/15) of income and is well in excess of our 3% target. Operating cashflow at £38.4m (£35.6m 2014/15) remain high and has been used to fund the substantial capital programme which has continued this year. Consequently, the University's gearing ratio remains low at 13.0% (10.7% 2014/15).



Treasurer's Report (continued)

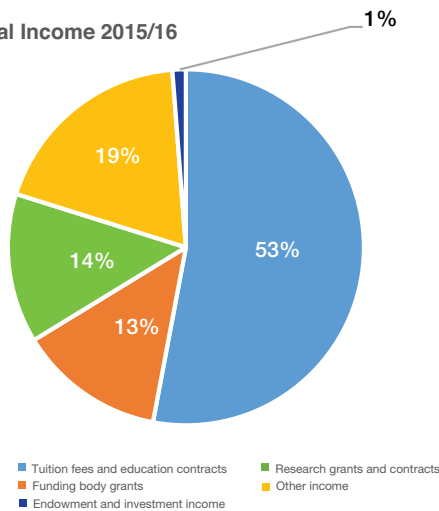
Total Income £m



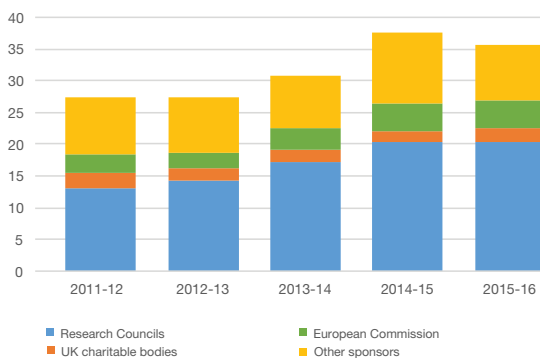
Income

- Total income increased by 7.8% compared to 2014/15
- Tuition fee income has grown again in 2015/16 and is 53% of total income. This compares to 36% in 2011/12, the last year before the introduction of the new tuition fee regime.
- Funding body grants continue to reduce and are 13% of total income compared to 30% in 2010/11 again reflecting the change in the tuition fee regime.
- Research and other income have grown in proportion to total income in recent years and are 14% and 19% of the total.

Total Income 2015/16



Research Income £m



Research income was £35.7m for the year. In 2014/15 the University received £2.5m in RDEC claims from HMRC a one-off benefit relating to that and the previous two years.

Research Councils continue to be the largest source of research income. This year has seen a modest increase in both UK charitable body and European Commission income.

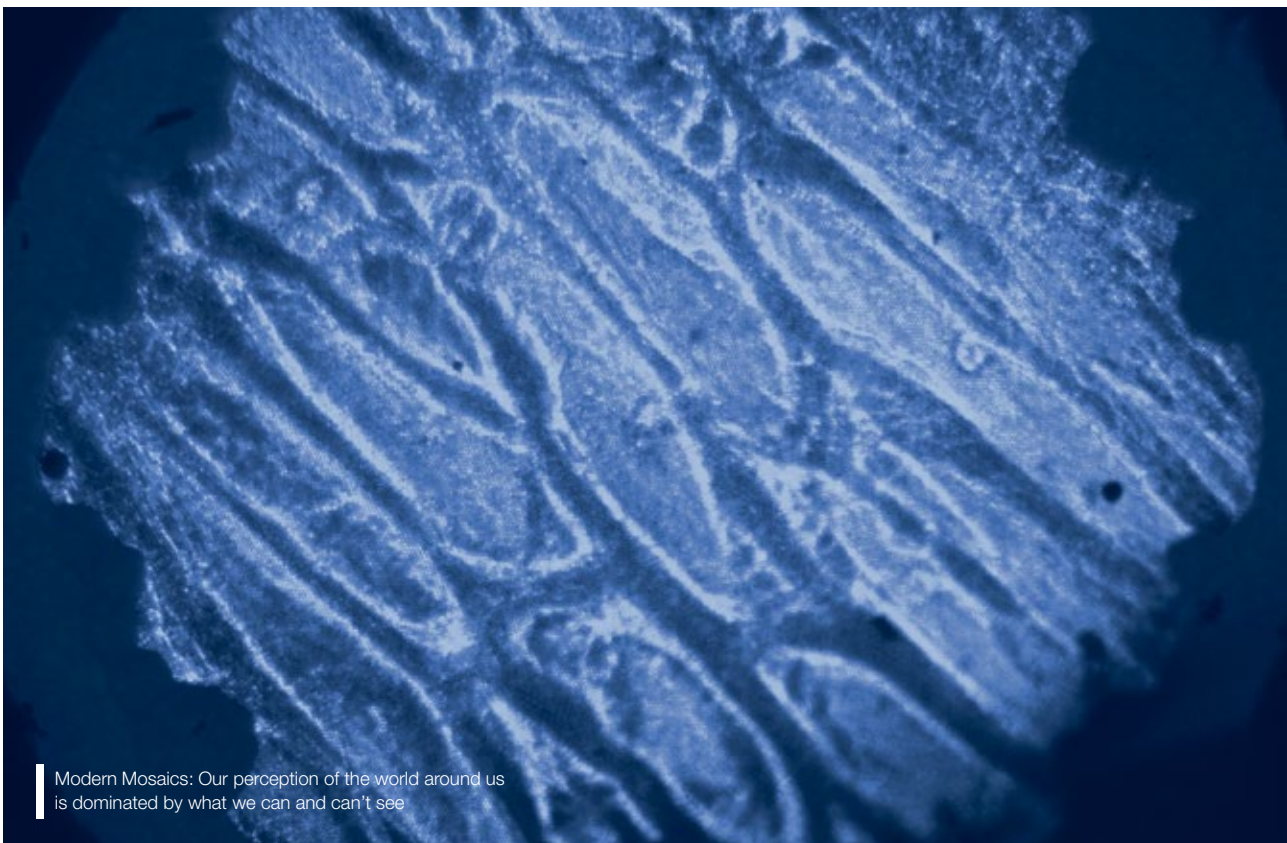
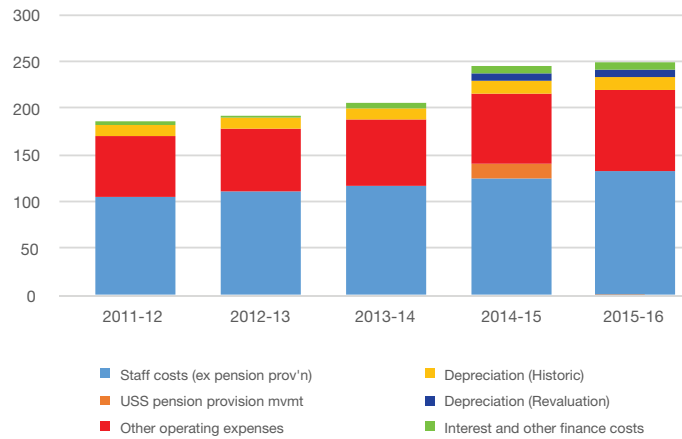
Treasurer's Report (continued)

Expenditure

Expenditure reported in the SOCI (Statement of Consolidated Income) increased by 2.6% during the year. This includes a number of FRS102 adjustments which are excluded from the University's preferred measure, the underlying historic cost surplus. On the preferred basis expenditure increased by 8.5%. Staff costs increased by 4.9% as the University continued to invest in staff to support growth in teaching and research. As a percentage of total income staff costs reduced slightly in the year to 51%.

Depreciation increased substantially as a result of the capital expenditure programme. Other operating expenditure increased by 13.3% reflecting an increase in revenue investment principally in teaching and sports facilities as well as increased expenditure on academic departments and academic services.

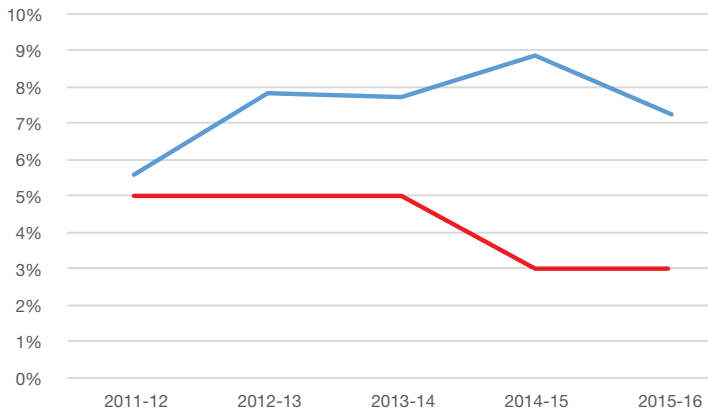
Total Expenditure £m



Modern Mosaics: Our perception of the world around us is dominated by what we can and can't see

Treasurer's Report (continued)

Operating surplus as a percentage of income

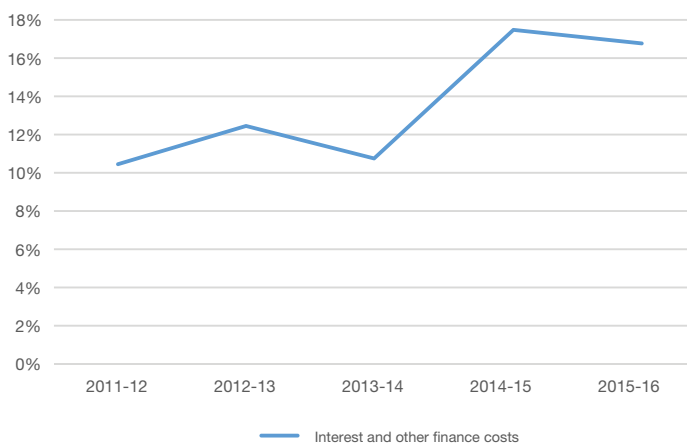


Operating surplus

The University established a historic cost surplus target of 5% of income in 2012. This was the level of surplus required to provide sufficient cash to fund the capital expenditure programme and meet loan payments. Following the introduction of FRS102 the University has revised the historic cost surplus measure to eliminate a number of valuation and other adjustments, most notably capital grant income. As a result of this change the target has been changed to 3% of income.

The University achieved an operating surplus/income ratio of 7.3% (9.4% 2014/15) for the year. This continues the above target performance achieved in recent years.

EBITDA as a percentage of total income



Earnings before interest, tax, depreciation and amortisation (EBITDA) is 16.8% (17.4% 2014/15). This is a proxy for the cash generation required to fund the capital programme.

The Total Comprehensive Income in the Year shown on the SOCI shows a loss of £5.5m. A £20.7m actuarial loss in respect of the Local Government Pension Scheme (LGPS) was due to a reduction in corporate bond yields which are used to discount the Scheme's future liabilities. Similarly a £7.0m change in the fair value of hedging instruments reflects the reduction in interest rates in the year to 31 July 2016. These derivatives were acquired to enable the University to fix a proportion of the borrowings entered into in 2007. Both the pension and derivative liabilities are recorded on the Statement of Financial Affairs.

Treasurer's Report (continued)

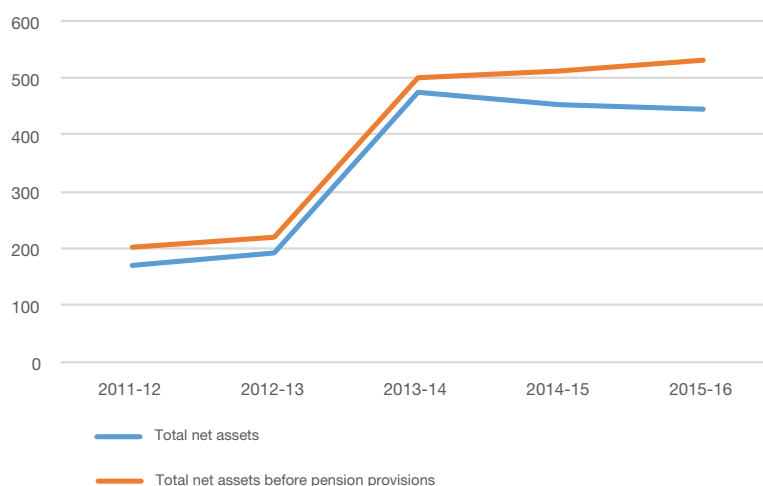
Statement of Financial Affairs

Total net assets decreased by £5.5m during the year due to the increase in LGPS pension provision and the increase in the liability of hedging instruments. This follows a reduction of £23m in the previous year as the introduction of FRS102 brought two significant new liabilities onto the balance sheet for the first time. A provision for the Universities Superannuation Scheme (USS) deficit recovery payments £27.8m, and the market value of interest rate swaps £13.6m. In 2013/14 the University opted to periodically revalue its land and buildings, this increased the net asset value by £272m in that year.

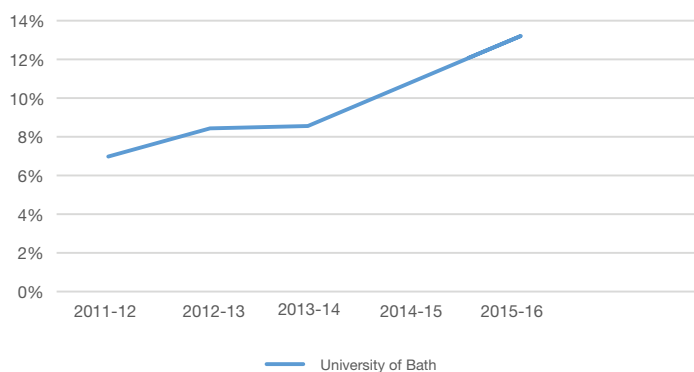
Net debt increased by £9.6m to £58m (£48.4 2014/15) in the year. The increase in the net assets has resulted in the gearing ratio being little changed over the last five years. During this period the University has invested £218m in capital additions and increased its net debt by £35m.

Cash and investments at 31 July 2016 were £121m, a £6m reduction on the previous year. The University continues to assess its capital programme and cash requirements. During the year funds were reallocated from short to medium term investments with the value of quoted investments closing the year at £69m (£39.2m 2014/15).

Net assets £m



Net debt as a percentage of total net assets



Treasurer's Report (continued)

Risks and future prospects

This report has highlighted the strong performance in both research and teaching that the University has achieved in this and recent years. In our 50th year we are embarking on a new strategy to further enhance our teaching and research activities which is supported by strategies on people, infrastructure and finance.

The Statement of Internal Control (page 24) includes a description of how risk is managed by the University. The Executive Committee oversees risk management in the University and reports to Council on the risks that impact on the delivery of these strategies.

The outcome of the EU referendum has many implications for the University. Depending on the outcome of negotiations there may be a long term impact on the recruitment of EU students and academics. More immediately it may also impact our EU and international recruitment as the UK could be, or be perceived as being, less welcoming, an issue I have raised previously in respect of the immigration system. The demographic changes which have resulted in a reduction in the number of 18 year olds over the coming years will be a challenge for the University. The University strategy to stabilise the intake of undergraduate students in the next few years means that the University will not be competing for more students from a smaller domestic pool of top quality applicants. Growth is planned in postgraduate activity to support the University's research ambitions. Whilst growth in postgraduate provision presents new risks the University is well placed to build activity in this area supported by its people, infrastructure and finance strategies. The introduction of postgraduate loans for home/EU students is expected to support the UK market. The postgraduate taught market is an opportunity for the University but the implementation of the strategy presents an execution risk in market appraisal, course design and recruitment.

The University remains well placed financially and has reported robust earnings in excess of its strategic target for several years. The potential to increase the home and EU undergraduate fee by inflation each year subject to TEF performance has gone some way to address the year on year impact of rising costs. Nevertheless cost pressures continue, most notably with the large increase in pension provisions which have impacted the Financial Statements in the last two years.

Inevitably there are risks and uncertainties that the University will need to address in the coming years. The new strategy is a bold step to redefine the postgraduate experience and increase research power. The University's commitment to quality, financial strength and high calibre staff, students and alumni give me confidence that the success of the last 50 years will be continued.

Peter Wyman

Treasurer and Vice Chair of Council





Public Benefit Statement 2015/16

Our Mission is to deliver world class research and teaching, educating our students to become future leaders and innovators, and benefiting the wider population through our research, enterprise and influence.

Our Mission derives from our constitutional charitable Objects to “advance learning and knowledge by teaching and research, particularly in science and technology, and in close association with industry and commerce”. These Objects are set out in our Royal Charter of 1966.

Members of the University Council, as trustees, have had due regard to the guidance on public benefit published by the Charity Commission in exercising their trustees’ powers or duties. The induction programme for new members of Council includes coverage of the Commission’s guidance. The full Council membership receives periodic briefings on regulatory matters, including the Charity Commission’s guidance.

Our commitment to delivering public benefit is at the core of our Mission. Our Mission was reaffirmed by members of Council when our new University Strategy 2016- 2021 was approved in July 2016. In furtherance of our Mission, our key objective continues to be to deliver excellence in our two primary charitable purposes, research and education (University Strategy 2013-2016 approved by our trustees in June 2013).

Research excellence for us means:

- conducting internationally-leading research of global significance.
- being a centre of excellence for the development of postgraduate, post-doctoral and early career researchers.
- optimising the intellectual, scientific, economic, social and cultural impact of our research.
- promoting external engagement, enterprise and innovation, stimulating the exchange of ideas and knowledge through partnership.

Education excellence for us means:

- offering a research-enriched, practice-informed academic portfolio which is intellectually challenging and internationally relevant.
- welcoming academically gifted students from any background, creating a diverse and culturally-rich community.
- sustaining an inclusive, supportive, well-resourced learning environment within which independent learning flourishes and individual potential can be achieved.
- providing a wide range of opportunities to learn through experience, enhancing personal development, future employability and broader contributions to society.

Research of international excellence

In accordance with our Mission and charitable objectives, we aim to benefit society through our research. Our research ethos has a strong focus upon impact, tackling challenges of global significance from sustainability to health and wellbeing. Our faculty comprises some of the finest researchers from around the world. As established in our Royal Charter, we value research partnerships and work with business, industry, the professions, the public sector and the voluntary sector. Consequently, our research benefits a wide range of stakeholders with international as well as national beneficiaries, ranging from individuals with improved health to international corporates with more energy efficient products.

Through advancing knowledge, the University’s research has a wide range of public benefits:

- stimulating economic development;
- informing public policy and professional practice;
- innovating, informing and inspiring;
- advancing individual and societal wellbeing;
- building international connections.

Public Benefit Statement (continued)

The international excellence of the University's research was evidenced in 2014-15 by the outcomes of the Research Excellence Framework (REF) evaluation of research quality. In terms of the overall quality of our submission, 32% was judged to be 4*, defined as world-leading in terms of originality, significance and rigour, with a total of 87% judged 4*/3*, defined as world-leading/internationally excellent. Our overall grade point average (GPA) was 3.17, placing us 12th in the research quality ranking of UK universities (excluding specialist institutions). The REF methodology also included a national evaluation of research impact for the first time and we performed strongly in this measure.

Our research continues to have tangible economic and social benefits, for example:

- Our colleagues in Pharmacy and Pharmacology, in collaboration with researchers at King's College, London, have identified a new compound that will increase skin protection from UVA radiation.
- Our researchers have developed imaging software that can warn of the effects of solar storms on GPS and correct for the consequent errors.

In continuing to invest in the strategic expansion of our research base we will increase its impact and, hence, its public benefit. In 2015/16, the value of our research portfolio reached £130 million for the first time. Around 60% of our research income is provided by UK research councils and these funders include impact in their criteria for evaluating grant applications. Consequently, the University has an objective view of the potential public benefit of much of its research. We will continue to strengthen our international research links to enhance our international profile and our ability to sustain a world class research capability.

Further examples of how our research is delivering public benefit can be found at: www.bath.ac.uk/research.

We believe that there is a clear secondary order public benefit in having an informed population, both nationally and internationally, particularly where complex global issues are concerned. We are proactive in engaging the media with our research work and publish a Directory of Expertise so that the media can readily access expert comment on topical issues.

We work proactively to ensure that our research is disseminated and understood beyond the world of academia. Our Institute for Policy Research has published a series of Policy Briefs which are circulated to key decision-makers. Our Public Engagement unit also plays a key role in disseminating our research. We offer a range of public lectures which are free to attend. We utilise a wide variety of media to disseminate knowledge beyond the confines of campus, including MOOCs (Massive Open Online Courses), Twitter and Facebook. Professor Saiful Islam, Department of Chemistry, will be giving the Royal Institution's Christmas Lectures in 2016. These lectures are broadcast annually by the BBC.

High quality education

In advancing and disseminating knowledge, the University's teaching has a wide range of public benefits:

- developing people;
- providing skills for the workforce;
- informing professional practice;
- innovating, informing and inspiring;
- building international connections.

We are a first choice university destination for students in an increasingly competitive, international recruitment market. Students are attracted by our excellent academic reputation, our outstanding graduate employment record, our world class sports facilities, and the wide array of other social, recreational and personal development opportunities we offer. Our ability to offer placement options across our discipline base, and with leading organisations, is one of the features that distinguishes

Public Benefit Statement (continued)

us from other top UK research-intensive universities. Our graduates have excellent employment prospects, not only because of their discipline-specific knowledge and skills but also because of the emphasis we place on developing well-rounded, enterprising individuals with high aspirations. As a result, our graduates are well-equipped to contribute to economic growth and policy development, as well as making a positive social contribution.

The University's Campus Masterplan provided for annual growth in the student population between 1 and 3% in order to respond to the high demand for our courses. However, during 2015/16 we have been engaging with Bath and North East Somerset Council as it develops its Place Making Plan to accommodate the demand for our programmes. The growth in our core headcount student population between 2014/15 and 2015/16 in core numbers was 5%. In 2015/16, our core student population comprised 12,097 undergraduates, 3,006 taught postgraduates and 1,314 research postgraduates.

Our students are key beneficiaries of our teaching activities and we measure our success in terms of their retention rates, their employability and their satisfaction. Our completion and employment rates are some of the best in the sector and we were ranked top University in the UK for student satisfaction in the 2015 Times Higher Education (THE) Student Experience Survey. Council receives annual reports on completion and employability performance. Our aim is to ensure that the percentage of our employed UK full-time first degree graduates in the top three occupational groups (professional or managerial jobs) remains above 80%. The latest available dataset relates to 2014/15 and the proportion of our graduates in the top three occupational groups was 85%. National data shows that the percentage of our full-time first degree entrants who continue or qualify with us is around 96% (Source: HESA (Higher Education Statistics Agency) Performance Indicators - Table T3a).

Beneficiaries of our teaching activities range from primary school age (aspiration raising/mentoring) through to mature learners (continuing professional development and MOOCS), and

include undergraduates, taught postgraduates and research postgraduates. We recruit internationally and are committed to promoting a diverse student population.

Our goal is a socially inclusive and diverse student population. We support social mobility through a range of activities:

- **Aspiration raising and outreach activities for young people** from under-represented groups, with special emphasis on STEM (Science, Technology, Engineering and Maths) subjects;
- **Diversifying our curriculum offer**, delivery methods and modes of learning to attract a wider range of students;
- **Promoting access and minimising barriers to progression** by working to better understand and to mitigate the difficulties some applicants experience in achieving an offer from us;
- **Enhancing student services and support networks** to minimise barriers to success.

We recognise that undergraduate tuition fees may be a barrier to accessing our teaching. We publicise the financial support that we can provide to prospective students through our website and Open Days. In 2015-16 we provided £2.77m of financial support to 1,124 undergraduate students in the form of fee waivers and bursaries for individuals paying fees under the 2012 fee regime with a household residual income (HRI) of £20,000 or below. In addition, we provided £107,000 of financial support to 121 undergraduate students under the pre-2012 fee regime with HRI's of £50,000 and below. Our Alumni Fund provided £515,000 of financial support to 257 undergraduates (both pre- and post-2012 fee schemes) with an HRI of £42,620 and below. In total, £3.40m of means-tested financial support was awarded to 1,502 undergraduate students.

Employers are also beneficiaries of our teaching activities through the skillset of our graduates. In the 2015 QS world ranking, the University of Bath was

Public Benefit Statement (continued)

ranked 77th in the world in the employer reputation performance measure. We also measure our success in delivering the skills that employers want in terms of our ability to maintain our network of placement sponsors.

The wider community also benefits from our ability to attract high quality, engaged students. Working in close partnership with the Students' Union, the University offers a wide range of opportunities for personal development, including volunteering, summer internships, personal development and skills training. In providing a wide range of opportunities to learn through experience and enhance personal development and career prospects, we are producing graduates who are well-equipped to act as good citizens and members of local, national and international society.

The Bath Award, launched in 2009/10, provides an accreditation framework so that students can present all the transferable skills, competences and capabilities demonstrated through their extra-curricular activities to employers in a systematic fashion.

Students can volunteer to help with outreach activities, encouraging gifted and talented young people from socio-economic groups under-represented in Higher Education, to raise their educational aspirations. We provide a supportive learning environment, with central student services and academic departments working in partnership, and have one of the highest retention and success rates in the UK. We have an excellent record for supporting students with disabilities to the successful completion of their studies. We encourage students from diverse backgrounds and provide financial support.

Students can also volunteer to help with our public engagement activities, particularly the annual 'Bath taps into Science' event in the city which is designed to enthuse members of the community about science.

We are keen to ensure that our students and graduates have a strong awareness of the environmental impact of their actions. Students in campus residences are encouraged to take part in an annual competition to reduce energy use and we are increasing opportunities for students to recycle waste materials.

Creativity, Enterprise and Innovation

The knowledge that we generate through our research and teaching activities can be exploited to achieve a number of public benefits:

- innovating, informing and inspiring;
- engaging communities and working in partnership;
- stimulating local economic and social development;
- building international connections.

We are sector leaders in knowledge exchange, applying fresh thinking to accelerate economic growth and social advances. Our Innovation Centre is helping to diversify the economic profile of the City by incubating high yield businesses.

Enterprise@Bath, a resource for the whole University community, is aimed at creating tomorrow's business leaders and fostering an innovative culture. It signposts sources of skills development, funding and support. We offer enterprise education for students and they are encouraged to develop entrepreneurial skills. A number of students develop business models or launch their own businesses whilst studying.

As part of our culture of creativity, enterprise and innovation, we seek to make a positive social, as well as economic, impact. We have outstanding sports facilities and offer a programme of community sport, TeamBath Tribe, encouraging young people in particular to engage in sporting activities. The



Public Benefit Statement (continued)

University hosted Paralympics GB training camps in preparation for the Rio Olympics 2016. We also offer a public arts programme, including visual arts, theatre, dance and music.

International Engagement

We believe that there is a benefit to our academic activities and, hence our charitable objectives, in having a truly international culture on campus. Our international culture also has benefits locally and regionally. Our ability to attract internationally renowned researchers contributes to our capacity to contribute to the regional and national knowledge economy. Through our international connections we can provide a conduit to disseminate best international practice and cutting edge research locally, regionally and nationally. We also believe that a culturally diverse student population makes a positive impact on the experience of all of our students.

In addition to the international profile of our teaching and research activities, we are forging international connections through our alumni network and our world class sports facilities. We have over 87,000 alumni, representing 154 countries. Our alumni are encouraged to make philanthropic donations to enhance the student experience, our physical infrastructure and our research capacity. This enhances our capacity to deliver our charitable objectives. During 2015/16, the University received its largest ever philanthropic donation of £25 million from Dr Jonathan Milner in order to create the Milner Centre for Evolution.

Public detriment

We are one of the largest employers in Bath & North East Somerset, with around 3,000 core employees. Our 2016 Staff Satisfaction Survey showed that 87% of respondents thought the University was a good place to work. In 2015/16, we commissioned

Oxford Economics to undertake an evaluation of the economic impact that we have on the Bath and North East Somerset area. Its report estimated that in 2014/15, we contributed £294 million to the B&NES' GDP (around 6.2% of its economic output).

We do not believe that there is any direct harm or detriment to the public arising from our Mission and corporate goals. However, our success in attracting students does mean that our student population puts a significant demand on the residential accommodation in the Bath and North East Somerset area. During 2015/16, we have been working with Bath and North East Somerset Council to ensure that our growth ambitions could be factored into the development of its draft Place Making Plan. We hold three meetings a year of the Local Residents' Forum to ensure that our nearest neighbours are well-briefed on our capital plans and our programme of events for campus. In this way, we try to mitigate the impact of our activities on our immediate community.

We also recognise that our activities have environmental consequences and we have made a number of commitments to promote effective environmental management:

- continually improve our environmental performance as far as the constraints of our physical infrastructure and estate will permit;
- make the most efficient and effective use of all resources, encouraging members of our community to develop a sustainable approach;
- minimise carbon emissions from regular commuting to and from campus by encouraging the use of public transport, cycling or walking;
- implement effective energy and water conservation measures;
- reduce overall waste production and increase the recycled component of the waste stream;
- implement a procurement policy that includes consideration of sustainability in all tender evaluations;

Public Benefit Statement (continued)

- work with our suppliers to help us achieve our sustainable and socially responsible procurement policy aspirations in the delivery of our products and services;
- support the principles of fair trade and maintain our Fairtrade status;
- manage our grounds in an environmentally and biodiversity-sensitive manner.

We are fully committed to minimising carbon emissions and were the first UK HEI to undertake the Carbon Trust's Higher Education Carbon Management process in its 'pre-pilot' phase in 2003. Our initial carbon reduction target was to reduce CO₂ emissions from gas combustion and electricity usage by 12.5% from a 2003/04 baseline of 0.11 tonnes/m² building floor area by 2010, which we achieved by December 2010. In 2015/16, Council agreed to monitor four Key Performance Indicators in relation to sustainability – total carbon emissions (total impact), carbon emissions per m² GIA (efficiency measure), total water use, and water use per m² GIA. Council noted that carbon emissions for 2014/15 had been reduced by 10.4% since 2005/06 and by 5% since 2008/09. Carbon emissions per m² building floor area had been reduced by 28% since 2005/06 and by 21% since 2008/09.

We seek to promote the highest standards of scientific and professional integrity and to give due consideration to the ethical, social and environmental issues arising from our activities. In 2015/16, we published our second annual statement on research integrity. In advancing knowledge to improve health and wellbeing, we undertake various projects in medical research and medically-associated biological research. This work is funded by the Medical Research Council, the Biotechnology and Biological Sciences Research Council, and major medical charities including the Wellcome Trust, Cancer Research UK, British Heart Foundation, Arthritis Research UK and Diabetes UK. Research in the UK involving vertebrate animals is regulated, within the framework of the Animals (Scientific Procedures) Act 1986, by the Home Office Animals

Scientific Procedures Division and Inspectorate. All work on vertebrate animals is conducted under Home Office Licence. This means that any projects we undertake have been through an ethical review process, and have then been assessed by a Home Office Inspector. The University is committed to the three Rs – Refinement, Reduction and Replacement of experiments involving animals.





Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. The University complies in full with the Higher Education Code of Governance adopted by the Committee of University Chairs (CUC) in December 2014. The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011.

This summary describes the manner in which it has applied the principles set out in the Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Summary of the University's Structure of Corporate Governance

The University's governing body is its Council. This comprises lay, academic and non-academic persons, appointed under the Statutes of the University, the majority of whom are non-executive. The lay roles of Chair of Council and Treasurer are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specifically reserved to the Council for decision are set out in the Statutes of the University, and under the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England. The Council, with the Senate, determines the ongoing strategic direction of the University; it approves major developments and receives regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The University is an exempt charity as defined by the Charities Act 2011 and members of its Council are therefore trustees of the charity. The Higher Education Funding Council for England acts as principal regulator in respect of the University's status as a charity.

Council normally meets five times a year. Its committees include Finance Committee, Nominations Committee, Remuneration Committee and Audit Committee. All of these committees are formally constituted with terms of reference and include lay members of Council, one of whom is the chair.

The Finance Committee, inter alia, recommends to Council the University's annual revenue budget and capital expenditure and receives updates to the estimates during the course of a year. It also supervises the investment activity of the University.

The Nominations Committee considers nominations for membership of Council and its Committees, including the key roles of Chair of Council, Pro-Chancellor and Treasurer.

The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy Vice-Chancellor & Provost, Pro-Vice-Chancellors, Deans of Faculties/School and senior administrative officers.

The Audit Committee, on behalf of Council, has an ongoing programme for reviewing the effectiveness of the University's systems of risk management and internal control. It is responsible for meeting with the external auditors and the internal auditor of the University and reviews and discusses reports issued. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans and monitors the progress of these plans. It also receives and considers reports from the Higher Education Funding Council for England, as they affect the University's business, and monitors adherence with the regulatory requirements. Whilst senior executives do attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets with the external auditors on their own for independent discussions.

Corporate Governance (continued)

In accordance with the CUC Higher Education Code of Governance, Council keeps its effectiveness under regular review. An interim effectiveness review of Council was undertaken during 2014/15. It concluded that the University may have a high level of confidence in the effectiveness of Council. Its recommendations have now been implemented; the next full review will take place in 2017/18.

Members of Council sign an annual declaration of guiding principles stating that they will act in accordance with the University's guidance on corporate governance and with the 'Nolan Principles of Public Life' as referred to in the CUC Higher Education Code of Governance. A register of interests is maintained and updated annually.

Statement of Internal Control

As the governing body of the University of Bath, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to it in the Charter and Statutes and the Memorandum of assurance and accountability with HEFCE.

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

The University has established the following processes in relation to its risk management policy and for reviewing the effectiveness of the system of internal control:

- Council normally meets five times a year to consider the plans and strategic direction of the University;

- Council has established that the Executive Committee, the senior management team of the University, be the body that oversees risk management at the institution;
- Risk management forms part of the planning process of the University and covers all risks – governance, management, quality, reputational and financial;
- Faculties and key professional service departments have risk registers in place, which are updated annually as part of the planning process.
- The University maintains a corporate risk register which is updated annually and progress on improvement actions is reviewed. The risk register includes an evaluation of the likelihood and impact of risks becoming a reality;
- Council receives a report reviewing the corporate risk register at each of its meetings. Annually, it receives an overall report for the year, and an updated register;
- Council annually reviews the effectiveness of the risk management process and internal controls;
- The Audit Committee receives regular reports from the Head of Internal Audit on specific areas of internal control together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques.

Council's review of the effectiveness of the system of internal control is informed by the Internal Audit unit, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance

Corporate Governance (continued)



of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2016 and up to the date of approval of the financial statements, has operated effectively throughout the year and accords with HEFCE guidance.



Statement of Responsibilities of the University's Council

In accordance with the University's Charter of Incorporation, the Council of the University is responsible for the administration and management of the affairs of the Group and is required to present audited financial statements for each financial year.

The primary responsibilities of the Council are:

- approving the mission and strategic vision of the institution, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring these meet the interests of stakeholders;
- appointing the head of the institution as chief executive of the institution and putting in place suitable arrangements for monitoring his or her performance;
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances and for managing conflicts of interest;
- monitoring institutional performance against plans and approved KPIs, which should be, where possible and appropriate, benchmarked against other institutions.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability between the Higher Education Funding Council for England and the Council of the University, the Council, through its designated office holder, 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 and Group and of the surplus or deficit and cash flows for that year.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Council notes that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In causing the financial statements to be prepared, the Council has ensured that:

- * suitable accounting policies are selected and applied consistently;
- * judgements and estimates are made that are reasonable and prudent;
- * applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Council is satisfied that the Group has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- * ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability (MAA) with the Higher Education Funding Council, and any other conditions which the Funding Council may from time to time prescribe;
- * 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 Group and prevent and detect fraud and other irregularities;
- * secure the economical, efficient and effective management of the Group's resources and expenditure.



Statement of Equality Objectives 2016-18

- 1 Increase to 18% the proportion of women professors, taking steps at all levels to attract, retain and promote able women academics.
- 2 Secure the University's reaccreditation for Athena SWAN (at least bronze level) in 2017 and support all STEM departments to achieve and maintain awards by 2018, secure at least one departmental silver award, improving the outcomes for women academics.
- 3 Achieve a year-on-year reduction in the attainment gap for BAME students.
- 4 Improve provision for disabled students by way of enhanced physical access and more inclusive teaching practices.
- 5 Address and reduce the incidents at the University of harassment and bullying among students.
- 6 Deliver the targets in the access agreement to increase the proportion of home students from lower Socio-Economic Classifications (SECs) and Low Participation neighbourhoods.
- 7 Secure enhanced equality and diversity engagement across departments.
- 8 Ensure that the equality impact is assessed and acted on, in the most significant policies and practices, on all protected groups.

Membership of University of Bath Council

(between 1st August 2015 and 24th November 2016)

Mr Thomas Sheppard	Chair of Council
Baroness Royall of Blaisdon	Pro-Chancellor
Mr Peter Troughton	Pro-Chancellor
Sir Julian Horn-Smith	Pro-Chancellor
Mr Peter Wyman	Treasurer and Vice-Chair
Professor Dame Glynis Breakwell	President and Vice-Chancellor
Professor Bernie Morley	Deputy Vice-Chancellor & Provost
Dr Aki Salo	Chair of Academic Assembly (from 1 August 2015)
Dr Michael Hipkins	Appointed by Council
Mr Raoul Hughes	Appointed by Council (until 31 July 2016)
Mr Barry Gilbertson	Appointed by Council
Mrs Ruth Foreman	Appointed by Council (until 31 July 2016)
Ms Anne Goodman	Appointed by Council
Mr Mark Hawkesworth	Appointed by Council (until 31 July 2016)
Mr Roger Whorrod	Appointed by Council (until 31 July 2016)
Mr John Stanion	Appointed by Council
Mr Sam Sharpe	Appointed by Council
Mr John Preston	Appointed by Council (from 1 August 2016)
Mrs Catherine Mealing-Jones	Appointed by Council (from 1 August 2016)
Mrs Christine Gibbons	Appointed by Convocation
Professor Tim Ibell	Elected by Senate
Dr Steve Wharton	Elected by Senate (until 31 July 2016)
Ms Kate Robinson	Elected by Senate (until 31 July 2016)
Professor James Davenport	Elected by Senate
Dr Nina Parish	Elected by Senate (from 1 August 2016)
Dr Alison Nightingale	Elected by Senate (from 1 August 2016)
Dr Michael Carley	Elected by Academic Assembly (to 31 July 2016)
Dr Steve Wharton	Elected by Academic Assembly (from 1 August 2016)
Miss Claire Marr	Elected by non-Academic Staff
Mr Jordan Kenny	Student Member (President) (until 20 June 2016)
Miss Lucy Woodcock	Student Member (Education Officer) (until 20 June 2016)
Miss Lucy Woodcock	Student Member (President) (from 21 June 2016)
Mr Ben Davies	Student Member (Education Officer) (from 21 June 2016)

Independent Auditor's Report to the Council of University of Bath

We have audited the financial statements of University of Bath for the year ended 31st July 2016 set out on pages 33 to 68. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the University's Council set out on page 27, the Council is responsible for the preparation of financial statements which 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31st July 2016, of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Groups's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- 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; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.

Emma Holiday

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol BS1 4BE
United Kingdom

24th November 2016





Statement of Principal Accounting Policies

1 Basis of preparation

The financial statements have been prepared in accordance with both the Statement of Recommended Practice; Accounting for Further and Higher Education 2015 (FE/HE SORP) and with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS102.

The financial statements are prepared under the historical cost convention (modified by the revaluation of fixed assets, non-current and current asset investments and derivative financial instruments).

As the Group has substantial reserves and is forecasting continuing surpluses, the financial statements have been prepared on a going concern basis.

2 Transition to FRS 102

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. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the University has amended certain accounting policies to comply with FRS 102 and the 2015 FE/HE SORP.

An explanation of how the transition to the 2015 FE/HE SORP has affected the reported financial position; the financial performance and cash flows of the consolidated results of the University is provided in note 28.

The 2015 FE/HE SORP requires the University to prepare a single Statement of Comprehensive Income (SOCl), and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate

statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

3 Basis of consolidation

These financial statements consolidate the results of the University and its subsidiary undertaking for the financial year to 31 July 2016.

The consolidated financial statements do not include those of the University of Bath Students' Union as it is a separate organisation over which the University does not exert control nor exercise dominant influence over policy decisions.

4 Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the SOCl over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

All income from short-term investments and deposits (including those held as endowments) is credited to the SOCl on a receivable basis.

Grant funding

Grant funding, including Funding Council 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 the performance related condition being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Statement of Principal Accounting Policies (continued)

Donations and endowments

Non exchange transactions without performance related conditions include donations and endowments. Those 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 the general reserve through a reserve transfer. Donations freely given, with no donor imposed restriction, are recognised in income when the University is entitled to the funds.

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

- Restricted donations – the donor has specified that the donation must be used for a particular objective.
- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- 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 this capital.
- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Capital grants are recognised as income when the University is entitled to the income and performance related conditions have been met.

5 Accounting for retirement benefits

The two principal pension schemes in which the University participates are the Universities Superannuation Scheme (USS) and the Avon Pension Fund (a local government pension scheme - LGPS). Throughout current and preceding periods, both these schemes are defined benefit only schemes, externally funded and contracted out of the State Second Pension (S2P). The assets of these schemes are held in separate trustee-administered funds. Each fund is valued every three years by professionally qualified independent actuaries.

Defined benefit scheme

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

Defined contribution scheme

Defined contribution schemes are post-employment benefit schemes under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the SOCI in the periods during which services were rendered by employees.

Universities Superannuation Scheme (USS)

The USS is a multi-employer scheme for which it is not possible to identify the University's share of the underlying assets and liabilities due to the mutual nature of the scheme. Therefore the University accounts as if it were a defined contribution scheme, so that the amount charged to the SOCI represents the contributions payable to the scheme in the accounting period.

A liability is recorded within Provisions for the discounted fair value of the contractual contributions under the deficit recovery plan in existence at the date of approving the financial statements.

Statement of Principal Accounting Policies (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using the closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of the equivalent term to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the operating surplus are the current service costs and the cost of scheme introductions, benefit charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the SOCI and comprises the interest cost on the defined benefit obligation and interest income on the schemes assets, calculated by multiplying the fair value of the schemes assets at the beginning of the period by the rate used to discount the benefit obligations.

6 Employee benefits

Short-term employment benefits, such as salaries and compensated absences (paid annual leave) 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.

7 Foreign currency

Transactions denominated in foreign currencies are translated using the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period, with all resulting exchange differences being recognised in the SOCI. Exchange differences arising on the translation of a financial liability designated as an effective hedge against a foreign denominated investment are recognised in the SOCI as Other Comprehensive Income.

8 Leases

Operating leases are where the University does not assume substantially all the risks and rewards of ownership, rental costs under operating leases are charged to the SOCI as the costs are

incurred. Any lease premium or incentives are spread over the minimum lease term.

Finance leases are where the University assumes substantially all the risks and rewards of ownership of the asset. Leased assets acquired by way of a finance lease and the corresponding lease liability are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease so as to produce a constant rate of interest on the remaining balance of the liability.

9 Fixed Assets Land and Buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring a full revaluation takes place every five years such that the market value is not materially different to the current value. The basis of the valuation is a combination of depreciated replacement cost, existing use and open market value depending on the nature of the property.

Freehold and Leasehold land are not depreciated as they are considered to have an indefinite useful life.

Buildings are depreciated over a maximum period of 50 years. The remaining expected life of buildings is reviewed annually by an appropriately qualified member of the Estates Department and, where material, the accumulated and future depreciation is adjusted in accordance with FRS15. Land and Building additions since the last valuation and assets in the course of construction are valued at cost. Depreciation commences at the beginning of the year following occupation. Building refurbishments are depreciated over the remaining expected life of the building in which the refurbishment takes place, up to a maximum of 25 years. At the next revaluation the entire building will be re-life as appropriate.

Assets under the course of construction are all valued at cost and include a mixture of new buildings and refurbishments and improvements to existing buildings.

Statement of Principal Accounting Policies (continued)

Interest is capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by the University. The cost is depreciated in line with the building.

Equipment

Equipment costing less than £25k per individual item is written off in the year of acquisition unless it forms part of a group of related items or part of a capital project, in which case it is capitalised.

Capitalised equipment is stated at cost or, where donated, at valuation, and depreciated, on a straight line basis, as follows:

General equipment - 5 years
 Furniture - 5 years
 Catering equipment - 7 years
 Equipment required for specific grants - project life (generally 3 years)

Where equipment is donated, the asset is recorded at valuation. The donation is recorded as income in the SOCI in the year it is received.

10 Maintenance of Premises

The cost of routine corrective maintenance and planned maintenance are both charged to the SOCI in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

11 Investments

Non current asset investments and current asset investments are held at fair value with movements recognised in the SOCI.

12 Derivatives

Derivatives are held on the Statement of Financial Affairs (SOFA) at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair values are recorded in the SOCI as Other Comprehensive Income where the hedging arrangement is effective and in interest payable where it is deemed to be ineffective.

13 Stocks

The principal stocks are held in Campus Retail & Commercial Operations, Accommodation & Hospitality and Sports. They are valued at the lower of cost and net realisable value.

14 Provisions and Contingent Liabilities

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

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

15 Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Statement of Principal Accounting Policies (continued)

16 Cash Flows and Cash Equivalents

Cash flows comprise increases or decreases in cash and cash equivalents. Cash and cash equivalents includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if, in practice, they are available within 24 hours without penalty. No investments; however liquid; are included as cash. Cash and cash equivalents resources comprise assets held as a readily disposable store of value. They include term deposits, equities and loan stock held as part of the University's treasury management activities.

17 Key sources of estimation uncertainty and judgements in applying accounting policies.

Key sources of estimation uncertainty:

- **Fixed Assets**
Fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual value, where appropriate, see note 14 for the carrying amount of the property, plant and equipment. The actual lives of assets and any residual value are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.
- **Local Government Pension Scheme (LGPS)**
The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Sensitivity analysis is also included in note 29 based on the assumptions used. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- **Universities Superannuation Scheme (USS).**
The present value of the USS provision depends on a number of estimates used by management in respect of discount rate, future salary increases and numbers of staff in USS. Any changes in these assumptions, which are disclosed in note 24 will impact the carrying amount of the pension liability. Sensitivity analysis is also included in note 29 based on the assumptions used.
- **Impairment of debtors**
The University makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

Critical accounting judgements in applying the University's accounting policies:

- There are no such judgements in either the current year or prior year.



Statement of Comprehensive Income

for the year ended 31 July 2016

	Note	<i>Consolidated</i>		<i>University</i>	
		2016 £m	2015 £m	2016 £m	2015 £m
Income					
Tuition fees and education contracts	1	139.4	119.2	139.4	119.2
Funding body grants	2	35.2	36.6	35.2	36.6
Research grants and contracts	3	35.7	37.7	35.7	37.7
Other income	4	49.8	46.3	49.8	46.3
Investment income	6	0.5	2.6	0.5	2.6
Total income before endowments and donations		260.6	242.4	260.6	242.4
Donations & endowments	7	2.6	1.6	2.7	1.4
Total income		263.2	244.0	263.3	243.8
Expenditure					
Staff costs	8	131.6	139.3	131.6	139.3
Other operating expenses	9	86.0	75.9	86.0	75.8
Depreciation	9	22.1	19.9	22.6	20.4
Interest and other finance costs	11	9.4	7.7	9.4	7.7
Total expenditure		249.1	242.8	249.5	243.2
Surplus before gains and losses		14.1	1.2	13.8	0.6
Surplus on disposal of fixed assets	12	-	0.1	-	0.1
(Decrease)/increase in market value of non current asset investments	16	(0.4)	0.3	(0.4)	0.3
Increase in market value of current asset investments	18	8.5	3.7	8.5	3.7
Surplus before tax		22.2	5.4	21.9	4.8
Taxation	3	-	(0.7)	-	(0.7)
Surplus for the year		22.2	4.7	21.9	4.1
Actuarial (loss) in respect of pension schemes	29	(20.7)	(4.6)	(20.7)	(4.6)
Change in the fair value of hedging instruments	22	(7.0)	(2.2)	(7.0)	(2.2)
Total Comprehensive Income in the year		(5.5)	(2.1)	(5.8)	(2.7)
Represented by					
Endowment comprehensive income for the year		0.1	0.3	0.1	0.3
Restricted comprehensive income for the year		0.1	0.1	0.1	0.1
Unrestricted comprehensive income for the year		(5.7)	(2.5)	(6.0)	(3.1)
Total Comprehensive Income in the year		(5.5)	(2.1)	(5.8)	(2.7)

Consolidated and University Statement of Changes in Reserves

for the year ended 31 July 2016

CONSOLIDATED

	Statement of Comprehensive Income				
	Endowment Reserve	Restricted Reserve	Unrestricted Reserve	Revaluation Reserve	Total
	£m	£m	£m	£m	£m
At 1 August 2014	4.8	1.8	176.0	271.9	454.5
Surplus from income and expenditure statement	0.3	0.1	4.3	-	4.7
Other comprehensive income	-	-	(6.8)	-	(6.8)
At 1 August 2015	5.1	1.9	173.5	271.9	452.4
Surplus from income and expenditure statement	0.1	0.1	22.0	-	22.2
Other comprehensive income	-	-	(27.7)	-	(27.7)
At 31 July 2016	5.2	2.0	167.8	271.9	446.9

UNIVERSITY

	Statement of Comprehensive Income				
	Endowment Reserve	Restricted Reserve	Unrestricted Reserve	Revaluation Reserve	Total
	£m	£m	£m	£m	£m
At 1 August 2014	4.8	1.8	177.9	271.9	456.4
Surplus from income and expenditure statement	0.3	0.1	3.8	-	4.1
Other comprehensive income	-	-	(6.8)	-	(6.8)
At 1 August 2015	5.1	1.9	174.9	271.9	453.8
Surplus from income and expenditure statement	0.1	0.1	21.7	-	21.9
Other comprehensive income	-	-	(27.7)	-	(27.7)
At 31 July 2016	5.2	2.0	168.9	271.9	448.0

Statement of Financial Affairs

for the year ended 31 July 2016

		Consolidated		University	
	Note	2016 £m	2015 £m	2016 £m	2015 £m
Non-Current Assets					
Fixed Assets	15	626.5	598.5	627.5	600.0
Investments	16	1.4	1.6	1.4	1.6
		627.9	600.2	628.9	601.6
Current Assets					
Stock		0.6	0.8	0.7	0.8
Trade and other Receivables	17	16.1	18.5	16.1	18.5
Investments	18	110.4	122.6	110.4	122.6
Cash and cash equivalents		10.7	4.2	10.7	4.1
		137.8	146.1	137.9	146.0
Creditors : Amounts Falling Due Within One Year	19	(54.7)	(54.4)	(54.7)	(54.4)
Net Current Assets		83.1	91.7	83.2	91.6
Total Assets Less Current Liabilities		711.0	691.8	712.1	693.2
Creditors : Amounts Falling Due After More Than One Year	20	(180.0)	(178.4)	(180.0)	(178.4)
Provisions					
Pension provisions	24	(84.1)	(61.0)	(84.1)	(61.0)
Total Net Assets		446.9	452.4	448.0	453.8
Restricted Reserves					
Income & expenditure reserve - endowment reserve	26	5.2	5.1	5.2	5.1
Income & expenditure reserve - restricted reserve	26	2.0	1.9	2.0	1.9
Unrestricted Reserves					
Income & expenditure reserve - unrestricted reserve		167.8	173.5	168.9	174.9
Revaluation Reserve		271.9	271.9	271.9	271.9
Total Reserves		446.9	452.4	448.0	453.8

The Financial Statements on pages 33 to 68 were approved by the Council on 24th November 2016 and signed on its behalf by:

Professor Dame Glynis Breakwell
President and Vice-Chancellor

Mr Peter Wyman
Treasurer and Vice Chair of Council

Cash Flow Statement

for the year ended 31 July 2016					
	Note	Consolidated		University	
		2016 £m	2015 £m	2016 £m	2015 £m
Cash flow from operating activities					
Surplus for the year		22.2	4.7	21.9	4.1
Adjustment for non-cash items					
Depreciation	15	22.1	19.9	22.6	20.4
(Decrease)/increase in USS pension provision	8 & 11	(0.5)	15.3	(0.5)	15.3
LGPS pension costs less contributions paid	29	1.7	1.3	1.7	1.3
Loss/(gain) on non-current asset investments	16	0.4	(0.3)	0.4	(0.3)
(Gain) on current investments	18	(8.5)	(3.7)	(8.5)	(3.7)
Loss on hedging arrangements	22	2.4	1.2	2.4	1.2
Decrease/(increase) in stock		0.2	(0.1)	0.2	(0.1)
Decrease/(increase) in operational debtors	17	2.4	(4.2)	2.4	(4.2)
(Decrease)/increase in operating creditors	19	(0.8)	3.2	(0.8)	3.2
Adjustment for investing or financing activities					
Investment income	6	(0.5)	(2.6)	(0.5)	(2.6)
Interest payable	11	5.0	5.0	5.0	5.0
New endowment income	7	(0.2)	(0.2)	(0.2)	(0.2)
Capital grant income	2 & 4	(7.6)	(3.8)	(7.6)	(3.8)
Profit on the sale of fixed assets	12	-	(0.1)	-	(0.1)
Net cash inflow from operating activities		38.4	35.6	38.5	35.5
Cash flow from investing activities					
Proceeds from sales of non-current asset investments		-	0.1	-	0.1
Investment income	6	0.5	2.6	0.5	2.6
Payments made to acquire fixed assets		(53.2)	(47.0)	(53.2)	(47.0)
Capital grant receipts		7.2	10.1	7.2	10.1
Net new current asset investments	18	20.7	(2.1)	20.7	(2.1)
New non-current asset investments	16	(0.2)	-	(0.2)	-
		(25.0)	(36.3)	(25.0)	(36.3)
Cash flow from funding activities					
Interest paid	11	(5.0)	(5.0)	(5.0)	(5.0)
New endowment cash received	7	0.2	0.2	0.2	0.2
Repayments of amounts borrowed	21	(2.1)	(2.1)	(2.1)	(2.1)
		(6.9)	(6.9)	(6.9)	(6.9)
Increase/(decrease) in cash and cash equivalents in the year		6.5	(7.7)	6.6	(7.8)
Cash and cash equivalents at the beginning of the year		4.2	11.9	4.1	11.9
Cash and cash equivalents at the end of the year		10.7	4.2	10.7	4.1
		6.5	(7.7)	6.6	(7.8)

Notes to the Accounts

1 TUITION FEES AND EDUCATION CONTRACTS

	Consolidated & University	
	2016 £m	2015 £m
Full-time UK higher education students	70.6	58.7
Full-time EU higher education students	11.9	10.1
Full time overseas higher education students	43.1	38.7
Part-time higher education students	4.7	4.7
Short course fees	2.0	2.2
Research training support grants and other fees	7.1	4.8
	139.4	119.2

2 FUNDING BODY GRANTS

	Consolidated & University	
	2016 £m	2015 £m
Recurrent Grants		
Higher Education Funding Council for England	27.9	33.1
Joint Information Systems Committee	0.1	0.3
Specific Grants		
Higher Education Funding Council for England	0.2	0.7
Capital Grant		
Higher Education Funding Council for England	7.0	2.5
	35.2	36.6

3 RESEARCH GRANTS AND CONTRACTS

	Consolidated & University	
	2016 £m	2015 £m
Research Councils	20.4	20.3
UK charitable bodies	2.2	1.9
European Commission	4.5	4.3
Other sponsors	8.6	11.2
	35.7	37.7
Other sponsors includes		
Research and Development Expenditure Credits (RDEC)	0.2	3.2
UK Corporation Tax	0.0	(0.7)

The UK Corporation tax of £35,809 (2014-15 £0.7m) for the year arises from the claim for Research and Development Expenditure Credits (RDEC). Tax is due at the following rates 2014/15 20.67%, no future RDEC claims can be made.

Notes to the Accounts (continued)

4 OTHER INCOME

	Consolidated & University	
	2016	2015
	£m	£m
Residences, catering and conferences	30.0	28.1
Other services rendered (note 5)	8.5	7.2
Retail income	4.6	4.2
Miscellaneous grants	1.3	0.8
Rents	0.7	0.6
Other capital grants receivable	0.6	1.3
VAT recovery	0.9	0.6
Health and hospital authorities	0.3	0.3
Car parking	0.6	0.3
Westwood Nursery	0.4	0.4
Income from intellectual property rights	0.2	0.4
Other income	1.7	2.1
	49.8	46.3

5 OTHER SERVICES RENDERED

	Consolidated & University	
	2016	2015
	£m	£m
Academic departments & centres	2.3	1.8
Computing, library & other academic services	1.0	0.9
Sports and related facilities	4.6	4.1
Other	0.6	0.4
	8.5	7.2

6 INVESTMENT INCOME

	Consolidated & University	
	2016	2015
	£m	£m
Investment Income on Endowments	0.1	0.1
Net income from short-term investments	(0.1)	0.1
Other investment income	0.5	2.4
	0.5	2.6

7 DONATIONS & ENDOWMENTS

	Consolidated	
	2016	2015
	£m	£m
New Endowments	0.2	0.2
Donations with restrictions	1.7	0.9
Unrestricted donations	0.8	0.5
	2.6	1.6

Consolidated Unrestricted donations includes £-0.1m (2014-15 £0.2m) from the University of Bath Foundation Ltd

Notes to the Accounts (continued)

8 STAFF COSTS

	Consolidated & University	
	2016	2015
	£m	£m
Salaries	104.7	99.7
Social security costs	8.8	7.8
Movement on USS provision	(1.3)	13.7
Other Pension costs	23.1	21.1
	135.3	142.3
less: paid on behalf of other organisations	(3.6)	(2.9)
less: capitalised within the cost of buildings	(0.1)	(0.1)
	131.6	139.3
Emoluments of the Vice-Chancellor		
	2016	2015
	£000	£000
Salary and benefits in kind	434	389
Other Allowances	17	17
Pension contributions	-	-
	451	406

The University has made available to the Vice-Chancellor during the year a car loan as a cost-effective means of providing the benefits to which she is contractually entitled. The car loan was in existence at the start of the year and the balance remained unchanged throughout the year at £31,489. The cost to the University of providing the loan is included in the Vice-Chancellor's emoluments.

Remuneration of other higher paid staff

Remuneration of other higher paid staff, including employer's pension contributions are:

	2016	2015
	Number	Number
£100,000 - £109,999	25	22
£110,000 - £119,999	16	16
£120,000 - £129,999	7	7
£130,000 - £139,999	6	5
£140,000 - £149,999	-	2
£150,000 - £159,999	6	3
£160,000 - £169,999	-	1
£170,000 - £179,999	1	2
£180,000 - £189,999	1	4
£190,000 - £199,999	2	-
£200,000 - £209,999	1	-
£210,000 - £219,999	1	-

Notes to the Accounts (continued)

8 STAFF COSTS (continued)

	Consolidated & University	
Average staff numbers by major category:	2016 Number	2015 Number
Education & Research	1,133	1,091
Technical & Experimental	136	132
Management, Specialist & Administrative	1,025	964
Operational & Facilities Support	511	514
	2,805	2,701

Key management personnel

The Vice-Chancellor's Group represents the University's key management personnel, as it is this group which has the authority and responsibility for planning, directing and controlling the activities of the University.

	2016 £m	2015 £m
Key management personnel	1.6	1.5

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated					
	Staff Costs	Other Operating Expenses	Dep'n	Interest Payable	2016 Total	2015 Total
	£m	£m	£m	£m	£m	£m
Academic departments	68.1	19.9	1.2	-	89.2	84.9
Academic services	14.2	9.5	1.0	-	24.7	19.4
Central administration	10.9	3.6	-	-	14.5	14.7
General educational expenditure	2.3	13.2	-	-	15.5	14.4
Staff & student facilities	4.5	2.6	0.5	-	7.6	6.5
Premises	6.3	11.0	11.4	2.0	30.7	28.4
Residences & catering operations	8.2	15.1	5.2	2.8	31.3	28.3
Research grants and contracts	14.7	8.0	2.8	-	25.5	24.0
Other services rendered	2.4	2.9	-	0.1	5.4	4.9
Other expenses	-	0.2	-	4.5	4.8	17.3
	131.6	86.0	22.1	9.4	249.1	242.8

Depreciation charged on the historical cost basis is £14.7m (2014/15 £12.4m.)

University of Bath only	131.6	86.0	22.6	9.4	249.5	243.2
-------------------------	-------	------	------	-----	-------	-------

Notes to the Accounts (continued)

9 ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

Other Operating Expenses include :	Consolidated & University	
	2016 £000	2015 £000
External Auditors Remuneration (Group and University)		
- Audit Services	60	54
- Consolidated financial statements		
- Grant claims	23	-
- Other Fees	40	58
- US federal loan	2	2
	125	114

Reimbursements to Council Members for expenditure incurred whilst carrying out their duties amounted to £5,050 (2014-15: £4,360)

Council Members did not receive any remuneration from the University.

10 RELATED PARTY TRANSACTIONS

The operating statements of the University include transactions with related parties. In accordance with FRS 8 'Related Party Transactions' these are disclosed where members of the University Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party.

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest that took place in the year were conducted at arms length and in accordance with the University's financial regulations and normal procurement procedures.

Universities Superannuation Scheme Ltd (USS)

USS provide a pension scheme for University staff, details of the transactions with USS are disclosed in Note 29. Professor Dame Glynis Breakwell is a Director of USS.

Student Loans Company (SLC)

The Student Loans Company provide financial support to UK & EU students. In 2015/16 the University received £66.1m (2014/15 £54.0m) from the SLC and at 31 July the University was owed £25k (2014/15 £800k owed by the University) by the SLC. Professor Dame Glynis Breakwell is a Non-Executive Director of SLC.

Student Union

The University provided a grant of £1.4m (2014-15 £1.3m) to the Students' Union. At 31 July 2016 the University was owed £131k (2014/15 £108k) by the Students' Union.

Economic and Social Research Council (ESRC)

The ESRC is the UK's largest organisation funding research on economic and social issues. In 2015/16 the University received £0.6m (2014/15 £0.9m) from the ESRC. The current portfolio value of ESRC awards at 31 July 2016 is £1.8m (2015 £2.5m). Professor Dame Glynis Breakwell is a member of the ESRC Council.

Notes to the Accounts (continued)

11 INTEREST AND OTHER FINANCE COST

	Consolidated & University	
	2016	2015
	£m	£m
Loans not wholly repayable within five years	5.0	5.0
Change in discounted value of future USS payments (note 24)	0.8	0.4
Increase in the fair value of derivatives (note 22)	2.4	1.2
Net interest on LGPS (note 29)	1.2	1.1
	9.4	7.7

12 DISPOSAL OF FIXED ASSETS

	Consolidated & University	
	2016	2015
	£m	£m
(Surplus) on disposal of tangible fixed assets (note 15)	-	(0.1)
	-	(0.1)

13 CAPITAL COMMITMENTS

	Consolidated & University	
	2016	2015
	£m	£m
Provision has not been made for the following capital commitments at 31 July 2016		
Capital Commitments		
Funded by :-		
University funds	7.9	29.5
HEFCE grants	-	3.7
Capital commitments contracted at 31 July	7.9	33.2

14 LEASE OBLIGATIONS

The University had annual operating lease commitments in respect of leased property as follows:

	Consolidated & University	
	2016	2015
	£m	£m
Lease Commitments		
Lease commitments due in more than one year but less than five years	-	0.5
Lease commitments due in more than five years	5.2	4.7
Lease commitments contracted at 31 July	5.2	5.2

Notes to the Accounts (continued)

15 FIXED ASSETS

	Consolidated				
	Land and Buildings Long		Equipment	Assets in the Course of Construction	Total
	Freehold £m	Leasehold £m	£m	£m	£m
Valuation/Cost					
At 1 August 2015	14.8	565.7	67.1	23.2	670.8
Additions at Cost	-	1.5	4.2	44.4	50.1
Disposals	-	-	(0.2)	-	(0.2)
Reclassifications	-	47.7	1.7	(49.4)	-
At 31 July 2016	14.8	614.9	72.8	18.2	720.7
Depreciation					
At 1 August 2015	0.9	17.1	54.3	-	72.3
Charge in Year	0.5	15.5	6.1	-	22.1
Disposals	-	-	(0.2)	-	(0.2)
At 31 July 2016	1.4	32.6	60.2	-	94.2
Net Book Value					
At 31 July 2016	13.4	582.3	12.6	18.2	626.5
At 1 August 2015	13.9	548.6	12.8	23.2	598.5

The University revalued its freehold and leasehold Land & Building with effect from 31 July 2014, the valuation was carried out by Eddisons Commercial Limited, an external Chartered Surveyor on the basis of Existing Use, Depreciated Replacement Cost or Market Valuation according to the nature and use of each building. The valuation was prepared in accordance with the Valuation Standards published by the Royal Institute of Chartered Surveyors.

Notes to the Accounts (continued)

15 FIXED ASSETS (continued)

	University				
	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£m	£m	£m	£m	£m
Valuation/Cost					
At 1 August 2015	14.8	567.4	67.1	23.2	672.5
Additions at Cost	-	1.5	4.2	44.4	50.1
Disposals	-	-	(0.2)	-	(0.2)
Reclassifications	-	47.7	1.7	(49.4)	0.0
At 31 July 2016	14.8	616.6	72.8	18.2	722.4
Depreciation					
At 1 August 2015	0.9	17.3	54.3	-	72.5
Charge in Year	0.5	16.0	6.1	-	22.6
Disposals	-	-	(0.2)	-	(0.2)
At 31 July 2016	1.4	33.3	60.2	-	94.9
Net Book Value					
At 31 July 2016	13.4	583.3	12.6	18.2	627.5
At 1 August 2015	13.9	550.1	12.8	23.2	600.0

Freehold and Leasehold Land and Buildings measured by valuation at 31 July 2016 includes the following historical cost:

	Consolidated	
	2016	2015
	£m	£m
Freehold Land and Buildings	5.3	5.3
Leasehold Land and Buildings	359.5	325.8

Leasehold Land and Buildings includes land with a value of £75m which is not depreciated.

Equipment includes assets donated to the University. These are valued at market value as at the date when they were received.

Notes to the Accounts (continued)

16 NON CURRENT ASSET INVESTMENTS

	Consolidated and University	
	2016 £m	2015 £m
At 1 August 2015		
Other investments	1.6	1.3
Acquisition of investments	0.2	-
Disposal of investments	-	-
Movement in market value	(0.4)	0.3
At 31 July 2016		
Other investments	1.4	1.6

Subsidiary companies

The University owns 100% of the following company which is registered in England:-

<i>Company Name</i>	<i>Principal Activities</i>	<i>Share holding</i>	<i>Year end</i>
University of Bath Three Ltd	Dormant	100 £1 ordinary	31 July

The consolidated results of the group incorporate those of the University of Bath Foundation Ltd, a not-for-profit organisation registered in the United States to fundraise in that country. The University owns 100% of the Foundation.

		Consolidated and University	
		2016 £000	2015 £000
<i>Included above:</i>			
CVCP Properties plc	1 Ordinary shares	36	36
Atlas Genetics Ltd	600 Ordinary shares (0.1p)	8	169
CITEAB Ltd	15,000 Ordinary shares (0.1p)	20	-
Glythera Limited	53,288 Ordinary shares (0.1p)	277	277
Bath Crescent Seedcorn Fund		1,064	1,123
		1,405	1,605

Notes to the Accounts (continued)

16 NON CURRENT ASSET INVESTMENTS (continued)

The University holds the following investments as part of the Bath Crescent Seedcorn Fund:-

Company	No. of shares	% Holding at		Fair Value £000	Type of shares
		31 July 2016	31 July 2015		
Atlas Genetics Limited	1,178	0.60	0.30	78	Ordinary shares (0.1p) and Series B Shares
Azellon Limited	12,967	1.50	2.70	14	A Ordinary shares (0.1p)
CITEAB	40,000	23.81	23.81	50	Ordinary shares (0.1p)
Glythera Limited	33,289	12.84	12.84	173	Ordinary shares (0.1p)
Graphcore	3,547	0.00	-	1	Non-voting Ordinary shares (0.1p)
Ilika plc	26,356	0.00	0.04	14	Ordinary shares (1p)
KWS Biotest	3,900	4.40	5.20	195	B shares (100p)
Perpetuum Limited	141,868	0.50	0.80	70	Ordinary shares (0.05p)
Boxarr	3,705	0.60	0.90	36	Ordinary shares (1p)
Revolymmer plc	294,010	0.40	0.52	115	Ordinary shares (0.8p)
Symetrica Limited	8,257	1.90	1.73	153	Ordinary shares (0.1p) and A Ordinary shares (0.1p)
Diversus Technology	-	-	-	115	Loan
Ceryx Medical Limited	-	-	-	50	Convertible loan
				1,064	

Percentage holding is calculated on fully diluted ordinary shares ranking pari passu with each other.

The University's total holdings in Glythera Ltd amount to 86,577 shares: 53,288 held directly by the University and a further 33,289 held through the Bath Crescent Seedcorn Fund. Although this represents 36.73% of the company's total shares, the University does not exercise a significant influence over the company, and it is therefore not accounted for as an associate.

The University's total holdings in CITEAB Ltd amount to 55,000 shares: 15,000 held directly by the University and a further 40,000 held through the Bath Crescent Seedcorn Fund. Although this represents 33.3% of the company's total shares, the University does not exercise a significant influence over the company, and it is therefore not accounted for as an associate.

Notes to the Accounts (continued)

17 TRADE AND OTHER RECEIVABLES

	Consolidated & University	
	2016	2015
	£m	£m
Prepayments and accrued income	2.6	4.6
Research grant receivables	7.0	6.2
Other receivables	6.5	7.7
	16.1	18.5
Due within one year	15.8	18.2
Due in more than one year	0.3	0.3
	16.1	18.5

Debtors due in more than one year are all Other receivables.

18 CURRENT ASSET INVESTMENTS

	Investments measured at Market Value	Investments measured at Cost	Consolidated & University	
			2016	2015
	£m	£m	Total £m	Total £m
At 1 August 2015	51.2	71.4	122.6	116.9
New investments	21.3	-	21.3	20.5
Disposal of investments	-	(42.0)	(42.0)	(18.5)
Market value movement	8.5	-	8.5	3.7
At 31 July 2016	81.0	29.4	110.4	122.6

Investments measured at market value includes Quoted investments of £69.0m (39.2m) and those held in unit funds where a market value can be determined of £12.0m (12.0m).

Investments measured at cost include those held in Certificate of deposit and Fixed deposits.

Notes to the Accounts (continued)

**19 CREDITORS : AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	Consolidated & University	
	2016	2015
	£m	£m
Bank loans (note 21)	5.0	2.1
Trade Payables	16.0	18.7
Social Security and other taxation payable	5.0	4.5
Derivatives (note 22)	2.7	-
Accruals and Deferred income	26.0	29.1
	54.7	54.4

Deferred Income

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

	Consolidated & University	
	2016	2015
	£m	£m
Donations	0.9	0.6
Research grants received on account	12.6	15.4
Grant income	0.9	1.4
Other income	1.3	1.4
	15.7	18.8

**20 CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	Consolidated & University	
	2016	2015
	£m	£m
Bank loans (note 21)	154.6	159.6
Accruals and Deferred income	5.0	5.0
Derivatives (note 22)	20.4	13.8
	180.0	178.4

Deferred Income

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

	Consolidated & University	
	2016	2015
	£m	£m
Donations	5.0	5.0
	5.0	5.0

Notes to the Accounts (continued)

21 BORROWINGS

Consolidated & University

<i>Analysis of Financing</i>	2016	2015
	£m	£m
Bank loans and overdrafts are repayable as follows:		
In one year or less	5.0	2.1
Between one and two years	5.0	5.0
Between two and five years	15.1	15.1
In five years or more	134.5	139.5
	159.6	161.7

The University has drawn down three loans in full, two loans of £52m each and a third of £65m.

Loan 1

Rate		Base Rate/LIBOR + margin
Repayment - Tranche 1	£26.0m	Quarterly repayments from Dec 2011 to Sept 2036
- Tranche 2	£26.0m	20% Sept 2026; 20% Sept 2031; 60% Sept 2036

Loan 2

Rate		LIBOR + margin
Repayment - Tranche 1	£26.0m	Quarterly repayments from June 2012 to March 2037
- Tranche 2	£26.0m	£5m March 2022; £6m March 2027; £15m March 2032

Loan 3

Rate		Fixed rate of 4.021%
Repayment	£65.0m	22 Annual repayments of £2,955k from 31 July 2017.

The University has entered into three interest rate swap agreements (derivatives) in relation to elements of the two £52m loans it holds. These swaps mean that the rates below are applied, instead of varying with LIBOR and Bank of England rates :-

Amount subject to hedging £m	Interest Rate %	Expiry Date
10.0	3.44%	June 2027
18.2	5.16%	December 2036
10.0	3.95%	November 2037
<u>38.2</u>		

The June 2027 interest rate swap is based on the Retail Price Index (RPI), updated annually.

Notes to the Accounts (continued)

22 DERIVATIVES

The University is using hedge accounting for its interest rate swaps and foreign exchange options and as a result determined the effectiveness of the hedging arrangements. The analysis below shows the results of this assessment;

Hedging instrument	Expiry Date	Amount	Consolidated & University			
			Market Value at 2016 £m	Market Value at 2015 £m	Movement in market value 2016 £m	Movement in market value 2015 £m
Interest rate swaps	Between 2027 & 2037	£38.2m	19.5	13.6	5.9	3.0
Foreign exchange options	Between 2016 & 2018	\$43.5m	3.6	0.2	3.5	0.4
			23.1	13.8	9.4	3.4

The movement in market value for 2015/16 of £9.4m (2014/15 £3.4m) is reported as follows;

	Consolidated & University	
	2016 £m	2015 £m
Interest Payable (note 11)	2.4	1.2
Other Comprehensive Income	7.0	2.2
	9.4	3.4

Hedging instrument	Hedged Item	Market value movement of hedged item	
		2016 £m	2015 £m
Interest rate swaps	External borrowings (note 21)	-	-
Foreign exchange options	Current asset investments (note 18)	7.0	2.6
		7.0	2.6

	Consolidated & University	
	2016 £m	2016 £m
Disclosure of Derivatives as Liabilities		
Liabilities due in less than one year	2.7	-
Liabilities due in more than one year	20.4	13.8
	23.1	13.8

Notes to the Accounts (continued)

23 CONTINGENT LIABILITY

On 5 April 2016 the University entered into 7 nomination agreements with Empiric (Bath JSW) Limited whereby the University underwrites the shortfall in the letting a number of student residences. The maximum annual value of the underwriting is £3.0m. The University does not expect any liability to be incurred as a result of these contracts as it expects all residences will be fully let as per the nomination agreements.

24 PROVISION FOR LIABILITES

	Obligations to fund deficit on USS Pension (Note 29)	Defined Benefit obligations LGPS (Note 29)	Consolidated & University	
			Total 2016	Total 2015
			£m	£m
At 1 August 2015	27.8	33.2	61.0	39.8
Utilised in year	(1.3)	2.9	1.6	2.9
Additions in year	0.8	20.7	21.5	18.3
At 31 July 2016	27.3	56.9	84.1	61.0

Obligations to fund deficit on USS Pension

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 payments over the period of the contracted obligation in assessing the value of this provision and these are disclosed below;

	2016	2015
Discount rate at year end	1.8%	3.1%
Pensionable salary growth:	3.1% (then 2.4% after first year)	4.1%, 5.0% (then 3.4% after second year)
USS membership growth:	in the range 0% - 2.5%	in the range 0% - 2.9%

Defined Benefit obligations (LGPS)

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, the University has accounted for the scheme under FRS 17 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2013, updated to 31 July 2016 by a qualified independent actuary.

Notes to the Accounts (continued)

25 ENDOWMENTS

Restricted net assets relating to endowments are as follows:

	Restricted Permanent £m	Expendable £m	Consolidated & University	
			2016 Total £m	2015 Total £m
At 1 August				
Capital	1.9	3.0	4.9	4.6
Accumulated Income	-	0.2	0.2	0.2
	1.9	3.2	5.1	4.8
New endowments	-	0.2	0.2	0.2
Investment income	0.1	-	0.1	0.1
Expenditure	(0.1)	(0.2)	(0.3)	(0.2)
Increase in market value of investments	-	0.1	0.1	0.2
At 31 July	1.9	3.3	5.2	5.1
Representing:				
Capital	1.9	3.1	5.0	4.9
Accumulated Income	-	0.2	0.2	0.2
	1.9	3.3	5.2	5.1
Analysis by type of purpose				
Lectureships	1.3	2.1	3.4	3.4
Scholarships and bursaries	0.6	0.8	1.4	1.4
Prize Funds	-	0.2	0.2	0.2
General	-	0.2	0.2	0.1
	1.9	3.3	5.2	5.1
Analysis by asset				
Current and non-current asset investments			4.0	4.0
Cash and cash equivalents			1.2	1.1
			5.2	5.1

Notes to the Accounts (continued)

26 RESTRICTED RESERVES

	Consolidated & University				
	Reserves with Restrictions are as follows:				
	Other Income	Donations	2016	2015	
£m	£m	Total £m	Total £m		
At 1 August 2015	0.9	1.0	1.9		1.8
New grants	0.5	-	0.5		0.4
New donations	-	0.9	0.9		0.5
Investment income	-	-	-		-
Capital grant utilised	-	-	-		-
Expenditure	0.8	0.5	1.3		0.8
At 31 July 2016	0.6	1.4	2.0		1.9
Analysis by type of purpose					
Lectureships			0.3		0.3
Research support			0.5		0.5
Scholarships and bursaries			0.3		0.4
General			0.9		0.7
			2.0		1.9

27 BURSARIES FROM THE TEACHING AGENCY

	Consolidated & University	
	2016	2015
	£000	£000
Balance at 1 August	7	16
Grant received	-	-
Repayment to Teaching Agency	(7)	-
Disbursements	-	(9)
Balance at 31 July	-	7

The above bursaries are available solely for students. The University acts only as a paying agent. The grant and related disbursements are excluded from the SOCI.

Notes to the Accounts (continued)

28 TRANSITION to FRS102 and the 2015 FE/HE SORP (Continued)

Description

a) **Government grants accounted for under the performance condition model.**

The University has previously been in receipt of revenue and capital grants, now classified as "government" under FRS 102 and the FE/HE SORP. Under the previous UK GAAP and 2007 SORP, in certain circumstances these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed asset. The University has chosen to account for all such grants under the performance model and treated as if they have been credited to Comprehensive Income immediately upon the performance condition being met. A corresponding adjustment has been made to the income recognised in the 2014/15 results that related to the annual amortisation of the capital grants involved. The balance of these grants held at 31 July 2015 where the performance condition had been met in a previous period has been transferred to the University Unrestricted Reserve.

b) **Non-Government grants accounted for under the performance condition model.**

The University has previously been in receipt of certain grants from sources other than those classified as "government" under FRS 102 and the FE/HE SORP. Under the previous UK GAAP and 2007 SORP, in certain circumstances these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed asset. This accounting treatment is no longer available to non-government grants and all such grants have therefore been accounted for under the performance model and treated as if they have been credited to Comprehensive Income immediately upon the performance condition being met. A corresponding adjustment has been made to the income recognised in the 2014/15 results that related to the annual amortisation of the capital grants involved. The balance of these grants held at 31 July 2015 where the performance condition had been met in a previous period have been transferred to the University Unrestricted Reserve.

c) **Change in recognition of defined benefit plan finance costs.**

The net pension finance costs recognised in the Income and Expenditure account for the year ended 31 July 2015 under the previous UK GAAP was the net of the expected return on pension plan asset and the interest on pension liabilities. FRS 102 requires recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measure of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

d) **Presentation of actuarial losses with total comprehensive income**

Actuarial gains and losses on the University's defined benefit plans were previously presented in the Statement of Total Recognised Gain and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the SOCI, as movements within Other Comprehensive income.

e) **Recognition of market value movements in non-current and current asset investments.**

Unrealised gains on the University's non-current and current asset investments were previously not recognised in the University's Income and Expenditure account. All such gains and holdings are now required under FRS 102 to be presented within the SOCI and on the SOFA.

Notes to the Accounts (continued)

28 TRANSITION to FRS102 and the 2015 FE/HE SORP (Continued)**Description**

- f) **Recognition of market value movements in derivatives.**
The University's holding of derivatives were previously not recognised in the Income and Expenditure account or Balance sheet. All such gains, losses and holdings are now required under FRS 102 to be presented within the SOCI and on the SOFA at market value.
- g) **Presentation of new and market value movement of endowment investments**
New Endowments and market value movements in Endowment investments were previously presented in the Statement of Total Recognised Gain and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the SOCI.
- h) **Recognition of contractual contributions under the USS deficit plan.**
The University is now required to provide for the discounted fair value of the contractual contributions under the deficit recovery plan in place at the balance sheet date and the movement in that provision is recognised in the SOCI. The funding plans in place changed during 2014/15 and the provision increase that resulted was charged to the SOCI in 2014/15.
- i) **Recognition of short-term employment benefits**
No provision for short-term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the cost of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 30 September each year for all staff meaning at the reporting date the unused leave entitlement for staff was established by sampling the relevant job families as disclosed in note 8, with the exception of those in the Education & Research job family where annual leave adjustments are not in practise made at the end of an employees contract. The cost of any unused holiday entitlement is recognised in the year in which the employees services were received. An accrual was recognised at 31 July 2014, and at 31 July 2015, following a remeasurement exercise, the movement on this provision has been charged to the SOCI in the year ended 31 July 2015.

29 PENSIONS**Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 148,000 members and the University had 1,961 active members at 31 July 2016.

Because of the mutual nature of the scheme, it's assets are not hypothecated to individual Universities and a scheme wide contribution rate is set, at the balance sheet date this was 18%. The University is exposed to actuarial risks associated with other University's employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. The total cost charged to the SOCI is £17.5m (£31.1m 2015).

Notes to the Accounts (continued)

29 PENSIONS (continued)

Universities Superannuation Scheme (continued)

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), rates of increase in salary and pensions and the assumed rates of mortality.

This 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% (then 4.0% after first year)
Pensions increases (CPI):	2.2%	2.2%

The main demographic assumption used relates to mortality in retirement, these are 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 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently 65 yrs:	24.3	24.2
Females currently 65 yrs:	26.5	26.3
Males currently 45 yrs:	26.4	26.3
Females currently 45 yrs:	28.8	28.7

Existing Benefits

Scheme assets:	£49.8bn	£49.1bn
Total scheme liabilities:	£58.3bn	£67.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85.0%	82.0%

Notes to the Accounts (continued)

29 PENSIONS (continued)**Universities Superannuation Scheme (continued)**

Sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between Retail Price Index and Consumer Price Index	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer	1 year longer	Increase by 0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers, enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. However, the trustee is mindful of the difficult economic climate that exists for defined benefits pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan become necessary following the next valuation to compile a formal financial management plan, which will bring together the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

Local Government Pension Scheme

The University participates in the Avon Pension Fund which is a funded defined benefit pension scheme with the assets held in separate trustee administered funds. The assumptions which have the most significant effect on the determination of contribution levels are as follows:

Return on investments	3.2%	
Long-term Salary inflation	4.1%	
Pension inflation	2.6%	
Valuation date		31 March 2013
Valuation method		Projected Unit
Market value of assets at date of last valuation		£3,146 million
Market value of assets as a percentage of accrued benefits		78.0%

The contributions payable by the University were equal to 13.60% of total pensionable salaries to March 2016, and 14.60% thereafter.

Notes to the Accounts (continued)

29 PENSIONS (continued)

Local Government Pension Scheme (continued)

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, the University has accounted for the scheme under FRS 102 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2013, updated to 31 July 2016 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 102 at 31 July 2016 were:-

At end of year	31 July 2016	31 July 2015
	%	%
Rate of CPI inflation:	1.7	2.2
Rate of increase in salaries:	3.2	3.7
Rate of increase in pensions:	1.8	2.2
Discount rate:	2.5	3.8

Post retirement mortality assumptions for members retiring in normal health

	31 July 2016	31 July 2015
Non-retired members	S1PA CMI_2012_[1.5%] 92%	S1PA CMI_2012_[1.5%] 92%
male (female)	(87%)	(87%)
Retired members	S1PA CMI_2012_[1.5%] 94%	S1PA CMI_2012_[1.5%] 94%
male (female)	(93%)	(93%)

Life expectancy

Male (female) future pensioner 65 in 20 years time	25.9 (28.9) years	25.8 (28.8) years
Male (female) current pensioner aged 65	23.5 (26.0) years	23.4 (25.9) years

The sensitivities regarding the principal assumptions used to measure the University's share of the scheme liabilities as at the valuation on 31 July 2016 are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Reduce by £3.0 million
Rate of CPI Inflation	Increase by 0.1%	Increase by £3.0 million
Rate of salary growth	Increase by 0.1%	Increase by £0.6 million
Members live longer	1 year longer	Increase by £3.0 million

Notes to the Accounts (continued)

29 PENSIONS (continued)**Local Government Pension Scheme (continued)***The University's share of the scheme's assets and liabilities:*

	2016 £m	2015 £m	2014 £m
Market value of assets	105.2	98.3	90.5
Present value of scheme liabilities	(162.1)	(131.5)	(116.6)
Net pension liability	(56.9)	(33.2)	(26.1)

Amounts charged to SOCI:

	2016 £m	2015 £m
<i>Included in staff costs for the year (note 8)</i>		
Current service cost	4.2	3.6
Unfunded benefits	-	-
Total operating charge	4.2	3.6

	2016 £m	2015 £m
<i>Analysis of amount charged to interest payable</i>		
Net interest charge (note 11)	1.2	1.2
Net charge	1.2	1.2

Notes to the Accounts (continued)

29 PENSIONS (continued)**Local Government Pension Scheme (continued)***Amounts recognised in the Statement of Comprehensive Income*

	2016 £m	2015 £m
Actual return less expected return on pension scheme assets	-	4.7
Change in assumptions underlying the present value of the scheme assets	3.5	3.5
of the scheme liabilities	(24.2)	(9.4)
Actuarial (loss) recognised in the SOCI	(20.7)	(4.6)

The movement in the scheme's deficit during the year is made up as follows:

	2016 £m	2015 £m
Deficit in scheme at 1 August	33.2	26.1
Movement in the year:		
Current service cost	4.2	3.6
Contributions by the employer	(2.5)	(2.3)
Net interest charge	1.2	1.2
Net Movement in the year	2.9	2.5
Actuarial loss	20.7	4.6
Deficit in scheme at 31 July	56.8	33.2

Analysis of the movement in the present value of the scheme liabilities:

	2016 £m	2015 £m
At the beginning of the year	131.5	116.5
Current service cost	4.2	3.6
Interest on pension liabilities	4.9	5.0
Member contributions	1.1	1.1
Actuarial losses on liabilities - other	24.2	9.4
Curtailments	0.0	0.0
Benefits/transfers paid	(3.8)	(4.1)
At the end of the year	162.1	131.5

Notes to the Accounts (continued)

29 PENSIONS (continued)**Local Government Pension Scheme (continued)****Analysis of the movement in the market value of the scheme assets:**

	2016 £m	2015 £m
At the beginning of the year	98.3	90.5
Expected return on plan assets	3.7	5.1
Actuarial gains on assets	3.4	3.5
Contributions by the employer	2.5	2.3
Contributions by scheme participants	1.1	1.1
Benefits/transfers paid	(3.8)	(4.2)
At the end of the year	105.2	98.3

Analysis of the scheme assets:

	2016 £m	2015 £m
Equities	53.1	54.7
Government bonds	12.8	8.8
Other bonds	10.1	11.1
Property	10.2	8.0
Cash/liquidity	(0.5)	2.2
Other	19.5	13.5
At the end of the year	105.2	98.3

Total pension costs (note 8)

	2016 £m	2015 £m
Universities Superannuation Scheme: contributions	18.8	17.4
Universities Superannuation Scheme: provision movement	(1.3)	13.7
	17.5	31.1
Avon Pension Fund	4.2	3.6
Contributions to other pension schemes	0.1	0.1
Total pension costs	21.8	34.8

Glossary

GLOSSARY TO THE FINANCIAL STATEMENTS

Operating Surplus/ Underlying Historic Cost Surplus

	Note	2016 £m	2015 £m
Total Income	SOCI	263.2	244.0
Capital Grants	2 & 4	(7.6)	(3.8)
Operating Surplus : Total Income		255.6	240.2
Total Expenditure	SOCI	249.1	242.8
Movement on USS provision	8	1.3	(13.7)
Depreciation on revalued assets		(7.4)	(7.4)
Change in discounted value of future USS payments	11	(0.8)	(0.4)
Increase in fair value of derivatives	11	(2.4)	(1.2)
Net interest on LGPS	11	(1.2)	(1.1)
FRS 17 - LGPS Staff cost adjustment	29	(1.6)	(1.3)
Operating Surplus : Total Expenditure		237.0	217.7
Operating Surplus		18.6	22.5
Operating surplus as a % of Operating Surplus : Total Income		7.3%	9.4%

EBITDA (Earnings before interest, tax, depreciation & ammortisation)

	Note	2016 £m	2015 £m
Surplus before gains and losses	SOCI	14.1	1.2
Interest payable	11	9.4	7.7
Depreciation	9	22.1	19.9
Change to pension provisions within staff costs	8	(1.3)	13.7
EBITDA		44.3	42.5
EBITDA %		16.8%	17.4%

The EBITDA definition is in the format that the University is required to submit to HEFCE. The introduction of FRS102 and the changes to the treatment of capital grants means that the data shown in the graph on page 11 includes capital grant income for 2014/15 and 2015/16 but not the preceding years.



Glossary (continued)

GLOSSARY TO THE FINANCIAL STATEMENTS

Net Debt

	Note	2016 £m	2015 £m
Investments	SOFA	110.4	122.6
Cash and cash equivalents	SOFA	10.7	4.2
Bank loans due within 1 year	19	(5.0)	(2.1)
Bank loans due after 1 year	20	(154.6)	(159.6)
Market value of derivatives	22	(19.5)	(13.5)
Net Debt		(58.0)	(48.4)

Net debt for the years shown includes the market value of interest rate swaps. It is not included in the 2011/12 to 2013/14 data shown in the graph on page 12 which is taken from the relevant year's Financial Statements.

Gearing Ratio

	Note	2016	2015
Net Debt (A)		58.0	48.4
Total Net Assets (B)	SOFA	446.9	452.4
Gearing Ratio (A/B)		13.0%	10.7%



