



UNIVERSITY of
BRADFORD

Financial Statements

For the
year ended
31 July 2019



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

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

Please contact Finance on
01274 233128

External Advisers

External Auditors

PricewaterhouseCoopers LLP
29 Wellington Street
Leeds
LS1 4DL

Internal Auditors

RSM
Central Square
29 Wellington Street
Leeds
LS1 4DL

Legal Advisors

Eversheds LLP
Cloth Hall Court
Infirmary Street
Leeds
LS1 2JB

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

Main Bank

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

Membership of the Council

NAME	POSITION	END OF OFFICE
EX-OFFICIO:		
Baroness A Taylor	Chair of Council and Pro-Chancellor	2021
Mr T Hartwell	Pro-Chancellor and Treasurer	2021
Mr K Bates	Pro-Chancellor	2022
Professor B Cantor	Vice Chancellor	Demitted July 2019
Mr B McCarthy	Deputy Vice-Chancellor, Operations	Demitted Jan 2019
Professor S Congdon	Deputy Vice-Chancellor, Academic	n/a
MEMBERS:		
Ms S Ali	Co-opted lay member	2021
Mr C Chambers	Co-opted lay member	2020
Ms K England	Co-opted lay member	2021
Mr C Kay	Co-opted lay member	Demitted March 2019
Ms K McMahon	Co-opted lay member	2021
Ms S Neocosmos	Co-opted lay member	2020
Ms S Smith	Co-opted lay member	2020
Mr M Watkins	Co-opted lay member	2021
Mr S Watson	Co-opted lay member	2021
Mr M Bell	Appointed by the Court	2020
Dr P Anand	Appointed by Senate	Demitted Feb 2019
Professor C Oltean-Dumbrava	Appointed by Senate	Demitted July 2019
Vacancy	Appointed by Senate	
Vacancy	Appointed by Senate	
Vacancy	Appointed by Senate	
Mr F Illyas	UBU Sabbatical Officer	Demitted June 2019
Mr S Khan	UBU Sabbatical Officer	Demitted June 2019
Ms A Malik	UBU Sabbatical Officer	2020
Ms S Samera	UBU Sabbatical Officer	2020
Mr M Pandor	Graduate of the University	2022
Ms J Beaumont	Non-academic staff member	2020

Financial Headlines

	2018-19 £000s	2017-18 £000s
Income (£000s)	109,160	110,270
Expenditure excluding pension adjustment	(108,880)	(118,794)
Earnings before interest, depreciation, revaluations and exceptional items:		
Total	10,172	5,501
As % of income	9.3%	5.0%
Net cashflow inflow (outflow) from operating activities	4,457	(3,388)
Year-end cash balance	23,983	19,877

“With an operating result ahead of budget, firm cost control, and with stronger liquidity, our financial strategy is succeeding.”

The University



Our Aims

The overall aim of the University is set out in its Charter. It is to:

- advance education and knowledge through teaching and research; and the application of knowledge to societal welfare and in particular teaching and research in technological, scientific, social and professional disciplines in an environment of equality and diversity;
- collaborate with industry, commerce, the professions and other institutions;
- in addition to its national and international roles, have a particular commitment to the economic and educational well-being of the City of Bradford and the district and region.

Vision and Strategic Objectives

During 2018/19, we continued to pursue our vision of being a world-class technology university reflecting our foundations as the Bradford Institute of Technology. We sought to:

- create knowledge through fundamental and applied research;
- disseminate knowledge by teaching students from all backgrounds;
- apply knowledge for the prosperity and well-being of people.

The University of Bradford's strategy had four overarching objectives, which also shaped our development:

- excellence;
- internationalisation;
- equality and diversity;
- sustainability.

The University (continued)

Our Values

Our values describe how we operate and how staff, students and visitors behave towards each other. We:

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

Academic Themes

Three overarching academic themes frame decisions about developments in teaching and learning, as well as research and knowledge transfer, and guide our business activities and partnerships. They are:

- advanced healthcare;
- innovative engineering;
- sustainable societies.

Our Students

The University has around 9,300 students. Approximately 8,500 are based on campus in Bradford, with the remainder distance learners, either in the UK or abroad. Over 1,300 of the overall student population

is postgraduate including more than 300 research students. Of the students based at Bradford, 10% are part-time. 88% of students are Home/ EU residents with 1,019 students from the rest of the world.

The University plays a vital role providing educational opportunities for people from the Bradford district as well as elsewhere nationally and internationally. 45% of undergraduate students recruited in 2018-19 were from the Bradford area, with 76% from the Yorkshire and Humber region.

Academic provision is organised into four Faculties: Engineering and Informatics, Health Studies, Life Sciences, and Management, Law and Social Sciences.

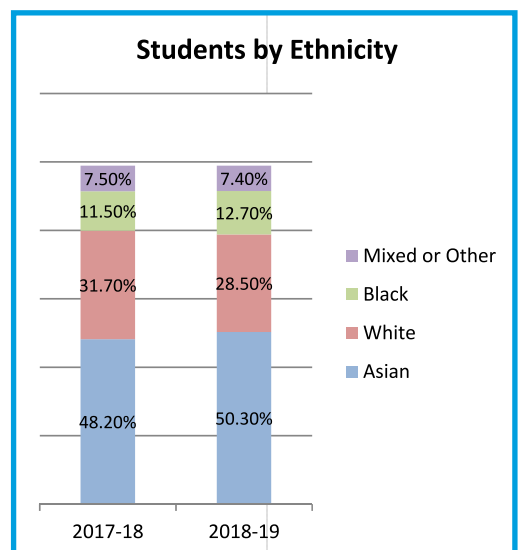
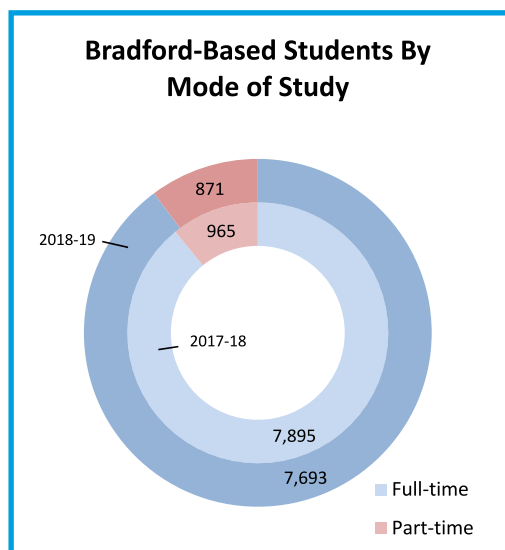
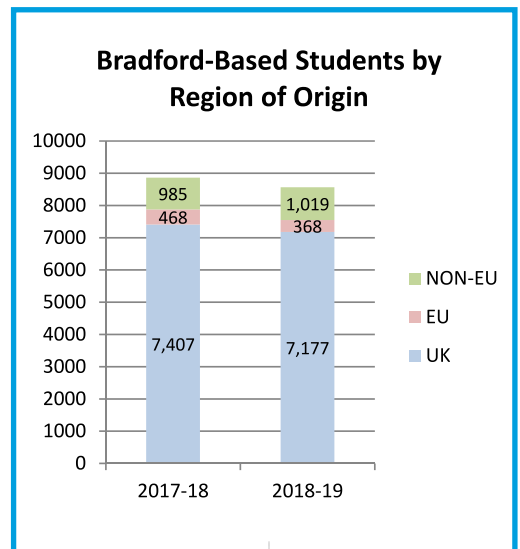
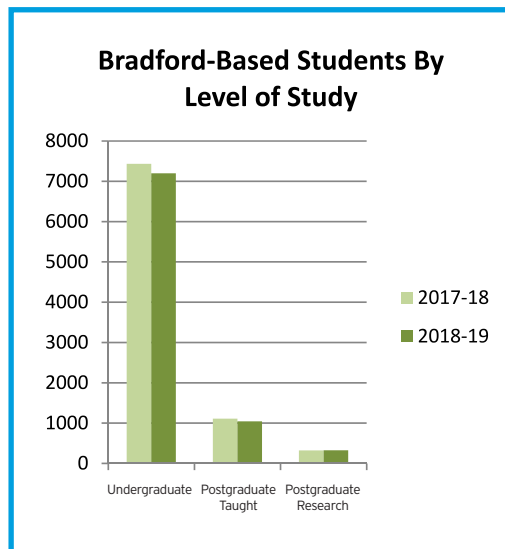
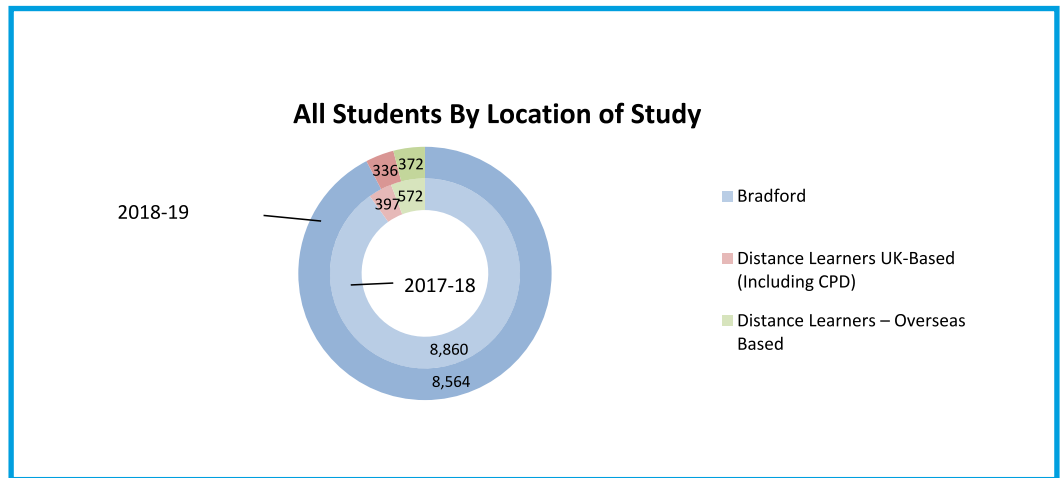
The charts below provide more information about our student population.

Staff Numbers

Our students are served by some 1,500 permanent staff working at the University, of whom 29% are part-time. As at the end of the year, we employed 1,245 full-time equivalent staff, 158 fewer than a year previously. Academic, technical and other staff supporting academic activity comprised 50%, with the remainder working in administrative, professional roles and other support functions.



The University (continued)



The University (continued)

Public Benefit

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

We provide public benefit through delivery of our teaching of students at undergraduate and postgraduate level, by enhancing knowledge through our research and through effective transfer of knowledge to business and the community. The University is one of a group of higher education institutions that are both highly research engaged as well as business and technology-focused. We benefit our economic partners through commercial research and knowledge transfer. The University achieves excellent graduate employment rates, and is regularly ranked highly in league tables for the proportion of our employed graduates obtaining professional and managerial jobs, after six months.

We make available a wide range of scholarships and bursaries. They enable students to access and participate in the University, who otherwise may be unable to afford to. As a result, we have a diverse student body, with proportions of minority ethnic, mature, disabled, and international students which are amongst the highest in universities in the UK. In turn, this yields outcomes and prospects for students who otherwise may not have the opportunities we enable.

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

of our approach to developing and sustaining excellence.

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

The University of Bradford is proud to be a part of the City of Bradford, the District and the City Region. We believe that through collaboration we contribute positively to developing the Bradford's local and regional economy. We are a University with a comparatively high proportion of local students, thereby acting as a key agent of economic prosperity and social improvement. The University is one of the city's recognised "anchor" institutions and one of its major employers.

We create effective partnerships, both formal and informal, with stakeholders in the district in the voluntary, public and private sectors.

The University of Bradford is a partner in 'Go Higher West Yorkshire', working with the consortium to deliver the OfS National Collaborative Outreach Programme, as well as to support outreach activity and raising aspirations amongst specific groups of young people, and their influencers across West Yorkshire.

In support of our Access and Participation Plan, we contribute to a number of local authority teams including the Bradford Pathways Programme, Bradford Industrial Centres of Excellence, Bradford Virtual School and Bradford Community Champions, as well as community and charity organisations. We participate with other education providers in the Bradford Opportunity Area initiative, designed to bring about a step change in the educational aspirations and achievements of young people and their families in Bradford. Alongside Bradford Council, we co-sponsor the University Academy Keighley and many of

The University (continued)

our staff are active as school governors or as representatives in networks across the City, district and region. The University offers a programme of public lectures and exhibitions, all accessible to the community.

Playing a leading role in the Bradford Health and Social Care Economic Partnership is of paramount importance to the University. We continue to work in collaboration with the Bradford Institute for Health Research (BIHR), to support Applied Health Research in Bradford. Following the award of a prestigious Wolfson Grant, working alongside the Bradford NHS Teaching Hospital Trust and University of Leeds, the Wolfson Centre for Applied Healthcare Research opened in 2019. We work closely with local partners in the health and private sector, and through our DHEZ Academic unit, to stimulate innovation, skills and practice across the spectrum of a person's physical and mental wellbeing.

Equality, Diversity and Inclusion

At the University we place equality and diversity, inclusion and a commitment to social mobility at the centre of our mission and ethos. As a community of staff and students from many nationalities, we believe our diversity is a source of strength that underpins our academic excellence. We promote equality, diversity and inclusion across our University community. Interventions include our dedicated disability services, a wide range of equality network groups, and a multi-faith chaplaincy. The University holds a Bronze Athena SWAN Charter award and Disability Confident accreditation. We are a member of the Race Equality Charter.

We champion diversity through events to commemorate key equality landmarks, including a celebration of the International Day for Women and Girls in Science themed 'Challenging stereotypes: The importance of women as leaders, scientists and innovators', #ThisProfCan speed networking event to celebrate the International Women's Day, and an event to mark the National Day for Staff Equality Networks.

The University's approach to promoting equality is structural and intersectional. We are working closely with our partners to address the structural and cultural factors that produce inequalities in our communities and region, which also impact upon our outcomes. This holistic, multi-agency approach serves to

harness the expertise and knowledge of local partners for maximum impact.

During the year, we continued to pursue our mission on social inclusion, reflected in the following characteristics of our student population:

- more than 70% of our student intake are Black and Minority Ethnic;
- more than 50% of students are from the most socio-economically deprived areas;
- The number of students coming to the University of Bradford from postcodes where traditionally participation in higher education was lowest is rising faster than in the rest of the UK as a whole;
- We achieve one of the lowest black attainment gaps in the country (comparing the proportions of black and white students who gain firsts or 2:1s);
- continuation rates of students drawn from the most deprived areas is 92% compared with the sector average of 85.9%.

Corporate Social Responsibility and Sustainability

The University's dedication to an ongoing Ecoversity programme is reflected in three of the world's most sustainable buildings being located on campus. We are also nationally recognised as a carbon reduction champion by the Chartered Institute of Building Service Engineers for reducing our carbon footprint by 50%, and the University is ranked 14th in the World according by the UI GreenMetric World University rankings 2018.

The University again received a prestigious Green Flag award. The University is among a record-breaking 1,970 UK parks and green spaces and 131 in 13 other countries around the world that have received a Green Flag Award. It is the mark of a quality park or green space and a sign to the public that the space boasts the highest possible environmental standards, is beautifully maintained and has excellent visitor facilities. The University also received another Yorkshire in Bloom award in recognition of the high quality of its green spaces.

The University takes seriously the importance of communicating with our staff and students. During the year, we developed our channels for better two-way communication and engagement. A more comprehensive approach to student communications is being developed, to launch in the 2019/20 academic year.

The University (continued)

The University is a founding partner in the Bradford Literature Festival which has grown from strength to strength since its creation five years ago, with an estimated attendance of 69,000. This year's festival saw 49 events hosted on the University campus alongside welcoming 10,800 young people through our doors as part of the Festival's school programme. The University has provided support since the inception of the festival, enabling its sustainable growth.

The University is a key partner in the Bradford Science Festival, designed predominantly to encourage young people and families in science. In partnership with the National Science and Media Museum this festival is growing in capacity and impact and this year attracted a total audience of 40,600. The festival is aligned with the Government's Industrial Strategy (November 2017) grand challenge 'Future of mobility' which is of importance in Bradford where social mobility is recognised as being poor and the University has a key role to play. The Festival believes that access to STEM at school, at home and in the community for the local population can and will support the economic regeneration of Bradford, the University partnership provides some sustainability and growth for this city cultural asset.

The Bradford Business Improvement District (BID), operating in city centre for a year now, supports the promotion of the city, cleaning the centre and making it a safer space for residents and visitors. The University is integral to Bradford BID leading on the 'Promote' pillar and being represented on the BID Board.

The University's work to ensure a culture of welcome and inclusion for asylum seekers and refugees has been recognised with the award of University of Sanctuary status. This has led to new projects and initiatives with greater focus on engaging and recruiting individuals with this status to the University through our Access and Participation work. This year will see the launch of Sanctuary Support Fund which will address ways of easing the financial barriers to study.

Finally, the University is committed to supporting Bradford in bidding for the UK City of Culture 2025 status. In doing so we will celebrate the cultural offering within the creative city of Bradford whilst also supporting the long-term drive to improve the reputation of the City. The University will be represented on the Bradford Steering Group.



Review of the Year



During 2018/19, the University continued to implement a significant programme of change designed to improve the quality and impact of our teaching and research, and to secure financial sustainability.

In this section, we look at achievements and events, key performance indicators, student recruitment, and internal changes. We then look ahead to future developments in the context of sector-wide trends.

Achievements and Events

The University was placed in the top 10 in UK for chemical engineering by the Guardian University League Tables, and top 10 in UK for forensic science, medical technology, occupational therapy, optometry, and physiotherapy by the Complete University Guide.

The Guardian University League Tables also placed the University in the top 20 in the UK for forensic science & archaeology, nursing & midwifery, pharmacy & pharmacology, and sports sciences, while the Complete University Guide placed archaeology in the UK's top 20.

Our School of Management remains part of an elite group of business schools worldwide with

the triple-crown of accreditations - Association to Advance Collegiate Schools of Business (AACSB), Association of Master of Business Administration (AMBA) and European Quality Improvement System (EQUIS). The Distance Learning MBA jumped into the top 10 in the 2019 Financial Times online MBA world rankings.

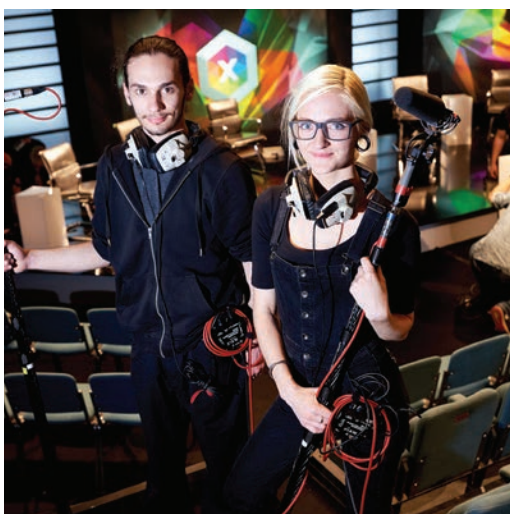
The two year part-time Distance Learning MBA was ranked the best value for money in the world, fourth in the world for career progress and 10th in the world overall, a rise of four places from its ranking in 2018. The Financial Times also placed the programme 3rd in the UK overall.

High-impact research continues to emerge from the University, receiving global media coverage. Bradford archaeologists have made some amazing discoveries in European waters and shorelines: lost landscapes under the sea; the use of mussel shells for ornaments 6000 years ago; and a Pictish coppersmith's handprint on the coast of Rousay dating back to the Iron Age, which led to our academics appearing on BBC's Digging for Britain series.

Our computing experts have been pushing through boundaries on artificial intelligence.

Review of the Year (continued)

We have been developing facial recognition technology (mapping 49 landmarks on the face), which helped to unmask the two men at the heart of the Salisbury novichok poisoning case, and working with local companies to transform their manufacturing processes and data intelligence (Rakusens and Exa Networks). Our technology has also helped determine whether a smile is genuine or not.



In October 2018 we were part of the inaugural Bradford Manufacturing Week, working with local authorities, schools and businesses to offer opportunities to and inspire young people in Bradford in deciding their futures.

Our strong commitment to fight cancer continued with significant new funding for breast cancer and a new doctoral training centre in our Institute of Cancer Therapeutics. We have developed a breakthrough liquid blood test for cancer diagnosis, discovered the relevance of an anti-psychotic drug in the treatment of breast cancer, and identified that prostate cancer cells change the behaviour of other cells around them allowing the cancer to spread. To raise awareness around cancer, one of our psychology academics addressed MPs on the topic of male cancer and we have teamed up with Yorkshire Cancer Research on a campaign called 'Wise up to cancer' to encourage Bradford's Asian women to come forward for cancer screening.

Our dementia team are continuing their important work with new research into how carers can influence how well a person lives with dementia, and the development of a new dementia e-learning course for those

responsible for training the health and care workforce. Our work to improve the lives of people affected by dementia was named as one of the UK's 100 best breakthroughs for its significant impact on people's everyday lives.

Our international partnerships are ever-growing. A delegation from the University of Bradford visited Pakistan to create new partnerships between the country and the Bradford region. Representatives from the Al-Ahliyya Amman University (AAU) in Jordan visited the University to look at exciting research and teaching collaborations. We also teamed up with a Chinese company, iBridge TT International Limited, on technology transfer of health and bioscience to accelerate the UK's launch of healthcare technologies in China, and have started a £3m interdisciplinary research project to address the growing threat of drug-resistant infections in India. Professor Engobo Emeseh, Head of the School of Law at the University of Bradford, has been in Nigeria as part of a high profile group investigating oil spills and the damage they create.

Strengthened ties with the city and region have led to a memorandum of understanding on healthtech across the Leeds City Region and our attendance at international events with a Leeds City Region delegation, such as MIPIM. We have also signed a Civic University Agreement with the City.

Continuing our commitment to health research, Grow MedTech, a collaboration between the Universities of Bradford, Huddersfield, Leeds Beckett, Sheffield Hallam and York, led by the University of Leeds, has also been established this year. We have begun working with a number of regional commercial partners on medical technology projects funded by Grow MedTech.

October 2019 saw the opening of the new Wolfson Centre for Applied Health Research within the grounds of Bradford Royal Infirmary. It is a research institute focused on healthy childhood, health ageing and high quality and safe care. The initiative is a partnership between the University of Bradford, University of Leeds and Bradford Teaching Hospitals NHS foundation Trust. Our staff working there are finding the Centre highly conducive to research and collaboration.

Review of the Year (continued)



International

The University undertook a high-level visit to develop strategic links with Ghana and Nigeria. The Vice-Chancellor led a delegation of academics and professional staff to Accra, Abuja and Lagos, where he brought together the expertise of other Vice-Chancellors who share interests in internationalising their universities. The delegation met with government officials, over 100 alumni of the University and 70 potential students, as the University seeks to boost student recruitment from the region.

The Vice Chancellor also took delegations to India and Pakistan in November and December 2018, to develop new partnerships with leading Indian and Pakistani higher education institutions. The delegation visited major cities in the sub-continent and met senior leaders, alumni and potential students. The Vice Chancellor was interviewed in the press

and broadcast media, and was able to promote the work of the university and also the wider regional work it is instrumental in, including the Bradford Literature Festival.

The University has seen increases in applications for 2019/20 from potential students from all of the regions visited, and our International Investment project has attracted additional students in the first year of the investment plan.

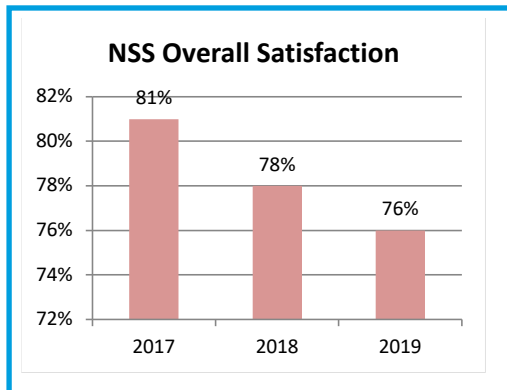
The University of Africa will shortly be signing a MoU with the World Universities Technologies Network (of which the University of Bradford is a founding member) and this will open up more opportunities for collaboration on staff exchanges and research. The trip also resulted in the Guarantee Trust Bank (one of the largest banks in Nigeria) signing a contract with us to enrol their staff onto our online MBA course as part of their staff development.

Review of the Year (continued)

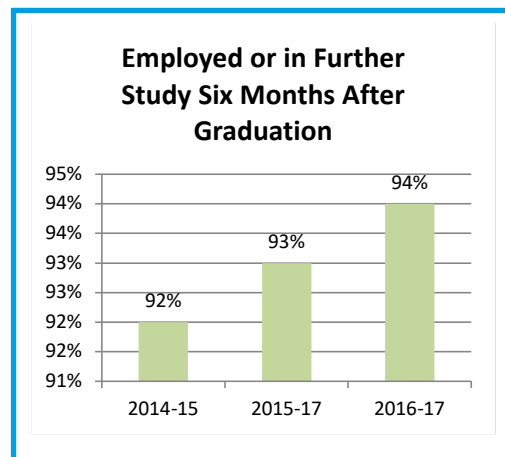
University performance

The University has a range of key performance indicators to measure progress and delivery of its strategic objectives. These are considered by Council as a standing agenda item. The charts below show a three year trend of data for a selection of these indicators.

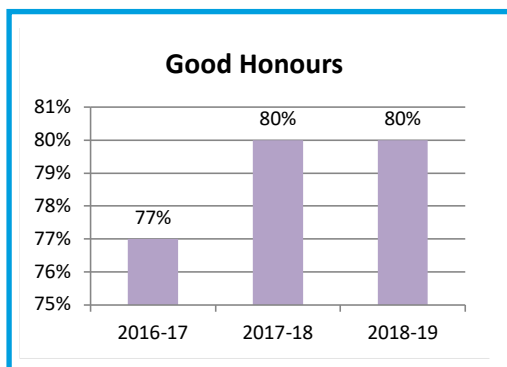
One of our strongest performance measures institutionally is in relation to graduate prospects, with the percentage of our graduates in employment or further study six months after graduation increasing year-on-year and currently within the top quartile in the sector. The table below is based on the Destinations of Leavers from Higher Education (DLHE) return which ceased in 2016/17. The replacement Graduate Opportunities (GO) survey will report on the 2017/18 cohort in Spring 2020 as the survey is now completed 15 months after leaving.



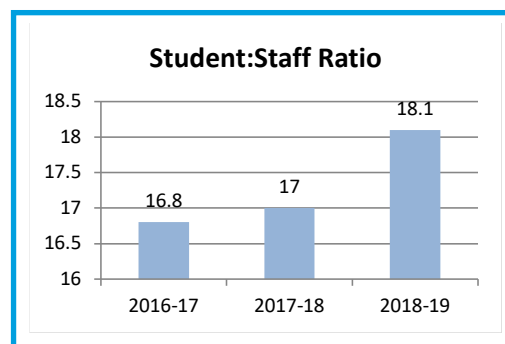
Our performance in the National Student Survey (NSS) has declined following a period of significant change. Improving our student experience is an urgent focus for the University, with significant work underway to engage with students and staff to understand and address the fundamental issues to ensure we satisfy our students' expectations.



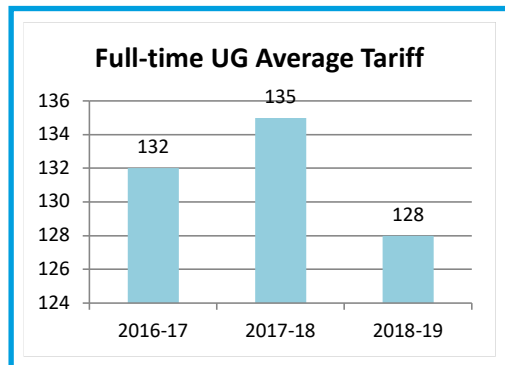
The staff-student ratio has increased over a period which has included academic structural changes. This is something the University will continue to monitor and review through academic, staff workload, and operational planning processes.



Good Honours attainment continues to be positive. We have maintained our strong performance in the most recent figures, following previous improvements. The University is committed to closing the attainment gap for specific student groups such as BAME students and those from low socio-economic backgrounds, as set out in our Access and Participation Plan.



Review of the Year (continued)



The average tariff of new entrants reported a drop. This reflected a conscious shift in approach to ensure that the University maximises its student numbers and tuition fee income, balanced with maintaining the quality of the student cohort.

Internal Change Management

In last year's report we announced the commencement of a further set of changes under the banner of our Bradford Excellence Programme, a continuing transformational plan of action to enable us to achieve our short and long-term ambitions.

These changes included:

- Organisational restructure: reshaping of our Professional Services Directorates, and non-academic functions within faculties was completed during 2018. This remodeled the University to create better alignment with projected student numbers, and brought our proportion of support staff closer to sector norms. A Top Management Review redistributed responsibilities and accountabilities amongst fewer senior managers;
- Recruitment: more targeted investment in international student recruitment in countries across the world where the University has a market advantage, as well as sustaining UK recruitment;
- Academic shape: reforming our future Bradford offer, concentrating on new interdisciplinary relevant courses, and including research, academic capability, student retention, and fundraising.

We also completed the relocation of the Management School from Emm Lane, and consolidated our Digital Health Enterprise Zone onto the main campus too. As a result, all the Bradford-based teaching, learning and research now takes place on the main campus.

The University is now more efficient and sustainable, and its organisation development has moved from major restructure to a continuous improvement phase. Enhanced approaches to operational and financial planning have been implemented, and an Investment Panel has been established to provide more detailed information and recommendations around future investments that will better align with strategic objectives. The well-established Programme Management Office (PMO) continues to maintain the institutional change management methodology, deploy resources for delivery, as well as monitor and oversee the core portfolio of institutional projects.

The University recognises the uncertainty that these changes have created for our staff, and acknowledges the dedication and commitment that colleagues have shown during the year in helping our students achieve great things.

Leadership Changes

Vice-Chancellor Professor Brian Cantor announced in September 2018 that he would step down at the end of the 2018/19 academic year and would take up an Emeritus Professorship at the University of Oxford. During his tenure, Professor Cantor led the University through a period of reform and development which emphasised our technology focus.

A comprehensive exercise was conducted to recruit a new Vice-Chancellor and following a thorough assessment process the University announced the appointment of Deputy Vice-Chancellor Professor Shirley Congdon as the new Vice-Chancellor, with effect from 1st August 2019.

Sector developments

The Higher Education landscape continues to present wide-ranging changes and uncertainty.

We are delivering on our target to stabilise home undergraduate student recruitment in the context of an increasingly competitive environment. Our strategy to increase student numbers from international markets is making progress. The recent Government announcement on the introduction of a two-year post-study work visa for international students is a welcome boost for the sector, creating a more attractive offer for international students to come and study in the UK, in a competitive global market.

Review of the Year (continued)

The Office for Students (OfS) as the new sector regulatory body continues to shape the regulatory environment with increasing emphasis on performance monitoring, benchmarking, and equal opportunities. It is expected that the Teaching Excellence Framework (TEF) will continue to evolve with a planned subject level TEF. A new approach to Access Plan development with more detailed supporting data is in play, along with new requirements for publication of transparent student access and attainment data. The OfS has confirmed the successful registration of the University of Bradford as well as approving our Access and Participation Plan for 2020-21 to 2024-25.

Data Futures is a Higher Education Statistics Agency (HESA) transformation programme that was designed to deliver a modernised and more efficient approach to collecting data, to deliver better output for a wider range of data users. The planned implementation in 2019-20 will now be delayed and the entire approach is being reconsidered, following significant challenges with the programme. This will impact the intended benefits for Universities across the sector, which included more timely access to consistent benchmarking data, and will involve additional work for many institutions in responding to the changes in approach and requirements by HESA.

The ongoing discussion about the viability of the Universities Superannuation Scheme will also need to be closely monitored. The 2018 valuation requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The University has provided for these changes in its forward budgets.

The Augar Review of post-18 education in England published recommendations in 2018-19 which included reducing home undergraduate tuition fees to £7,500 with additional funding supplements for some specific subject areas. However, given the current political landscape and uncertainty it is unlikely that these recommendations will now be implemented in the short term.

Ongoing volatility and uncertainty in relation to Brexit makes it very difficult to assess the impact for the sector and the University of Bradford of any change in relationship with the European Union. There are risks associated with international student recruitment, staff recruitment, research and partnerships. The current Government support for loans for EU students and commitment to funding research provides some mitigation; however any change in political party or leadership could present new opportunities and challenges through changes in stance and policy. Members of the University Executive Board and Council receive regular briefings on these subjects to ensure the University is well-placed to respond to future developments within the sector.

Future Development

As we enter 2019/20 under new leadership, we have begun to review our strategy, informed by our ambition to:

- make a significant impact on sustainable economic and social growth locally and globally through delivering world leading teaching, research and innovation that focuses on key global challenges;
- be an international leader in equality and diversity;
- make continuous and sustained enhancements to staff and student engagement to liberate and support talent;
- be system leaders in integrated working to support social mobility;
- innovate our teaching portfolio and teaching methods to support high levels of student success and graduate outcomes.

This strategy review signals the next stage in our institutional development.

Financial Review

Summary

During 2018, the University set a strategy to secure financial sustainability in the medium term. 2018/19 was planned as part of a turnaround phase, prospectively lasting into 2019/20.

We targeted income similar to 2017/18 levels, reflecting intense competition and demographic trends in the UK undergraduate market, plus some modest growth from overseas markets.

We embarked on significant internal restructuring, principally in professional and support services, but also in academic size and shape. These changes were implemented during 2018/19, driving significant cost reductions, whose impact will be fully realised in 2019/20.

In setting our internal management financial budget for 2018/19 - which ignores pension-related fluctuations and asset valuation changes - we started the year with a target underlying operating deficit of £5m. This plan still allowed for strong liquidity, and reflected prudent assumptions about the scale of change we had set in train. Our actual performance was stronger than budgeted, with an underlying operating surplus of £0.4m, reflecting levels of income higher than prudently budgeted and current expenditure being tightly controlled.

	Jul-19 £000s
Deficit before other gains / (losses) and share of operating surplus / deficit of joint ventures and associates	(20,893)
Add: USS pensions valuation movement (note 7)	18,615
Add: additional WYPF costs re pension strain & McCloud/GMP judgements (note 23 past service costs)	2,223
Add: Pensions interest (note 9)	410
Underlying operating surplus	355

The University's Financial Strategy is to earmark for future investment any resources generated from such better-than-budgeted performance. Our Financial Strategy places liquidity centre-stage. The 2018/19 results is strong in this regard, with operating cash inflow at £4.5m, compared to an outflow of £3.4m last year.

Against this stronger-than-planned underlying operating performance, the reported result of £40.9m deficit is dominated - as for many universities - by pension-related charges of £40.9m driven by actuarial valuations.

	Pension costs £000s	Interest (note 9) £000s	Total £000s
Staff costs (note 7 USS movement in provision)	(18,615)	(207)	(18,822)
Staff costs (note 23 WYPF)	(2,558)		(2,558)
Actuarial gain / (loss) in respect of pension schemes (SOCl WYPF)	(19,347)	(203)	(19,550)
Movement in provision (note 18)	(40,520)	(410)	(40,930)

In short, notwithstanding the headline position of the Financial Statements, we have made steady progress in 2018/19 on our planned path to secure financial sustainability.

Key Financial Results

The table shows key consolidated financial results, with commentary below.

Key Financial Results	2018-19 £000s	2017-18 £000s
Income	109,160	110,270
Total expenditure excluding pension adjustments	(108,880)	(118,794)
Adjusted EBITDA	10,172	5,501
Adjusted EBITDA as a % Income	9.3%	5.0%
Pension adjustment (included in total expenditure)	(21,173)	2,288
Net cashflow from operating activities	4,457	(3,388)
Year-end cash balance	23,983	19,877

Financial Review (continued)



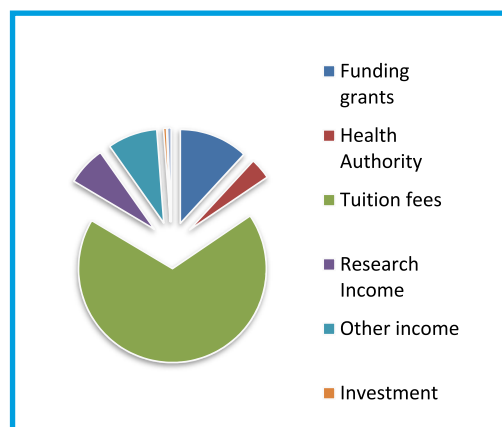
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The adjusted EBITDA is a financial metric widely used across the sector to measure University financial sustainability.

The calculation below, of earnings before FRS 102 pension adjustment, depreciation, amortisation, tax and one off exceptional items, show £10.2m compared to £5.5m in 2017-18, a positive change of £4.6m. The adjusted EBITDA as a percentage of income is 9.29%.

Consolidated EBITDA	Jul 19 £000s	Jul 18 £000s
Deficit before Tax	(21,639)	(12,307)
USS movement	18,615	(3,597)
WYPF movement	2,558	1,309
Impairment of fixed assets	2,291	657
Depreciation & Amortisation	7,776	7,382
Interest	1,551	1,676
Gain on Investment	(1,513)	(551)
Restructure costs	533	5,032
The Green Provision	0	5,900
Adjusted EBITDA	10,172	5,501

Income

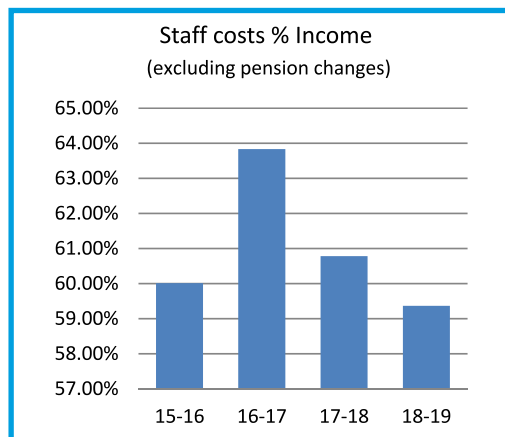


Total income for 2018-19 was £109m, £1m lower than the previous year, though better than originally planned in our prudent internal budget. The percentage of total income deriving from core tuition fees grew by 4.2%. Fluctuations in the tuition fee, the volume of students, and the mix between home and overseas influence the financial performance significantly. Income from non-EU students grew by 16% reflecting a growth of 15% in Postgraduate student and a 5% increase in fees year on year. Funding body grants, including Health Authority, decreased by 3% reflecting the final year impact of the changes in the funding regime for Health students. Research and other income remained static from 2017-18 to 2018-19. In total, income was slightly ahead of the University's financial strategy assumptions.

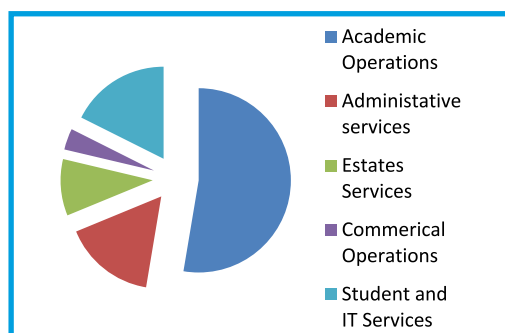
Financial Review (continued)

Expenditure

Total expenditure, excluding pension adjustments was £109m, a reduction of 8% on the previous year. Underlying expenditure on staffing decreased by £2m, 4% year on year. Over the last three years we have reshaped internally to align with the current student profile, and to realise the benefits of technology enhancements. This has brought about a decrease in staff costs as a proportion of income by 5% year on year to 60%. Throughout 2018-19 the final professional service reviews have been completed and the full impact will be realised in 2019-20.



Operating expenses were largely in line with previous year at £33.5m compared to £33.4m (excluding the exceptional item in 2017-18 of £5.9m). A strategic review of the University's International markets allowed targeted investment and increased costs associated with growth in student recruitment and experience. The University accounted for exceptional items in 2017-18 which will ensure a £1m saving year on year from 2018-19 on the contract relating to The Green. All other costs will continue to be a major focus for the University's procurement team in the delivery of value for money and allowing for investment in the student access and experience.



Turning to the composition of expenditure, academic operations and student and IT services all support students directly, and make up 70% of the total. Over the last two years the University has centralised all administrative services, which account for 16% of spend. The remaining 14% includes spend on the estates and cost of the catering, retail and sports facilities for students, staff and the local community.

A provision of £3.5m for fundamental restructuring costs was accounted for in 2017-18, following the decision by the University to reshape internally. The provision was based on an average voluntary redundancy payment of all professional staff. The programme was completed in 2018-19 with the University realising a final cost of £4m (£0.5m in 2018-19). The total accumulated restructuring costs since 2015/16 are £9.5m.

Pensions

The institution participates in the Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

The total cost charged to the Consolidated Statement of Comprehensive Income is £18.8m (2018: (£3.4m)).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017, which was carried out using the projected unit method.

The USS provision adjustment has been volatile, and will continue to be so, not least because of the lack of consensus between the scheme, employers and members over how to measure the long-term position of the fund. The 2018 actuarial valuation was finalised after the year end, with a new deficit recovery plan in place for 2019/20. It indicated a shortfall of £3.6 billion and a funding ratio of 95%. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The University has provided for these changes in its forward budgets.

Financial Review (continued)

Looking ahead, we expect that - assuming all other assumptions used to calculate the provision remain unchanged - the adjustment for 2019/20 will have a positive impact on the Statement of Comprehensive Income of £12.6m as we reduce the provision in line with the 31 March 18 valuation. More detail is given at Note 23.

Turning to the West Yorkshire Pension Fund, we likewise saw an adverse movement, with the actuarial valuation adding over £22m to liabilities.

All movements considered, pension provisions on the University balance sheet increased by £40.9m, accounting almost entirely for the reduction in total net assets.

Cash Generation and Cash Balances

Operating activities generated a net inflow of £4.5m, compared to an outflow of £3.4m in 2017/18. Our financial strategy puts liquidity management centre stage: a key focus has been the management of the cash position, with enhanced controls and reporting put in place and additional governance oversight.

Cash generation will continue to enable investment in capital and infrastructure programmes necessary to enhance the student access and experience.

Cash and cash equivalents ended the year at £24.0m, up from £19.9m. The growth reflects cash generation as well as the liquidation of £3.5m long-term investments for a transaction anticipated in 2019/20 relating to The Green accommodation.

Our liquidity position is supported by our long-term investment portfolio, valued at £18m at year end.

Fixed Assets

£1m was incurred relating to works required to facilitate the move from Emm Lane onto main campus. A further £1m was incurred as the University's contribution to the Wolfson Centre for Applied Research Building (CAHR project with Leeds University) situated at Bradford Royal Infirmary. No other significant singular additions or disposals to fixed assets were undertaken. However, we impaired the value of our property at Emm Lane following the relocation of the Management School to the main campus by £2.3m. This reflects the reduced future cashflows anticipated from the potential repurpose of the building if leased.

Long-Term Debt

Capital investment of £6.1m was part funded from new borrowings of £2m. Loans, which are all unsecured, totalled £23.3m at year end.

Net Assets and Reserves

Net assets fell to £14.5m, driven predominantly by the pension valuation changes. Current assets grew by £2.6m and net current assets by £1.3m to £6.5m. As a result, unrestricted reserves stand at £11.8m at the year end. The net asset target (total assets less current liabilities minus creditors: amounts falling due after more than one year) incorporated into the financial strategy was £77m and currently stands at £78m. The current ratio provides an important insight into how liquid a company is; internally the target for the current ratio is 1.2. The University has achieved this with a ratio of 1.24.

Outlook and Going Concern

In conclusion, financial performance in 2018/19 has been fully consistent with the strategy set in 2018. We are confident in our ability to remain viable and sustainable in a challenging and dynamic local, national and international context.

Through active risk management, we continually monitor the potential impact of home and international student recruitment, the views of our students, international and domestic political factors, the financial health of the USS pension scheme, the expectations of stakeholders, and developments in the regulatory regime.

Four salient risks stand out:

- Uncertainties and volatility in international recruitment. We remain confident that our growth strategies are realistic, and can build on good performance in 2018 and evidence of continuing momentum in 2019. We will seek to diversify channels and markets in order to mitigate the uncertainties. The effects of Brexit are of course part of this panorama.
- Competition and demographic pressures in UK recruitment. Although our enrolment numbers were ahead of plan in 2018/19, we recognise the intense competition in the UK market for undergraduates, coupled with demographic factors locally and nationally. These all undermine the degree of certainty we can bring to our forecasting, and mean our contingency and risk management must be agile and responsive.

Financial Review (continued)

- The long-term viability of pension schemes. We are not alone in this, but as we have seen this year, valuation issues have a highly volatile impact on our balance sheet, and scheme costs affect our budgeting (each 1% increase in employer contribution rates add £0.5m expenditure per annum). Our staff worry about the affordability and long-term value of the schemes if they are reformed.
- Generally, the financial business model for the UK HE sector features a squeeze between zero or negative inflation on fees, and positive cost inflation, particularly on the paybill. Each 1% pay increase adds £0.6m costs per annum.

Whilst our balance sheet has been weakened by the increase in pension provisions, the University has a good level of cash balances and long-term investments. Our budgeting is underpinned by prudent assumptions and contingency planning, which has proved its worth in 2018/19, with the stronger-than budgeted result for the year. Our recent track record is success in planning, implementing and controlling change and showing discipline in cost management.

The University is committed to putting the student at the centre of all of its strategies. During 2019, we will be strengthening our teaching and research strategies, in order to further enhance student access and experience and the quality of our work, which in turn will ensure financial sustainability.

We will build on our recognised track record in promoting social mobility, and focus on the quality and delivery of our programmes and research to ensure students and other consumers of our intellectual capital are well served.

Following a period of change and turbulence during 2018, the University will build on the great commitment and skill of our staff in pursuit of our ambitions in what we intend to be a more stable period for the institution.

Investment Policy

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

Long-term Investment Policy

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

Treasury Management Policy

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

Statement of Corporate Governance and Internal Control

The University is committed to demonstrating best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the Higher Education Code of Governance published by the Committee of University Chairs and the OfS ongoing conditions of registration around management, governance and accountability.

Corporate Governance

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

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

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

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

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council and the Senate for maintaining and promoting the efficiency and good order of the University. The responsibilities of the Vice-Chancellor are defined in summary in the University's Statutes. In addition, the Vice-Chancellor is the Accountable Officer to the Office for Students and is formally responsible for: ensuring that the University operates consistently with and continues to satisfy its ongoing conditions of registration as a higher education provider. In effect, the Vice-Chancellor is the Chief Executive Officer of the University.

The Executive Board is the University's senior management team and supports the Vice-Chancellor in the exercise of the general delegation from the Council. The Executive Board supports the Vice-Chancellor in ensuring the effective leadership, coordination and management of the activities of the University. The Executive Board, inter alia, proposes to Council, through the Finance Committee, the University's annual revenue and capital budgets and manages and monitors performance in relation to approved budgets. In respect of its strategic planning and development responsibilities and as the planning and budgeting processes involve matters falling within the powers of both bodies, the Council and Senate receive recommendations and advice from the Executive Board.

In 2018-19, the Council held four ordinary meetings along with one extraordinary meeting to consider and approve the appointment of a new Vice-Chancellor. In addition, the Council held two strategic planning events throughout the year.

Council delegates certain responsibilities and detailed scrutiny of a range of matters to its Committees, namely the Finance Committee, the Audit Committee, the Governance and Nominations Committee, the Remuneration Committee, Ethics Committee and the Health, Safety and Wellbeing Committee. The recommendations and decisions of these committees are formally reported to the Council. The remit and responsibilities of these committees are set out below.

Statement of Corporate Governance and Internal Control (continued)

Committees of Council

The role of Council committees is set out below.

Governance and Nominations Committee

The Governance and Nominations Committee considers nominations for membership of Council and reports to Council on the overall effectiveness of governance arrangements. The Committee ensures that there is an appropriate range of skills and expertise on Council and that there is effective succession planning. Members of Council are appointed for an initial term of three years, renewable for a maximum of two further terms, i.e. for a maximum of nine years, which is consistent with the provisions of the CUC Code of Governance. The Governance and Nominations Committee undertakes an annual light-touch effectiveness review with a periodic external review of effectiveness also. The Committee approves University nominated directors to subsidiary and associated companies. The Governance and Nominations met two times in 2018-19.

Remuneration Committee

The Remuneration Committee determines the pay and conditions of the Vice-Chancellor and other senior staff. The Committee also receives reports on equal pay and other staffing related matters. The remuneration Committee met three times in 2018-19.

Audit Committee

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

meets privately with internal and external auditors for independent discussions at least annually. The Audit Committee met four times in 2018-19.

Finance Committee

The Finance Committee is responsible for recommending to Council the University's annual Financial Statements, financial forecasts and annual budgets, for monitoring the University's overall financial health and advising on financial strategy. In doing so, it reviews key financial risks, seeking explanation and clarification as appropriate and reviews financial regulation, policies and procedures to ensure that they are robust and follow best practice. The Finance Committee met four times in 2018-19.

University Ethics Committee

The University Ethics Committee oversees and monitors the University Ethics Code and how the Code and principles contained within it are embedded across the University. During 2018-19, the Committee approved a new Ethical Framework for the University, detailing the measures in place across the University by which it assures itself that the University is acting in an ethical manner and in accordance with its policies in this regard. The University Ethics Committee met once in 2018-19.

Health, Safety and Wellbeing Committee

The Health, Safety and Wellbeing Committee provides assurance to Council that the University's statutory obligations in relation to health and safety are being met and that appropriate reporting mechanisms and policies are in place and being implemented. The Health Safety and Wellbeing Committee met two times in 2018-19.

Internal Control and Risk Management

The Council has responsibility for ensuring that a sound system of internal control is in place. This supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the Council in the Charter and Statutes and as part of the University's ongoing conditions of registration.

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

Statement of Corporate Governance and Internal Control (continued)

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

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

- Scrutiny of internal and external audit plans, reports and management actions at the University's Audit Committee;
- Receiving an Annual Report providing assurance that risk management control is effective;
- Agreeing the Risk Management Policy annually and considering in detail the University's risk appetite;
- Assigning responsibility for overseeing risk management to the Audit Committee, with operational management assigned to Executive Board and the University Risk Oversight Group;
- The Audit Committee receives regular reports from the internal auditors, which include the internal auditors' independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement;
- Facilitated training and awareness sessions are held as necessary to identify and record risks facing the University;
- Risk awareness is embedded into University decision making at all levels and includes the requirement to assess risks on all new projects requiring a business case;
- A robust risk prioritisation methodology based on probability, impact and controls is applied;
- Faculty and University risk registers are used and updated regularly to monitor risks, controls and management action and kept under;

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

- Internal audit, which operates to standards designed to conform to the International

Standards for the Professional Practice of Internal Auditing and the International Professional Practices Framework as published by the global Institute of Internal Auditors.

- The internal auditors submit regular reports that include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement;
- the work of the executive managers within the institution, who have the responsibility for the development and maintenance of the internal control framework; and
- The comments made by the external auditors in their management letter and other reports.

The Council has approved a basket of key performance indicators which are benchmarked against other publicly available data sources and reviewed on a regular basis by Council. The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant business, operational, compliance and financial risks, that it has been in place for the year ended 31 July 2019 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for Higher Education.

Council Member Support and Development

All members of Council have access to independent professional advice from the University Secretary. The University Secretary is a member of the University's Executive Board, however for the purpose of their role as Clerk to Council acts independently and is accountable to the Council.

Members of Council receive independent advice and guidance from the University Secretary on their individual responsibilities as members and as Charity Trustees and are made aware of the collective nature of decision making of the Council, for example through induction and briefings and a dedicated members' handbook.

The Council ensures that each of its lay members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement, both through a Register of Interests and a formal declaration of interest at each meeting.

Statement of Corporate Governance and Internal Control (continued)

In addition to a formal induction programme, Council members also receive regular briefings and awareness sessions in relation to different elements of the University

Statement of Council Primary Responsibilities

The University Council has adopted a Statement of Primary Responsibilities which sets out the principal responsibilities of the governing body. It is based on the Model Statement contained in The Higher Education Code of Governance, published by the Committee of University Chairs (December 2014, revised June 2018).

The University is an exempt charity under the terms of the Charities Act 2011 and is therefore subject to charity legislation. Charity status confers particular responsibilities on members of the Council who are the charity trustees in law. In summary, Trustees must:

- ensure the charity is carrying out its purposes for the public benefit, and that its assets are applied solely for its charitable purposes;
- comply with the charity's governing document and the law;
- act in the charity's best interests, including by managing conflicts of interest;
- ensure the charity is accountable;
- manage the charity's resources responsibly, including by managing risks and protecting its assets and people;
- act with reasonable care and skill.

The primary responsibilities of Council are as follows:

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University and to ensure that these meet the interests of students, staff and other stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To appoint the Vice-Chancellor as the chief academic and administrative officer of the University and the Office for Students (OfS) Accountable Officer and to put in place suitable arrangements for monitoring his/her performance and setting appropriate remuneration (through the Remuneration Committee).
4. To delegate authority to the Vice-Chancellor for the effective academic, corporate, financial, estate and human resource management of the University and to establish and keep under review the policies, procedures and limits under which such authority is exercised.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances, whistle-blowing, and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Council and its sub-committees, with a formal effectiveness review of the Council at least once every four years.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life embracing selflessness, integrity, objectivity, accountability, openness, honesty, and leadership; and to observe the principles relating to 'fit and proper' persons for the purpose of managing and governing the University.
8. To receive assurance that adequate measures are in place to safeguard the reputation and values of the University and to be responsible for the ethical governance of the University.
9. To commit to open debate and discussion, and freedom of speech and academic freedom as referenced in the Higher Education and Research Act 2017.
10. To ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To ensure that systems are in place for meeting all the University's legal obligations, including those which relate to health and safety and equal opportunities and those which arise from contracts and other legal commitments made in the University's name. The Council is responsible for determining the custody and use of the Common Seal of the University.

13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To receive assurance that the Students' Union operates in a fair and democratic manner and is accountable for its finances.
15. To receive assurance that any property, legacy, endowment, bequest or gift made to the University is used to support its work.
16. To ensure that the University's Charter and Statutes are followed at all times and that appropriate advice and support is available to enable this to happen.



Independent Auditors' Report

to the Council of the University of Bradford (the "institution")

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2019 and of the group's and of the parent institution's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice - Accounting for Further and Higher Education and the requirements of the Office for Students' Accounts Direction*.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise the consolidated and University Balance Sheets as at 31 July 2019; the consolidated and University Statement of Comprehensive Income, the consolidated and University Statement of Changes in Reserves, and the consolidated Statement of Cash Flows for the year then ended; the Statement of Principal Accounting Policies; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent institution's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's and parent institution's activities, students, suppliers and the wider economy.

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of Council for the financial statements

As explained more fully in the Statement of Primary Responsibilities set out on page 24, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

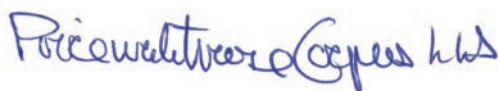
This report, including the opinions, has been prepared for and only for the Council as a body in accordance section 14 of the Statutes of the institution, and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' and Research England's Audit Code of Practice issued under the Further and Higher Education Act 1992 and the Office for Students' Accounts Direction issued under the Higher Education and Research Act 2017

In our opinion, in all material respects:

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



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors Leeds
Date: 26/11/19

* The relevant Office for Students' Accounts Direction consists of the Accounts Direction issued on 19 June 2018 (OfS 2018.26) (the "2018 Accounts Direction"), except for paragraph 15d of the 2018 Accounts Direction for which the entity has instead early adopted, as permitted, paragraph 12d of the Accounts Direction issued on 25 October 2019 (OfS 2019.41).

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102) and the requirements of the Office for Students' ("OfS's") Accounts direction (OfS 2018.26). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

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

Income recognition

Income is credited to the Consolidated Statement of Comprehensive Income when the services are supplied.

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

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate.

Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

Donations and endowments

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

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

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

Statement of Principal Accounting Policies (continued)

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

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

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

Capital grants

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

Employment benefits

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

Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The USS also has a defined contribution element for salaries

over a certain level. Each fund is valued every three years by professionally qualified independent actuaries.

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

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

Defined Contribution Plan

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

Defined Benefit Plan

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

Statement of Principal Accounting Policies (continued)

Finance leases

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

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

Operating leases

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

Foreign currency

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

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

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

Exceptional Items

Items that are considered to be unusually large or uncommon in the normal course of business are treated as Exceptional Items. Such items are identified separately in the accounts. Management use their judgement to determine which items to be classified within the exceptional items.

Fixed assets

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

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

Useful life in relation to valuation of tangible assets

Assumptions have been made in relation to the potential future cash flows to be determined from separable tangible assets acquired. This assessment involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

Land and buildings

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

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

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

Statement of Principal Accounting Policies (continued)

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

Plant and Machinery & Fixtures, Fittings and Equipment

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

Plant and Machinery & Fixtures, Fittings and Equipment	3-25 years
Computer Software	3 years
Vehicles	4 years

Impairment – Fixed Assets

A review for impairment of a fixed asset is carried out at each reporting date if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Indicators of impairment include:

- evidence of obsolescence or physical damage of an asset;
- a significant adverse change in the environment or competitive market. This may be caused by, for example: the entrance of a new supplier of a course or service; changes in the regulatory or statutory environment; or significant changes in the value of an indicator used to measure the fair value of a non-current asset on acquisition. Such changes may include income streams from courses

underperformance against the recurrent funding agreement with the funding body;

- an asset's market value has declined significantly more than expected, for example due to a slump in property prices;
- significant changes have occurred, or are planned imminently, to the way the asset is used, may require a restructure or business plans leading to courses being withdrawn and assets becoming idle; and
- evidence indicates that the economic performance of an asset is significantly worse than expected.

Investments

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

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

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment only qualifies as a cash equivalent when it has a short maturity, typically three months or less from the date of acquisition.

Financial Instruments

The University has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments, which include debtors and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments

Statement of Principal Accounting Policies (continued)

discounted at a market rate of interest for a similar debt instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Financial assets classified as receivable within one year are not amortised.

Impairment – Financial Assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership

are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the University's contractual obligations expire or are discharged or cancelled.

Provisions, contingent liabilities and contingent assets

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

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

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

Statement of Principal Accounting Policies (continued)

A contingent liability arises when an event leads to:

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

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

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

Provision of Doubtful Debts

At each balance sheet date the collectability of trade receivables is evaluated and provisions for doubtful debts are recorded based on experience, including comparisons of the relative age of accounts and consideration of actual write-off history. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively.

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

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

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.
- In respect of its interest in a jointly controlled asset, the University recognises in its financial statements:
 - its share of the jointly controlled assets, classified according to the nature of the assets;
 - any liabilities that it has incurred;
 - its share of any liabilities incurred jointly with the other ventures in relation to the joint venture;
 - any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by

the joint venture; and

- any expenses that it has incurred in respect of its interest in the joint venture.

Taxation

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

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

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

Reserves

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

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

Definition of Terms

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

Accounts comprise the Statement of Comprehensive Income, the Balance Sheets, the Statement of Changes in Reserves, and the Statement of Cash Flows.

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

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

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

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

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

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

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

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

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

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

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

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

Consolidated and University Statement of Comprehensive Income for the Year Ended 31 July 2019

	Note	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	78,565	78,565	78,872	78,872
Funding body grants	2	13,005	13,005	13,401	13,401
Research grants and contracts	3	7,308	7,308	7,305	7,305
Other income	4	9,414	9,327	9,526	9,376
Investment income	5	574	574	606	606
Donations and endowments	6	294	294	560	560
Total income		109,160	109,073	110,270	110,120
Expenditure					
Staff costs	7	86,647	86,439	69,024	68,786
Fundamental restructuring costs		533	533	5,032	5,032
Other operating expenses	8	33,546	33,586	33,392	33,341
Depreciation		7,776	7,776	7,382	7,382
Interest and other finance costs	9	1,551	1,524	1,676	1,664
Total expenditure		130,053	129,858	116,506	116,205
Deficit before other gains / (losses) and share of operating deficit of joint ventures and associates		(20,893)	(20,785)	(6,236)	(6,085)
Gain on investments		1,513	1,513	551	551
Impairment of fixed assets	11	(2,291)	(2,291)	(657)	(657)
Movement on onerous contract				(5,900)	(5,900)
Share of operating surplus in joint venture		32	0	(65)	0
Deficit before tax and deficit for the year		(21,639)	(21,562)	(12,307)	(12,091)
Actuarial (loss) / gain in respect of pension schemes	23	(19,347)	(19,347)	7,756	7,756
Total comprehensive expense for the year		(40,986)	(40,909)	(4,551)	(4,335)
Represented by:					
Endowment comprehensive income for the year		78	78	117	117
Restricted comprehensive (expense) / income for the year		(104)	(104)	27	27
Unrestricted comprehensive (expense) for the year		(40,960)	(40,883)	(4,695)	(4,479)
		(40,986)	(40,909)	(4,551)	(4,335)

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves for the Year Ended 31 July 2019

Consolidated	Income and expenditure reserve			Total
	Endowment £000	Restricted £000	Unrestricted £000	£000
Balance at 1 August 2017	1,073	1,486	57,533	60,092
Surplus from the income and expenditure statement	117	27	(12,451)	(12,307)
Other comprehensive expense	-	-	7,756	7,756
	<u>117</u>	<u>27</u>	<u>(4,695)</u>	<u>(4,551)</u>
Balance at 1 August 2018	1,190	1,513	52,838	55,541
Surplus/(Deficit) from the income and expenditure statement	78	(104)	(21,613)	(21,639)
Other comprehensive expense	-	-	(19,347)	(19,347)
Total comprehensive (expense) / income for the year	<u>78</u>	<u>(104)</u>	<u>(40,960)</u>	<u>(40,986)</u>
Balance at 31 July 2019	<u>1,268</u>	<u>1,409</u>	<u>11,878</u>	<u>14,555</u>

University	Income and expenditure reserve			Total
	Endowment £000	Restricted £000	Unrestricted £000	£000
Balance at 1 August 2017	1,072	1,487	57,579	60,138
Surplus/(Deficit) from the income and expenditure statement	118	26	(12,235)	(12,091)
Other comprehensive expense	-	-	7,756	7,756
	<u>118</u>	<u>26</u>	<u>(4,479)</u>	<u>(4,335)</u>
Balance at 1 August 2018	1,190	1,513	53,100	55,803
Surplus/(Deficit) from the income and expenditure statement	78	(104)	(21,536)	(21,562)
Other comprehensive expense	-	-	(19,347)	(19,347)
Total comprehensive (expense) / income for the year	<u>78</u>	<u>(104)</u>	<u>(40,883)</u>	<u>(40,909)</u>
Balance at 31 July 2019	<u>1,268</u>	<u>1,409</u>	<u>12,217</u>	<u>14,894</u>

Consolidated and University Balance Sheets as at 31 July 2019

	Note	31 July 2019		31 July 2018	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Fixed assets	11	112,013	112,013	116,029	116,029
Investments	12	18,020	18,139	19,756	19,875
Investment in joint ventures	13	32	0	13	0
Other receivables falling due after more than one year	14	997	997	1,084	1,084
		<u>131,062</u>	<u>131,149</u>	<u>136,882</u>	<u>136,988</u>
Current assets					
Trade and other receivables	14	9,586	10,041	11,126	11,514
Investments	15	41	41	42	42
Cash and cash equivalents		23,983	23,877	19,877	19,742
		<u>33,610</u>	<u>33,959</u>	<u>31,045</u>	<u>31,298</u>
Creditors: amounts falling due within one year	16	(27,084)	(27,181)	(25,825)	(25,922)
Net current assets		<u>6,526</u>	<u>6,778</u>	<u>5,220</u>	<u>5,376</u>
Total assets less current liabilities		<u>137,588</u>	<u>137,927</u>	<u>142,102</u>	<u>142,364</u>
Creditors: amounts falling due after more than one year	17	(59,315)	(59,315)	(58,873)	(58,873)
Provisions					
Pension provisions	18	(59,218)	(59,218)	(18,288)	(18,288)
Other provisions	18	(4,500)	(4,500)	(9,400)	(9,400)
Total net assets		<u>14,555</u>	<u>14,894</u>	<u>55,541</u>	<u>55,803</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	19	1,268	1,268	1,190	1,190
Income and expenditure reserve - restricted reserve	20	1,409	1,409	1,513	1,513
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		11,878	12,217	52,838	53,100
Total Reserves		<u>14,555</u>	<u>14,894</u>	<u>55,541</u>	<u>55,803</u>

The financial statements were approved by the Council on 20 November 2019 and signed on its behalf by



Baroness A Taylor
CHAIR OF COUNCIL



Professor S Congdon
VICE-CHANCELLOR

Consolidated Statement of Cash Flows for the Year Ended 31 July 2019

	Note	31 July 2019 £000	31 July 2018 £000
Cash flow from operating activities			
Deficit for the year		(21,639)	(12,307)
Adjustment for non-cash items			
Depreciation	11	7,776	7,382
Decrease in debtors		1,540	2,015
Increase/(decrease) in creditors		3,009	(6,245)
Increase/(decrease) in pension provision		21,583	(1,697)
Increase/(decrease) in other provisions		(4,900)	9,400
Gain on investments	12	(1,494)	(516)
Share of operating surplus in joint venture		(32)	67
Adjustment for investing or financing activities			
Investment income	5	(574)	(606)
Interest payable	9	1,141	1,073
Endowment income		(294)	(560)
Loss on the sale of fixed assets			122
Capital grant income		(1,659)	(1,516)
Net cash inflow / (outflow) from operating activities		4,457	(3,388)
Cash flows from investing activities			
Proceeds from the sale of fixed assets		0	17
Investment income		574	606
Payments made to acquire fixed assets		(6,052)	(5,359)
Capital grant receipts		1,907	4,507
Withdrawal of deposits		115	123
New non-current asset investments		(385)	(551)
Disposal of non-current asset investments		3,500	0
Net cash outflow from investing activities		(341)	(657)
Cash flows from financing activities			
Interest paid		(1,141)	(1,073)
Endowment cash received		294	560
New unsecured loans		2,000	3,565
Repayments of amounts borrowed		(1,163)	(834)
New cash (outflow) / inflow from financing activities		(10)	2,218
Increase / (decrease) in cash and cash equivalents in the year		4,106	(1,827)
Cash and cash equivalents at beginning of the year		19,877	21,704
Cash and cash equivalents at end of the year		23,983	19,877
		4,106	(1,827)

Notes to the Accounts

For the year ended 31 July 2019

1. Tuition fees and education contracts

Full-time home and EU students
Full-time international students
Part-time students
Research Training Support Grant
Health Education Training Contract

Year ended 31 July 2019		Year ended 31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
54,373	54,373	53,344	53,344
14,539	14,539	12,547	12,547
5,655	5,655	4,835	4,835
0	0	1,218	1,218
3,998	3,998	6,928	6,928
<u>78,565</u>	<u>78,565</u>	<u>78,872</u>	<u>78,872</u>

2. Funding body grants

Recurrent grant
Specific grants
Deferred capital grants released in the year
Buildings
Equipment

Year ended 31 July 2019		Year ended 31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
10,571	10,571	11,064	11,064
775	775	821	821
1,269	1,269	1,301	1,301
390	390	215	215
<u>13,005</u>	<u>13,005</u>	<u>13,401</u>	<u>13,401</u>

3. Research grants and contracts

Research councils
UK based charities
Government (UK and overseas)
Industry and commerce
Other

Year ended 31 July 2019		Year ended 31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
2,018	2,018	1,946	1,946
933	933	1,441	1,441
2,354	2,354	2,272	2,272
1,786	1,786	1,564	1,564
217	217	82	82
<u>7,308</u>	<u>7,308</u>	<u>7,305</u>	<u>7,305</u>

4. Other income

Residences, catering and conferences
Other services rendered
Other capital grants
Other income

Year ended 31 July 2019		Year ended 31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
2,190	2,189	2,251	2,246
1,433	1,433	1,393	1,393
726	726	528	528
5,065	4,979	5,354	5,209
<u>9,414</u>	<u>9,327</u>	<u>9,526</u>	<u>9,376</u>

5. Investment income

Investment income on endowments
Other investment income

Year ended 31 July 2019		Year ended 31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
72	72	0	0
502	502	606	606
<u>574</u>	<u>574</u>	<u>606</u>	<u>606</u>

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	Note	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated	University	Consolidated	University
		£000	£000	£000	£000
6. Donations and endowments					
New endowments		294	294	461	461
Donations with restrictions	19	0	0	99	99
Unrestricted donations	20	0	0	0	0
		<u>294</u>	<u>294</u>	<u>560</u>	<u>560</u>

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
7. Staff costs				
Salaries	55,723	55,546	58,017	57,821
Social security costs	4,790	4,775	5,309	5,290
Movement in USS provision	18,615	18,615	(3,597)	(3,597)
Other pension costs	7,519	7,503	9,295	9,272
	<u>86,647</u>	<u>86,439</u>	<u>69,024</u>	<u>68,786</u>

	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
Total remuneration of the Vice-Chancellor		
Basic salary	251	251
Performance related & other bonuses	0	0
Expense allowances charged to UK income tax	0	0
The estimated money value of any other taxable benefits	0	0
Compensation for loss of office	0	0
	<u>251</u>	<u>251</u>
Pension contributions	0	0
Total remuneration	<u>251</u>	<u>251</u>

The VC was not an active member of our pension arrangement between the periods in question as he had previously achieved 40 years' service and elected to cease contributing.

Remuneration of other higher paid staff, excluding pension contributions	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
£100,000 - £104,999	1	1
£110,000 - £114,999	2	3
£115,000 - £119,999	2	1
£120,000 - £124,999	0	1
£125,000 - £129,999	2	2
£130,000 - £134,999	2	2
£135,000 - £139,999	2	0
£140,000 - £144,999	3	1
£165,000 - £169,999	0	1
£170,000 - £174,999	1	1
£175,000 - £179,999	1	0
£195,000 - £199,999	0	1

Notes to the Accounts

For the year ended 31 July 2019 (continued)

7. Staff costs (continued)

Full time equivalent staff numbers by major category:

	Year ended 31 July 2019 Number	Year ended 31 July 2018 Number
Academic and research	477	503
Technical	53	60
Administrative	626	738
Other	90	102
Total	<u>1,246</u>	<u>1,403</u>

Compensation for loss of office payable:

	£000	£000
Compensation payable recorded within staff costs	<u>2,155</u>	<u>987</u>

Number of employees	<u>139</u>	<u>56</u>
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Key management personnel

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

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Key management personnel compensation	<u>1,196</u>	<u>1,074</u>

- (a) Median salary on FTE basis is £34,189. This is inclusive of all academic and non-academic staff. Temporary and agency workers have not been included in this years median salary calculation as per UCEA guidance received in 25 June 2019. In doing so the University believes this provides a better comparison against the previous year. We look forward to receiving the revised guidance for the 2019-20 accounts. This is an early adoption as part of the new accounts direction.
- (b) The head of the provider's basic salary is 7.35 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The remuneration package for the Vice Chancellor (Head of Institution) is justified based on pay benchmarking data and the value and performance of the post holder, as measured against set objectives through an annual performance review process which is reviewed annually by the Remuneration Committee in line with CUC Guidance. Pay benchmarking data indicates that the average salary is £254.8k (UCEA Benchmarking) for heads of providers across all institutions, and £289.1k across pre-92 institutions (UCEA Benchmarking), therefore the current remuneration for our Vice Chancellor (Head of Institution) is below the average salary.

Key management personnel remuneration includes £20,000 (2018: £20,000) payable to the Chair of Council.

Council Members

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

Transactions with Council members are disclosed in note 24.

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
8. Other operating expenses				
Consumables and laboratory expenses	6,247	6,247	6,059	6,059
Travel and subsistence	2,044	2,046	1,647	1,637
Casual staff costs	1,016	1,016	1,088	1,088
Books and periodicals	1,927	1,927	1,181	1,181
Bursaries, scholarships and prizes	5,101	5,101	5,855	5,855
Heat, light, water and power	1,811	1,811	1,800	1,771
Repairs and general maintenance	1,272	1,271	1,379	1,374
Minor works and long term maintenance	677	677	851	851
Grants to University of Bradford Students' Union	1,345	1,345	1,425	1,425
Rents and insurances of buildings	218	164	1,409	1,352
Rates	477	467	434	430
Telephone	336	335	192	182
Postage, advertising, printing and stationery	2,070	2,072	1,653	1,655
External auditors' remuneration	89	84	73	68
External auditors' remuneration in respect of taxation services	0	0	0	0
External auditors' remuneration in respect of other services	3	0	8	8
Other auditors' remuneration	6	6	41	41
Internal auditors' remuneration	104	104	89	89
Legal and professional fees	3,098	3,082	2,855	2,746
International agency fees	1,977	2,176	1,471	1,673
Amortisation	88	88	88	88
Equipment and furniture	1,089	1,089	1,241	1,241
Other expenses	2,551	2,478	2,553	2,527
	<u>33,546</u>	<u>33,586</u>	<u>33,392</u>	<u>33,341</u>

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
9. Interest and other finance costs				
Net charge on pension scheme	410	410	591	591
Loan interest	1,141	1,114	1,085	1,073
	<u>1,551</u>	<u>1,524</u>	<u>1,676</u>	<u>1,664</u>

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
10. Taxation				
UK Corporation Tax receivable / (payable) on the profit of subsidiary companies	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	Freehold Land and buildings £000	Plant & Machinery £000	Fixtures, Fittings & Equipment £000	Assets in the course of construction £000	Total £000
11. Fixed Assets					
Cost					
As at 31 July 2018	139,656	34,308	21,639	1,846	197,449
Additions	849	1,496	780	2,927	6,052
Disposals	0	0	0	0	0
Transfers	392	311	1,783	(2,486)	0
Impairment	(2,291)	0	0	0	(2,291)
At 31 July 2019	<u>138,606</u>	<u>36,115</u>	<u>24,202</u>	<u>2,287</u>	<u>201,210</u>
Accumulated depreciation					
As at 31 July 2018	46,672	18,396	16,353	0	81,421
Charge for the year	4,063	2,030	1,683	0	7,776
Disposals	0	0	0	0	0
As at 31 July 2019	<u>50,735</u>	<u>20,426</u>	<u>18,036</u>	<u>0</u>	<u>89,197</u>
Net book value					
As at 31 July 2019	<u>87,871</u>	<u>15,689</u>	<u>6,166</u>	<u>2,287</u>	<u>112,013</u>
As at 31 July 2018	<u>92,984</u>	<u>15,912</u>	<u>5,285</u>	<u>1,848</u>	<u>116,029</u>

At 31 July 2019, freehold land and buildings included £2.0m (2018: £1.9m) in respect of freehold land which is not depreciated.

Buildings with a net book value of £32.6m (2018: £33.1m) have been funded by Treasury sources. Should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with Ofs.

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
12. Investments			
Consolidated			
At 1 August 2018	0	19,756	19,756
Additions	0	385	385
Disposals	0	(3,615)	(3,615)
Revaluation	0	1,494	1,494
At 31 July 2019	0	18,020	18,020
University			
At 1 August 2018	119	19,756	19,875
Additions	0	385	385
Disposals	0	(3,615)	(3,615)
Revaluation	0	1,494	1,494
At 31 July 2019	119	18,020	18,139

Other non-current investments consist of:

	Consolidated and University £000
Long term asset portfolio	17,958
Others	62
	<u>18,020</u>

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

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

13. Investment in joint venture

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	£000	£000	£000	£000
Income and expenditure account				
Income		1,183		1,126
Result before tax		<u>64</u>		<u>(37)</u>
Balance Sheet				
Fixed assets	94		80	
Current assets	<u>247</u>		<u>241</u>	
		341		321
Creditors: amounts due within one year		<u>(277)</u>		<u>(196)</u>
Share of net assets		<u>32</u>		<u>13</u>

Notes to the Accounts

For the year ended 31 July 2019 (continued)

14. Trade and other receivables

Prepayments - capital contribution to student village
Other amounts falling due after more than one year

Amounts falling due after more than one year

Research grant receivables

Other trade receivable

Other receivables

Prepayments and accrued income

Amounts due from subsidiary companies

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
963	963	1,050	1,050
34	34	34	34
<u>997</u>	<u>997</u>	<u>1,084</u>	<u>1,084</u>
1,446	1,446	985	985
5,507	5,484	5,463	5,425
117	117	58	58
2,516	2,506	4,620	4,611
0	488	0	435
<u>9,586</u>	<u>10,041</u>	<u>11,126</u>	<u>11,514</u>

15. Current investments

Short term investment in shares

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
41	41	42	42

16. Creditors: amounts falling due within one year

Unsecured loans

Trade payables

Social security and other taxation payable

Accruals and deferred income

Amounts due to subsidiary companies

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
1,078	1,078	1,163	1,163
1,790	1,789	555	555
2,667	2,647	2,951	2,947
21,549	21,539	21,156	21,117
0	128	0	140
<u>27,084</u>	<u>27,181</u>	<u>25,825</u>	<u>25,922</u>

Deferred income

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

Donations

Research grants received on account

Grant income

Other income

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
0	0	123	123
3,571	3,571	3,176	3,176
2,538	2,538	3,775	3,775
8,119	8,119	7,541	7,541
<u>14,228</u>	<u>14,228</u>	<u>14,615</u>	<u>14,615</u>

Notes to the Accounts

For the year ended 31 July 2019 (continued)

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

Deferred income
Unsecured loans

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
37,055	37,055	37,535	37,535
22,260	22,260	21,338	21,338
<u>59,315</u>	<u>59,315</u>	<u>58,873</u>	<u>58,873</u>

Analysis of unsecured loans:

Due within one year or one demand

Due between one and two years

Due between two and five years

Due in five years or more

Due after more than one year

Total unsecured loans

31 July 2019		31 July 2018	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
1,078	1,078	1,163	1,163
1,275	1,275	1,078	1,078
3,554	3,554	3,567	3,567
17,431	17,431	16,693	16,693
<u>22,260</u>	<u>22,260</u>	<u>21,338</u>	<u>21,338</u>
<u>23,338</u>	<u>23,338</u>	<u>22,501</u>	<u>22,501</u>

Included in loans are the following:

Lender	Amount	Term	Interest rate	Borrower
	£000		%	
Barclays Bank plc	16,493	2030	5	University
HEFCE	735	2020	0	University
SALIX	110	2019	0	University
Santander	6,000	2023	6.4	University
	<u>23,338</u>			

Notes to the Accounts

For the year ended 31 July 2019 (continued)

18. Provision for liabilities

Consolidated and University

	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations £000	Total Pension Provisions £000	Other Provisions £000
At 1 August 2018	9,587	8,701	18,288	9,400
Charged/(utilised) in year	18,615	0	18,615	(4,800)
Provision no longer required				(100)
Charged to Statement of Comprehensive Income in 2018/19	207	22,108	22,315	0
At 31 July 2019	<u>28,409</u>	<u>30,809</u>	<u>59,218</u>	<u>4,500</u>

The provision for onerous contracts (£4.5m) was remitted at that value on 4 November 2019.

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. Management have assessed future employees within the USS scheme, salary payment over the period of the contracted obligation and salary inflation in assessing the value of this provision. Key assumptions are set out in note 23.

Deficit Recovery Plan

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £83.1 million to £248.4 million. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs / gains. More details on the 2017 actuarial valuation are set out in note 23.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 23. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £6M, a decrease of £12.6M from the current year end provision.

The major assumptions used to calculate the obligation are:

	2019	2018
Discount rate	1.58%	2.16%
Salary growth	3%	3%

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2019	Approx impact £000
0.5% pa decrease in discount rate	1,258
0.5% pa increase in salary inflation over duration	1,234
0.5% pa increase in salary inflation year 1 only	138
0.5% increase in staff changes over the duration	1,168
0.5% increase in staff changes over year 1 only	150
1% increase in deficit contributions from April 2020	5,563
1 year increase in term	2,453

Premature Retirement Fund

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

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	Restricted permanent endowments £000	Expendable endowments £000	2019 Total £000	2018 Total £000
19. Endowment reserves				
Balances at 1 August 2018				
Capital	188	662	850	902
Accumulated income	200	140	340	170
	<u>388</u>	<u>802</u>	<u>1,190</u>	<u>1,072</u>
New endowments	0	40	40	301
Investment income	17	36	53	2
Expenditure	0	(15)	(15)	(185)
	<u>17</u>	<u>21</u>	<u>38</u>	<u>(183)</u>
At 31 July 2019	<u>405</u>	<u>863</u>	<u>1,268</u>	<u>1,190</u>
Represented by:				
Capital	189	660	849	850
Accumulated income	216	203	419	340
	<u>405</u>	<u>863</u>	<u>1,268</u>	<u>1,190</u>
Analysis by type of purpose:				
Lectureships	0	241	241	230
Scholarships and bursaries	343	338	681	761
Prize funds	62	70	132	113
General	0	214	214	86
	<u>405</u>	<u>863</u>	<u>1,268</u>	<u>1,190</u>
Analysis by asset:				
Current and non-current asset investments			41	60
Cash and cash equivalents			1,227	1,130
			<u>1,268</u>	<u>1,190</u>

Notes to the Accounts

For the year ended 31 July 2019 (continued)

	31 July 2019		31 July 2018	
	Consolidated £000	University £000	Consolidated £000	University £000
20. Restricted reserves				
Balances at 1 August 2018	1,513	1,513	1,487	1,487
New donations	144	144	213	213
Investment income	15	15	0	0
Expenditure	(263)	(263)	(187)	(187)
At 31 July 2019	<u>1,409</u>	<u>1,409</u>	<u>1,513</u>	<u>1,513</u>
Analysis of restricted funds by type of purpose:				
Lectureships	2	2	34	34
Scholarships and bursaries	(160)	(160)	(36)	(36)
Research support incl DHEZ	1,547	1,547	1,495	1,495
General	20	20	20	20
	<u>1,409</u>	<u>1,409</u>	<u>1,513</u>	<u>1,513</u>

21. Capital and other commitments

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

	Consolidated £000	Consolidated £000
Commitments contracted for	<u>972</u>	<u>1,661</u>

22. Subsidiary undertakings

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

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

Notes to the Accounts For the year ended 31 July 2019 (continued)

23. Pension schemes

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

	USS	WYPF
Latest actuarial valuations	31 March 2017	31 March 2016
Valuation Method	Projected Unit	Projected Unit
Investment returns per annum	5.20%	2.1%
Salary scale increases per annum	3.00%	3.35%
Pension increases per annum	2.11%	2.10%
Value of notional assets	£60,000 million	£11,211 million
Proportion of members' accrued benefits covered by the actuarial value of assets	89%	94%

The contributions payable by the University in respect of the USS scheme during the year were equal to employer contributions of 18.5% of salary.

The University paid contributions of 19% in respect of the WYPF scheme for the accounting year as recommended by the actuary.

FRS 102

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

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS102. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total pension cost for the institution was £6.434M (2018: £7.106M). This includes £551,683 (2018: £534,626) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2018 is complete and stands at £6m. This would be a £12.8m reduction in the valuation as at 31 July 2019 but the lateness of the completion and to allow comparison means it is a non-adjusting event and will be reflected in 2019/20 statements.

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

Notes to the Accounts For the year ended 31 July 2019 (continued)

23. Pension schemes (continued)

The 2017 valuation was the fourth 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

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

		2019	2018
Discount rate	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%	2.44%	2.64%
Pensionable salary growth		n/a	n/a
Price inflation (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.	2.11%	2.02%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Pre-retirement	71% of AMCO0 (duration 0) for males and 112% of AFc00 (duration 0) for females
Post-retirement	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

Existing benefits	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £83.1 million to £248.4 million as set out in note 18. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs / gains.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation

Notes to the Accounts For the year ended 31 July 2019 (continued)

23. Pension schemes (continued)

Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £6M, a decrease of £12.6M from the current year end provision.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return

than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2017, USS had over 198,652 active members and the institution had 822 active members participating in the scheme.

The West Yorkshire Pension Fund valuation was updated by the University's actuary on an FRS 17 basis as at 31 July 2019, 31 July 2018 and 31 July 2017.

The major assumptions used in this valuation were:

	2019	2018	2017
Rate of increase in salaries	3.55%	3.35%	3.25%
Rate of increase in pensions in payment and deferred pensions	2.30%	2.1%	2.0%
Discount rate applied to scheme liabilities	2.10%	2.8%	2.6%
Inflation Assumption	2.30%	2.1%	2.0%

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

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

	2019	2018
Retiring today		
Males	22.2	22.1
Females	25.4	25.3
Retiring in 20 years		
Males	23.2	23.1
Females	27.2	27.1

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

Notes to the Accounts For the year ended 31 July 2019 (continued)

23. Pension schemes (continued)

Scheme Assets

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

		Value at 2019	Value at 2018	Value at 2017
	% 2019	£000	£000	£000
Present value of scheme assets				
Equities	78.6%	118,578	107,353	104,977
Government Bonds	9.9%	14,935	15,542	13,242
Other Bonds	3.6%	5,431	5,037	5,324
Property	4.3%	6,487	6,044	6,006
Cash/Liquidity	2.1%	3,168	3,166	2,321
Other	1.5%	2,263	6,763	4,641
		<u>150,862</u>	<u>143,905</u>	<u>136,511</u>
Present value of scheme liabilities				
Pension liability		(181,671)	(152,606)	(151,307)
Net pension liability		<u>(30,809)</u>	<u>(8,701)</u>	<u>(14,796)</u>

Analysis of other pension costs charged in arriving at operating deficit

	2018-19	2017-18
	£000	£000
Current service cost	3,287	3,766
Past service cost	<u>2,223</u>	<u>78</u>
	<u>5,510</u>	<u>3,844</u>

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

	2018-19	2017-18
	£000	£000
Expected return on pension scheme assets	3,990	3,523
Interest on pension scheme liabilities	<u>(4,193)</u>	<u>(3,875)</u>
	<u>(203)</u>	<u>(352)</u>

Notes to the Accounts For the year ended 31 July 2019 (continued)

23. Pension schemes (continued)

Movement in deficit during year	2018-19 £000	2017-18 £000	2016-17 £000	2015-16 £000	2014-15 £000
Deficit in scheme at beginning of year	(8,701)	(14,796)	(37,051)	(18,249)	(15,944)
Current service cost	(3,287)	(3,766)	(3,997)	(3,220)	(2,783)
Contributions paid	2,952	2,535	2,491	2,244	2,079
Past Service cost	(2,223)	(78)	(305)	(150)	(121)
Other finance costs	(203)	(352)	(824)	(599)	1,999
Actuarial (loss)/gain	(19,347)	7,756	24,890	(17,077)	(3,479)
(Deficit) in the scheme at end of year	<u>(30,809)</u>	<u>(8,701)</u>	<u>(14,796)</u>	<u>(37,051)</u>	<u>(18,249)</u>
Asset and Liability Reconciliation	2018-19 £000	2017-18 £000	2016-17 £000	2015-16 £000	2014-15 £000
Reconciliation of Liabilities					
Liabilities at start of year	152,606	151,307	160,529	130,948	120,741
Current service cost	3,287	3,766	3,997	3,220	2,783
Interest cost	4,193	3,875	3,648	4,511	4,812
Employee contributions	692	780	799	815	810
Actuarial (gain)/loss	25,165	(1,798)	(13,264)	25,879	6,320
Benefits paid	(6,495)	(5,402)	(4,707)	(4,994)	(4,639)
Past service costs	2,223	78	305	150	121
Liabilities at end of year	<u>181,671</u>	<u>152,606</u>	<u>151,307</u>	<u>160,529</u>	<u>130,948</u>
Reconciliation of Assets					
Assets at start of year	143,905	136,511	123,478	112,699	104,797
Expected return on assets	3,990	3,523	2,824	3,912	6,811
Actuarial gain	5,818	5,958	11,626	8,802	2,841
Employer contributions	2,952	2,535	2,491	2,244	2,079
Employee contributions	692	780	799	815	810
Benefits paid	(6,495)	(5,402)	(4,707)	(4,994)	(4,639)
Assets at end of year	<u>150,862</u>	<u>143,905</u>	<u>136,511</u>	<u>123,478</u>	<u>112,699</u>

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2020 is £4.5m.

Notes to the Accounts For the year ended 31 July 2019 (continued)

24. Related Party Transactions

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

	2018-19 £	2017-18 £
Charged by the University:		
Rent	76,800	76,800
Salary recharges	365,310	368,837
Other	15,772	71,770
	<u>457,882</u>	<u>517,407</u>
Purchases made by the University:		
Print services	399,745	365,887
	£	£
Owed to the University at 31 July	159,954	169,092
Owed by the University at 31 July	0	29,723

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

	2018-19 £	2017-18 £
Charged by the University:		
Rent	537,737	537,737
Salary recharges	592,097	669,201
Other	27,694	89,928
	<u>1,157,528</u>	<u>1,296,866</u>
Purchases/grants made by the University:		
Grants	1,337,737	1,372,737
Other	180,075	202,220
	<u>1,517,812</u>	<u>1,574,957</u>
Owed to the University at 31 July	95,924	110,907
Owed by the University at 31 July	180,209	37,795

Notes to the Accounts For the year ended 31 July 2019 (continued)

25. Financial Commitments

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

Land and buildings

Expiring within one year

112 68

104 62

Expiring within two and five years

0 0

20 20

112 68

124 82

Equipment

Expiring within two and five years

0 0

0 0

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £000	University £000	Consolidated £000	University £000
At 31 July the University had annual commitments under non-cancellable operating leases as follows:				
Land and buildings				
Expiring within one year	112	68	104	62
Expiring within two and five years	0	0	20	20
	<u>112</u>	<u>68</u>	<u>124</u>	<u>82</u>
Equipment				
Expiring within two and five years	0	0	0	0



UNIVERSITY of
BRADFORD



PLEASE ADDRESS ALL
ENQUIRIES TO:

Finance
University of Bradford
Bradford
West Yorkshire
BD7 1DP

T: 01274 233128
F: 01274 236020
E: finance@bradford.ac.uk
www.bradford.ac.uk

