

BATH SPA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 July 2015

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UNIVERSITY INFORMATION

Governors:	Professor R Alexander Mr W Archer Mr P Bird (to 5 November 2014) Ms N Campbell Professor P Davies (to 5 November 2014) Ms K Doern (from 5 November 2014) Ms A Edson (from 5 November to 3 July 2015) Ms T Fisk Ms L Fleming (from 5 November 2014) Mr M Francis Mr B Galliver Ms R Heald Ms J Henderson (Chair) Lady T Lloyd Professor P Martin Revd E Mason Mr S McGall (to 5 November 2014) Mr T Osborne Mr P Parker (to 5 November 2014) Mr D Pester (Deputy Chair) Professor C Slade (Vice-Chancellor and Chief Executive)
Senior Staff:	Professor C Slade Vice-Chancellor and Chief Executive Professor N Sammells Deputy Vice-Chancellor and Provost Mr N Latham Chief Operating Officer (from 1 September 2014) Mr N Borkhataria Chief Operating Officer (Interim 1 April to 31 Aug 2014)
Auditors:	Grant Thornton UK LLP Chartered Accountants Hartwell House, 55-61 Victoria Street Bristol BS1 6FT
Bankers:	Lloyds Bank PLC 47 Milsom Street Bath BA1 1DN
Solicitors:	Burges Salmon One Glass Wharf Bristol BS2 0ZX
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REPORT OF THE BOARD OF GOVERNORS

The members present their report and the audited financial statements for the year ended 31 July 2015.

Glossary

AHRC	Arts and Humanities Research Council
BA	Bachelor of Art
BBA	Bachelor of Business Administration
B&NES	Bath and North East Somerset Council
BSc	Bachelor of Science
BSU	Bath Spa University
DWP	Department for Work and Pensions
ESRC	Economic and Social Research Council
EU	European Union
Fd	Foundation Degree
FE	Further Education
FECs	Further Education Colleges
FRS	Financial Reporting Standard
FTE	Full Time Equivalent
HE	Higher Education
HEA	Higher Education Academy
HEIs	Higher Education Institutions
HEFCE	Higher Education Funding Council for England
HEQR	Higher Education Quality Related (Research)
LGPS	Local Government Pension Scheme
MA	Master of Arts
MLA	Mandated Lead Arranger
MOOC	Massive Open Online Courses
MSc	Master of Science
NCTL	National College for Teaching and Leadership
PGCE	Post Graduate Certificate in Education
QAA	Quality Assurance Agency
RAE	Research Assessment Exercise
REF	Research Excellence Framework
SME	Small and Medium-sized Enterprise
STEM	Science, Technology, Engineering and Mathematics
TPS	Teachers' Pension Scheme

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.1 Nature, Objectives and Strategies

(i) Legal status

The Corporation was founded in 1947, and incorporated under the Education Reform Act 1988. The Corporation was incorporated as Bath College of Higher Education and in 1999 adopted the name of Bath Spa University College. In March 2005 the institution won University status, and became Bath Spa University in August 2005.

(ii) Vision

Bath Spa University's Vision is to be a leading educational institution in creativity, culture and enterprise. Through inspirational teaching and research, the University will transform students' lives. Based in a world heritage city and connected to a network of international partners, Bath Spa University will ensure that its graduates are socially engaged global citizens.

(iii) Strategy

The University's strategy to 2015 saw it develop academically through new course development, professorial appointments and research excellence; and internationally through a new international student recruitment programme and partnerships with higher education providers across the globe.

An important element of our strategy was to provide a rich and varied experience that allows our students to become socially engaged global citizens. The increasing numbers of international students we welcomed to Bath this year, combined with new opportunities to study abroad, have created a vibrant, connected community of creative enterprise and opportunity.

We have invested significantly in the student experience both in terms of outstanding new facilities and continued excellent teaching. Our record high 90 per cent for overall satisfaction in the National Student Survey is testament to this commitment to our students.

The start of the year saw our outstanding new student residential accommodation open at the Newton Park campus. An investment of £30 million, it allows us to house an additional 561 students on campus and combined with our iconic new academic building, Commons, has significantly improved the Newton Park campus.

In June 2015 governors approved the University's 2020 strategy which has been developed following extensive consultation with staff and sets out the vision for the University, building on the achievements of the previous three years to create a framework within which the University can innovate and grow.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.1 Nature, Objectives and Strategies

(iii) Strategy *(continued)*

Students are at the heart of the new strategy. Bath Spa graduates will be creative, digitally literate, globally connected, able to work in teams and entrepreneurial. They will be well equipped to thrive intellectually and in the world of work, and will be active members of our connected, creative community. Students will acquire these attributes through a curriculum that encourages flexible and cross-disciplinary learning with both an international dimension and relevance to the world of work.

Creative research and practice based research are central to the University's endeavour. With over 50% of that research rated as world-leading / internationally excellent, research income and reputation will be built and new funding streams developed with industry for knowledge exchange and consultancy. Research will be focused on cross-University themes such as environmental humanities and transnational creativity and education, and collaborative research activity in core fields promoted in our core fields in the UK and beyond.

Internationalisation is an important strategic theme. Based in a world heritage city, there is great synergy in growing international student numbers here, in encouraging Bath Spa students to study overseas and seeing all graduates becoming global citizens. Equally, a unique international community of scholars will be developed in support of the University's research ambitions through international networks such as the Global Academy of Liberal Arts (GALA).

Underpinning these ambitions are a range of essential enabling strategies. The University's goals will be implemented through people, finance, facilities and infrastructure. It is through staff, the deployment of resources and an all-round commitment to making things happen that Bath Spa's future success depends.

(iv) Financial Strategy and Objectives

The University adopts a prudent financial strategy in support of its strategic plan, which provides for the maintenance and development of the infrastructure, and ensures the delivery of high quality programmes of study to as wide a range of students as possible.

The key elements of the University's financial strategy are as follows:

- To prepare annual budgets that achieve a good operating surplus, which by 2020 will achieve an operating surplus of 5% of total income. (At 31 July 2015 operating surplus 9.5% achieved).
- To achieve cumulative income and expenditure reserves of not less than 75% of total income. (At 31 July 2015 actual income and expenditure reserves were 83.1% of total income).

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.1 Nature, Objectives and Strategies

(iv) Financial Strategy and Objectives *(continued)*

- To maintain sufficient liquidity to support continuing operations and investment in infrastructure of at least 90 cash days. (At 31 July 2015 cash balances represented 203 cash days).
- To ensure the full costs of all activities are properly understood and to ensure pricing strategies are implemented that reflect the full economic costs.
- To work closely with other senior managers to ensure financial and other corporate plans are complementary.

(v) Performance indicators

The University has adopted several performance indicators that enable it to assess the institution's performance against other universities nationally and within its peer group. The performance indicators adopted by the University focus on student experience, research and teaching excellence, internationalisation, student engagement, and financial performance. The University also pays heed to rankings and reputation.

The University regularly monitors the data, identifies those areas where there is scope for improvement, and implements plans to ensure these areas are brought up to the high standard of other performance indicators.

1.2 Financial position

(i) University Financial Results

The University is operating successfully, ensuring that necessary resourcing is in place for all its major activities. The income, expenditure and results for the year to 31 July 2015 are summarised as follows:

	2015	2014
	£'000	£'000
Income	69,006	58,085
Expenditure	(62,437)	(57,312)
	<hr/>	<hr/>
Surplus on continuing operations	6,569	773
	<hr/>	<hr/>
Surplus after depreciation of assets at valuation, impairment, and before taxation	6,569	773
Release from revaluation reserve	137	137
	<hr/>	<hr/>
Historical cost surplus after tax	<u>6,706</u>	<u>910</u>

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.2 Financial position

(i) University Financial Results *(continued)*

	2015	2014
	£'000	£'000
Actuarial loss on pension fund	(2,559)	(187)
Net assets excluding pension liability	64,777	57,828
Net assets including pension liability	52,791	48,668
Net cash inflow from operating activities	354	4,427

In 2014/15 income from tuition fees grew some £11m following the implementation of variable fees for all new entrants. The increase in fee income included a significant increase in the numbers of international students, from some 260fte in 2013/14 to some 440fte in 2014/15. In September 2014, the University's new student residences, comprising 561 study bedrooms, were opened and contributed some £3.4m in gross income in 2014/15. The increase in tuition fee income and from student residences mitigated a £5.1m reduction in funding council grants, and enabled the University to generate a surplus on continuing operations of some £6.6m. Slower than expected recruitment to the University's joint venture – Bath Spa Global, coupled with higher than expected costs contributed to an increase in the University's share of the deficit to £751k. A new business plan is being developed for 2015/16 that should significantly reduce cost and lead to a more financially sustainable operation.

The actuarial loss on pension fund of £2.6m is largely the consequence of a change in the discount rate which is used to measure future pension liabilities, that fell by 0.5% pa. With future inflation expectations falling by 0.1% pa this resulted in a net change of 0.4% (the difference between these two assumptions is a key driver of actuarial gains and losses on liabilities). Over 2013/14 the discount rate fell by 0.2% with a 0.1% fall in future inflation expectations that resulted in a net change of 0.1%. In 2013/14 there were other factors affecting the liabilities, including the introduction of a lower short term pay growth assumption, changes in the demographic assumptions and the impact of the 2013 triennial valuation. These factors contributed to a much lower actuarial deficit in 2013/14.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.2 Financial position

(i) University Financial Results *(continued)*

Income	2015	2014	% +/-
	£'000	£'000	
Funding Council grants	5,113	10,238	(50%)
Tuition fees and education contracts	53,063	42,198	26%
Research grants and contracts	862	318	171%
Other income	9,707	5,017	93%
Investment income	261	314	(17%)
Total income	69,006	58,085	19%

As expected, HEFCE teaching grants were significantly reduced in 2014/15 in line with cuts in national government spending, but increases in fees for new entrants more than compensated for this. An increase in externally funded research activity saw research grants income more than double. Other income has increased by £4.7m largely as a consequence of additional revenue from the new student residences.

Expenditure	2015	2014	% +/-
	£'000	£'000	
Staff costs	31,760	29,578	7%
Other operating expenses	24,608	23,751	4%
Depreciation	4,398	2,902	52%
Interest payable and other finance charges	1,671	1,081	55%
Total expenditure	62,437	57,312	9%

The increase of 7% in overall staff costs is mainly accounted for by a 7% increase in staff numbers, which added 5% to payroll costs, and an annual pay award of 2%. Depreciation costs for 2014/15 are significantly higher than 2013/14 reflecting full year depreciation on the new academic and residential developments.

Interest payable comprises a net interest credit on LGPS pension assets of £6k and external borrowing costs of £1,391k in respect of a £30m loan facility from Lloyds TSB to finance the University's academic and residential developments. Also included under this heading are finance costs in respect of long term maintenance and enhanced pension provisions totalling £286k.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.2 Financial position

(i) University Financial Results *(continued)*

Balance Sheet

Tangible fixed asset additions during the year were as follows:

	£'000
Leasehold Property	2,018
Assets in the course of construction	129
Building improvements	1,900
Equipment	1,260
Total additions	5,307

Fixed Assets

Additions to leasehold property include £0.2m in respect of the new academic building – Commons, which was completed in April 2014 at a total cost of £26m, and £1.8m in respect of the new student residential accommodation, comprising 561 study bedrooms at Newton Park.

In September 2014 the new student residences were opened, and at 31 July 2015, construction costs of £25.4m that had previously been reported as “assets in the course of construction”, were reclassified as “leasehold property”.

In December 2014 the University entered into a contract with Berkeley Homes Ltd to purchase Green Park House, a new building development comprising 461 student bedrooms, for a total cost of £46m. The University expects to take ownership of the building from April 2016. The acquisition is being funded partly through £35m of new borrowings with Santander Bank Ltd., and £11m of surplus cash balances. During the year a deposit of £11m was paid to Berkeley Homes Ltd, and because the University has no legal interest in the property, the deposit is reported as a prepayment at 31 July 2015. During the year the University incurred legal and professional fees in respect of the acquisition totalling £129k. These costs have been reported as assets in the course of construction at 31 July 2015.

Additions to building improvements includes £1.1m in respect of a new car park facility at Newton Park, and £206k in respect of a major refurbishment of science laboratories for which the University has been awarded HEFCE STEM funding totalling £160k.

Additions to equipment includes some £0.5m in respect of audio visual equipment and ICT infrastructure as part of the final fit-out of the Commons.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.2 Financial position

(i) University Financial Results *(continued)*

Pension Liabilities

The University's share of the LGPS net pension liability grew by £2.8m to £11.9m at 31 July 2015.

(ii) Treasury policies and objectives

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The University has a treasury management policy in place. Surplus cash is placed with a number of highly-rated counterparty banks. Any borrowing by the University must first be specifically agreed by the Board of Governors. The University has a minimum target of liquidity of 90 days.

(iii) Cash flows

The £0.4m (2014: £4.4m) operating cash in-flow is after deducting £11m in respect of a prepayment for Green Park House. The underlying operating cash-flow, excluding this one-off transaction, was strong and reflects the healthy operating surplus achieved in the year.

(iv) Liquidity

During the year interest rates on money market deposits remained modest, and the University continued to seek out opportunities for securing higher interest rates on surplus cash deposits. To ensure the University has adequate working capital during the construction of the new academic and residential developments, a £30m loan facility has been secured with Lloyds Bank PLC. In August 2014 the University drew down the third and final £10m of this facility.

(v) Outlook for 2015/16

HEFCE and DWP funding is expected to increase by £0.5m to £4.7m, as a consequence of the University's strong showing in the 2014 Research Excellence Framework that saw its HEFCE Research grant increase from £0.5m to £1m.

Following the lifting of the cap on the number of home/EU students a University may recruit from September 2014 without penalty, the University plans to increase numbers by up to 400fte in 2015/16 that should result in an increase in home/EU tuition fee income of some £3.5m. The University also plans to increase international numbers by 150fte in 2015/16, which should lead to an increase in overseas fee income of £1.4m to £6.2m. The student recruitment process continues to hold significant financial risk, however early enrolment data for 2015/16 suggests that the University has been successful in meeting its overall enrolment target.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(i) Student numbers

The University's recruitment strategy for 2014 entry, for which numbers of Home & EU students remained capped, was devised to be as close as possible to the Student Number Control (SNC) maximum (including additional student places issued pro rata by HEFCE). After a small drop in Home & EU applications for 2013 entry (albeit an improvement on the previous year), Home & EU applications for 2014 entry rose by 8.5%, compared to a sector rise of 4% and a drop in applications to our UCAS competitor set of 1.3%. As the number of places available was greater, the University maintained its typical applications to places ratio of around 7:1.

The University recruited around fifty students short of its 'absolute limit' of 1,502 Home & EU undergraduates, but at the same time increased its number of ABB students from 350 in 2013 to 406. The total recruited was therefore 1,862 against a target of 1,852 (SNC + 350 ABB). In 2013/14 the University recruited 96.34% of its SNC allocation but for 2014 entry this increased to 98.68%; at the same time the University increased its population of students with A level grades ABB+ or equivalent by 16%. By recruiting within its Student Numbers Control limit the University once again suffered no penalty, whether for under or over recruitment, from HEFCE.

Activity in Clearing was reduced, with only around 50 students being needed to fine-tune numbers and these being achieved in little more than one working day.

Subjects highlighted as the best performers in the last three years - Business & Management; Education Specialised (with guaranteed progression to PGCE Primary); and Psychology - continued to do very well, as did Creative Writing and History. Art & Design subjects recovered following a rather difficult year in 2013.

The University continued to work hard to recruit to its teacher training targets, but once again uncertainty in the sector and in the minds of applicants about teacher training options and bursary payments made the task difficult. However, Primary targets were largely met, although the Schools Direct and Teach First options continued to disappoint in terms of recruitment. The University fell short of its targets for Secondary shortage subjects, reflecting the seeming impossibility of recruiting to target in these subjects, a position reflected by most teacher training providers.

Recruitment of international (non-EU) students continued to show significant improvement, with total international mainstream student intake numbers rising by around 45% compared to 2013.

The total number of home and EU students in 2014/15 remained around 6,400 fte, as in the previous two years.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(ii) Academic developments

The major academic developments during 2014/15 were:

The University continued to address the major strategic imperatives central to the institutional vision and, through a comprehensive consultation with staff across the University, developed a new strategy for the years to 2020: the academic elements of that strategy include increasing postgraduate taught numbers and growing the international students to 25% of enrolments.

During 2014/15 the University entered in to a new collaborative arrangement with Future College in the United Arab Emirates, offering an MA Business and Management under a 'flying faculty' mode of delivery. The University itself also approved the following new courses:

- BA (Hons) History of Art & Design
- MA Visual Communication
- BBA (Hons) Business & Entrepreneurship levels 5 & 6 (Provider – Bath Spa Global)
- BBA (Hons) Business & Entrepreneurship level 4 (Provider – Bath Spa Global)
- Fd Education Studies
- Early Years Initial Teacher Training with PGCE
- Integrated MA Education Studies
- BSc (Hons) Creative Computing (specialised & combined)
- MA Advertising Practice
- MA Jane Austen's England
- MA Independent Filmmaking
- BSc (Hons) Criminology:
 - Criminology & Geography
 - Criminology & Media
 - Criminology & Psychology
 - Criminology & Sociology
- BA (Hons) Geography (Human)
- BA (Hons) Geography (Physical)
- BSc (Hons) Psychology
- MSc Environmental Management
- MA Global Studies

Two of the University's partner colleges went through QAA Higher Education Review in the year. New College, Swindon, passed its review; City of Bristol College did not meet UK expectations with respect to the quality of student learning opportunities at the college, although this was not related to the college's relationship with the University.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(ii) Academic developments *(continued)*

August 2015 saw the publication of the latest NSS results, with the University making further gains. Overall satisfaction is now at 90% (up from 89% last year, and up 7 percentage points in the last 3 years), placing the University in the top 20 nationally, and in the top 5 nationally for performance against the University's HEFCE benchmark. This overall satisfaction rating is equal first for universities in the South West (with The University of Bath and The University of Exeter). Several NSS subject areas (Theology and Religious Studies, Nutrition, History, and Dance) are also in the top 10 nationally.

A major development during the year has been further investment in the University's Virtual Learning Environment (Minerva). A completely new-look and new-capability version has been implemented for academic year 2015/16 and further improvements will be rolled out over the next few years.

The University performed very creditably in the Research Excellence Framework for 2014: 30% of the University's staff were submitted to the exercise and 51% of its submission was judged to be either world-leading or internationally excellent, and it rose 13 places in the research rankings as a consequence (from 102nd in 2008 to 89th in 2014). In financial terms this resulted in a 90% increase in Quality Related Research funding to £1m.

August 2015 saw the release of the Destinations of Leavers in Higher Education results for those students who graduated in the summer of 2014. Although there was a slight fall in the number of students who found 'professional and managerial' employment within 6 months of graduating (a 1.3 percentage point drop from 65.2% to 63.9%), there was a pleasing rise from 93.8% to 94.9% in the numbers who were either in employment or further study.

(iii) Research and knowledge transfer

REF 2014 Income

The results of the 2014REF were published on 18 December 2014, and overall the University moved up the ranking based on quality of research submitted by 13 places, from 102nd in 2008 RAE to 89th in REF2014. This shows that we have improved our position, against our key performance indicator benchmarked institutions, and within the Million+ group. Other notable achievements include:

- As a result of REF2014, the University substantially improved its quality profile of 4* (world leading) and 3* (internationally excellent) research from 19% in the RAE 2008 exercise to 51% in REF2014.
- Our overall quality Grade Point Average overall now firmly reflects that research at Bath Spa is 'recognised internationally in terms of originality, significance and rigour'.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(iii) Research and knowledge transfer *(continued)*

- Our internationally excellent research has tripled since RAE2008.
- The University has received an 86% increase in our HEQR allocation for 2015/16, increasing our grant to just over £1m.
- BSU placed top of our KPI comparator institutions in terms of an increase in funding and marking us as one of the biggest winners in the South West.
- Our Times Higher Education ranking of 89 shows we have improved our position, against our key performance indicator benchmarked institutions, and within the million+ group.

Research Grant Income

Colleagues have been successful in securing funding from a wide variety of research funders in 2014/15. In addition, bids totalling £3.8m have been submitted for which the outcome has yet to be confirmed.

European Funding

- Prof. Amanda Bayley's participation in an European Research Council Consolidator Grant with the University of Bristol will examine the evolution of transcultural music practice - £118,437.
- Prof Grainne Conole joined the University with four Erasmus+ projects: electronic literacy - £25,688 - MOOC delivery £96,034 - European learner language £37,082 - MOOC methodology £8,620.

British Academy

- Dr Samantha Walton secured one of the first BA Rising Star of Public Engagement Awards for her work on writing and the environment - £9,723.
- Dr Mahinda Deegalle was awarded a BA Small Grant to further his work on Buddhist engagement with ethnic and religious minorities in contemporary Sri Lanka - £9,980.

Arts and Humanities Research Council

- Dr Graham McClaren was awarded funding for a Collaborative Doctoral Award between the University and The Burton Art Gallery and Museum - £54,000.
- Prof Owain Jones was supported to hold a symposium as part of the AHRC's Connected Communities programme on Utopias, Temporalities and Futures: Critical Considerations for Social Change.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(iii) Research and knowledge transfer *(continued)*

Economic and Social Research Council

- Two members of staff were awarded support from the ESRC for events as part of the ESRC Festival of the Social Sciences 2015. Dr Louise Maythorne's forum in Edinburgh will examine the UN Conference on Climate Change while Dr Catherine Morgan's event addresses knowledge exchange in University and prison partnerships.

Environmental and Physical Sciences Research Council

- Prof. James Newman received £25,927 via the Sustainable Society Network to undertake research at Stanford University's Cabrinety Collection of video games, systems and ephemera.
- Dr Nigel Newbutt received £20,880 via the Sustainable Society Network to investigate the role of Virtual Reality Technology (VRT) in supporting the development and acquisition of social skills for people with an autism spectrum disorder.

Other Funding

- Dr Samantha Walton was awarded the University of Aberdeen's Special Collections Centre Visiting Scholar Award - £2,000.
- Dr Darren Garside received funding from the Philosophy of Education Society GB to host an international seminar series: Towards a Transnationalist Critique of Education - £9,625.
- Prof James Saunders was supported by the SW Crucible for his project Pulse: making music from scientific traces.

Contract Research and Consultancy

Contract research and consultancy income totalling over £221,000 was awarded from a variety of private and public sector organisations including the following:

- Prof Allyson MacVean secured funding from Avon and Somerset Constabulary for the evaluation of their 'Halcon One Team' programme - an initiative targeted at assisting agencies to work together to address crime and antisocial behaviour on the Halcon estate in Taunton.
- Dr Peter Etchells assisted the producers of BBC Horizon with an episode about the behavioural effects of computer gaming.
- Dr Elaine Wainwright was commissioned by the Royal United Hospital Bath to evaluate their 'See it my Way' programme targeted at using patient, carer and staff stories, and inspire and motivate their staff.
- Dr Jim Hordern was commissioned by the Higher Education Academy to advise on their technical degrees provision.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(iii) Research and knowledge transfer *(continued)*

Contract Research and Consultancy *(continued)*

- Anthony Head and Matthew Robertson were commissioned to design the graphical user interface of prototype software for a local business. This project was funded with the help of Innovate UK.
- Prof. Hongji Yang was commissioned by Pravis Technology China to advise on current trends in cyber security.
- Dr Laura Caulfield was contracted by Birmingham City Council to undertake an evaluation of their Youth Offending Service's music outreach programme.
- Prof. Hongji Yang was commissioned by the Test Institute of Inner Mongolia China to deliver software development training at Corsham Court.

Education

- Pat Black was commissioned by the National College for Teaching and Leadership to undertake a review of curriculum materials for the Carter Review of Initial Teacher Training.
- Janet Rose was commissioned by the Attachment Aware Schools Research Group to undertake work on the Attachment Aware Schools evidence base.
- Janet Rose was commissioned by Somerset County Council to deliver their Children and Young People Emotional Wellbeing Programme in partnership with EHCAP (Innovative Solutions for Education, Health, Care and Prison Services).
- Janet Rose and Rebecca McGuire-Snieckus were commissioned by Bath City Primary Schools to conduct an evaluation of their Nurture Outreach pilot with B&NES schools.
- Janet Rose won a tender from Somerset County Council to train 100 Champions among teachers and other adult professionals in schools and other organisations to develop emotion coaching approaches, as part of their Children and Young People Emotional Wellbeing Programme.

(iv) Bath Spa Global

The joint venture partnership with Shorelight Education LLC of Boston MA, Bath Spa Global, has completed its first full year of operation with a high proportion of its students progressing to courses in the University, as envisaged. However recruitment has been lower than expected and costs higher, with the result that a restructuring of the business is being implemented to concentrate on its core mission as a pathway college; under these revised arrangements broader business education activities will transfer to the University. Negotiations continue on the surrounding commercial arrangements.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.3 Current and Future Development and Performance

(v) Resources

Financial

The University has consolidated net assets of £52.8m, net of an £12.0m pension liability.

People

The University employs 727 people (expressed as full time equivalents), of whom 342 are academic staff.

Reputation

The University has a strong reputation locally and nationally. Maintaining a quality brand is essential for the University's success at attracting students and external relationships.

(vi) Future Development

As part of its strategy and plans for growth, the University is pursuing several opportunities that, if successful, will add significantly to its capability and capacity. These include increasing and consolidating the academic estate, developing collaborative programmes in hospitality and hotel management, and expanding international provision including transnational education. A key early development will be the creation of a College of Liberal Arts at the Newton Park Campus, combining three existing Schools and establishing the Bath Business School. These changes will enhance student choice and facilitate interdisciplinary study and research, directly contributing to achievement of the objectives of the University's new strategic plan.

1.4 Principal Risks and Uncertainties

The University maintains a high level risk register which classifies and quantifies all risks which may impact on the University's ability to achieve its objectives. A named senior manager is identified as being responsible for the management of each recorded risk. The Policy & Resources Committee acts as the Risk Committee of the Board of Governors, responsible for reviewing the level of risk exposure within the University. Its deliberations include:

- The nature and extent of the risks facing the University.
- The extent and categories of risk which it regards as acceptable.
- The likelihood of risks concerned materialising.
- The University's ability to reduce the incidence and impact on the University of risks that do materialise.

Twice each year the Committee receives reports on the management of risk at Bath Spa and confirms its opinion on the approach the University is taking in relation to risk.

REPORT OF THE BOARD OF GOVERNORS

1. Operating and Financial Review

1.4 Principal Risks and Uncertainties *(continued)*

The greatest risks to the University include competition for students (UK and International), infrastructure (timely completion of building works, quality of residential accommodation and adequacy of teaching space), and reputation (impact of increased focus on internationalisation and research, BSG). These risks carry financial implications. We will manage the risks and the financial commitments carefully.

1.5 Creditor Payment Policy

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later.

1.6 Stakeholder Relationships

In line with other universities, Bath Spa University has many stakeholders. These include:

- Students;
- Funding Councils;
- Staff;
- Local Authorities, and landowners;
- National Government;
- Local, national and international community;
- HE and FE institutions in UK and beyond;
- Trade unions;
- Academic and professional bodies; and
- International partners.

The University recognises the importance of these relationships and engages in regular communication with them through the University's internet site and by meetings.

1.7 Equal opportunities and employment of disabled persons

Bath Spa University is fully committed to being an equal opportunities employer and providing equality of opportunity for all its staff and students, applicants and visitors. The University will not tolerate unfair or unlawful discrimination on the grounds of gender, ethnicity, colour, disability, religion, nationality, age, occupation, marital status or sexual orientation or any distinction which is not relevant to the employee/employer relationship or its student body. This policy applies to all staff of the University and all its activities. The University's Equal Opportunities Policy, including its Disability Equality Scheme, Race Equality Policy, and Gender Equality Duty, are all published on the University's internet site.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.1 Charitable status and delivery of charitable objectives

Bath Spa University is a Higher Education Corporation, and as such, is an exempt charity with the charitable objects of providing higher education, and of carrying out research and to publish the results of the research. Since 1 June 2010 the University has been regulated by HEFCE as the principal regulator of English HEIs as charities. The members of the Board of Governors, who include the Vice-Chancellor and staff and student members, are the trustees of the charity. As such, the Board of Governors has due regard to the Charity Commission's general guidance on public benefit. The University has no linked charities attached to it.

The charity's immediate beneficiaries are its students, and the preceding sections (1.3 i,ii,iii.) of this report provide examples that show the University is continuing to expand its teaching and research provision, whilst at the same time improving the quality of its academic programmes.

2.2 Developing people to make a contribution to society

The University's graduates apply their higher-level skills across a wide range of occupations and professions, with almost 95% in work or further study within six months of graduation. Of those in full time employment, 64% enter professional and managerial roles and a number establish successful business start-ups or freelance careers, particularly across the creative and cultural sector, supporting local economic growth. The University produces roughly double the national average of graduates going into self-employment.

Whilst at university, students undertake a wide range of volunteering activities and community-related employment impacting directly society throughout their student life, many as part of their course.

The University engages increasingly with many external partners, locally, nationally and internationally. External partners range from commercial businesses, organisations in the not-for-profit sector, and local and national government departments, to schools, research councils and international education partners. Research, consultancy and knowledge exchange activities continue to support practical outcomes relevant to a number of sectors including education policy, arts and humanities, and most recently creative technologies. Research across the creative and cultural industries regularly culminates in public events hosted by the University in its own theatre or gallery spaces, and through external partnerships nationally and internationally.

The University's Research, Careers and Business Liaison teams work closely with external partners in ensuring that research, and the outcomes of research are of direct relevance to the wider community. Strategic partnerships have been developed with local partners such as The Holburne Museum, Theatre Royal and Bath Festivals, and local businesses like The Guild coworking space to support local business and to benefit local people.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.2 Developing people to make a contribution to society *(continued)*

The University's staff and students make a substantial contribution to the cultural life of Bath and the surrounding area, with live performances and exhibitions annually by creative students attracting members of the public. The University contributes to the local creative and cultural calendar, presenting a summer season of screenings, performances, degree shows, networking events and public lectures - the majority of which are free and open to members of the public.

Throughout the year students perform at Bath Abbey, the Guildhall, 'the egg' and theatre projects with Theatre Royal Bath, The Rondo, Mission Theatre and others. Our students undertake placement work in museums, schools, art galleries and performance venues. Many more are involved in education-led projects with schools, community groups and museums. Many of our courses feature an entrepreneurial learning path in which students establish real-world small businesses as part of the programme of study; these businesses frequently involve engagement with groups and businesses in both Bath and Bristol.

The University is a major local employer, employing around 1,000 academic and professional services staff, whilst students fill many part-time employment opportunities with local businesses. The University works with its local authority to promote graduate retention and to meet the needs of local and sub-regional employers. Additionally, its links with several hundred local schools help benefit young people and the continued professional development of teachers and educational leaders.

Senior members of staff inform and influence local economic development through participation in special interest groups such as Business West Bath, B&NES Initiative, B&NES Learning & Skills Partnership, and both the West of England and Swindon & Wiltshire Local Enterprise Partnerships. In particular, its staff help to drive development through membership of the strategic boards of local creative and cultural businesses. The University also provides support to local businesses, particularly SMEs, through training, placements and projects.

The University is committed to producing students who are aware of their responsibilities and opportunities as global citizens and has recently introduced a (non-credit-bearing) Global Citizenship Award. This is designed to recognise the global perspective of undergraduate studies and to firmly place students in the global employment market. It enables some of the University's best-qualified students to study abroad and undertake an international work placement.

2.3 Admissions policy and widening participation

Bath Spa University is committed to encouraging as broad a range of students as possible to participate in, and benefit from, higher education. We believe that our University is enriched by a student body that reflects wider society.

We seek to recruit students who have varying experiences of education, ranging from those who are well qualified academically, to those who have followed non-traditional pathways to higher education.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.3 Admissions policy and widening participation *(continued)*

We welcome applications from students who come from families new to higher education, students with disabilities, students from different socio-economic, cultural and ethnic backgrounds, mature students and those without standard entrance qualifications. The University's widening participation activity is closely linked to the HEFCE student life-cycle model and our strategic aims are to:

- raise aspirations and attainment among potential applicants from under-represented groups by providing a well-targeted and progressive programme of effective outreach activities
- increase the participation of people from under-represented groups by promoting fair access to the University's full range of provision from foundation degree to postgraduate programmes
- improve student retention and success with a strong focus on encouraging those from groups with relatively low retention rates to access the relevant elements of the University's student support package, where needed
- support career progression with a strong focus on encouraging those from groups under-represented in the professions to access the relevant elements of the University's careers and employability support package
- contribute to national and regional widening participation and access agendas through collaborative working.

Outreach Activities

The University has developed an extensive and successful widening participation outreach programme for young people and adults to raise aspiration, support attainment and encourage progression to higher education. A wide range of targeted, incremental programmes and activities are delivered to young people aged from 9 to 19 in schools, colleges and community groups, and their parents/carers. The University also works with local higher and further education partners to provide a programme of outreach activities to support progression to higher education for Access to Higher Education Diploma learners. In 2014/15 the University's widening participation outreach activities reached over 10,000 people.

Supporting students with a disability or specific learning need

All outreach activity is made accessible to students with a disability or specific learning need. The University provides numerous bespoke events, including an early induction programme that was highlighted as a national example of good practice by Action on Access.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.3 Admissions policy and widening participation *(continued)*

Supporting children in care and care-leavers

The University works with local higher education partners and the south west network of Virtual School Heads, who are responsible for the education of young people in care, to offer a support package for each Local Authority in our region. The University holds the Frank Buttle Trust Quality Mark in recognition of the support we provide for care-leavers.

Improving transition, progression to higher education and student success

Mature students are invited to attend a two-day 'Return to Learning' transitional summer school to prepare them for undergraduate study. Year 1 students at the University are offered a peer mentor. All students are encouraged to engage with the range of induction activities that are provided by the University and Students' Union as part of the University's Welcome programme. On registration, students are allocated to a personal tutor to ensure they receive pastoral and academic guidance and support. In addition, the University provides integrated and accessible welfare, finance, disability, medical and spiritual support and a counselling service through Student Support Services. Extra academic support through the Student Writing and Learning Centre is also available to all students. The University aims to help all students to develop their career potential and to achieve successful career outcomes, particularly those from non-traditional backgrounds. This entails a range of activities, within and outside the curriculum, both to raise students' career aspirations and confidence, and to help them develop a good understanding of their personal and professional skills and competencies in the context of the graduate labour market.

2.4 Bursaries and Student Financial Support

Tuition fees for full-time undergraduate courses and postgraduate certificate in education (PGCE) courses for home and EU students are regulated by the Office for Fair Access (OFFA).

The University has a team of professional staff committed to ensuring that students with particular needs receive good advice and appropriate financial assistance. Our aim is that no-one should be deterred from applying to the University, or considers leaving their course due to financial issues.

Under its Access Agreement with OFFA, Bath Spa provides students with a range of financial support, including bursaries and scholarships which go significantly beyond statutory requirements. For example, in 2014/15 we provided £1.7m in means-tested bursaries to support students from the lowest household incomes.

In 2014/15 Bath Spa University charged tuition fees of £9,000 for full time students starting campus-based undergraduate degree courses. Students do not have to pay the fees up-front, but can get a government fee loan which only needs to be repaid when they have left University and are earning more than £21,000.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.4 Bursaries and Student Financial Support *(continued)*

From the April following graduation, and when earning over £21,000, graduates will pay back 9% of their income over this amount; e.g. salary of £25,000, repay £30/month. There is a “progressive tapering” system for interest rate payments:

- Earn less than £21,000, interest at rate of inflation.
- Earn between £21,000 - £41,000, interest at rate of inflation + up to 3.9%.
- Earn over £41,000, interest at rate of inflation + up to 3.9%.
- If the student loan debt is still outstanding after 30 years, it will be written off.

The Government review leading to these measures involved wide-ranging changes including the withdrawal of significant funding to universities. The increased tuition fees allow universities to make up this lost revenue, and most universities are charging fees at or towards £9,000 for most courses. Most of these students are eligible for UK Government tuition fee loan support and will only have to begin repaying the loan once they have graduated and are earning in excess of £21,000. Fees for most foundation degree students based at partner institutions will be £7,500.

In measures designed to help ensure that students from lower income backgrounds will not be put off applying to university, Bath Spa provides a support package of widening participation initiatives and financial assistance worth some £2.7m in 2014/15. This package will continue in 2015/16. In common with several other universities, Bath Spa is considering offering several scholarships to prospective undergraduate and postgraduate students from Syria.

In 2014/15 the University provided 319 NSP awards to new entrants. These awards are aimed at students from areas of HE deprivation (where people traditionally do not go into Higher Education), another one of the eligibility criteria is residual household income of under £25,000.

In 2014/15 the awards were worth £2,000 and will be paid in cash only. Students who received NSP award in 2014/15 or earlier, will receive a further £500 follow-on award for each further year of study. From 2015/16, Government funding for NSP has been discontinued and students will instead be eligible to apply for financial support provided by the University’s own bursary scheme.

Bath Spa is also providing BSU bursaries up to £500 to students from families with incomes under £25,000 (the amount ranges from £350 to £500 per year, depending on family income levels). This bursary scheme is already in operation and is unchanged for 2014 entry. Previous recipients of NSP awards are entitled to both an NSP follow-on award of £500 and a BSU bursary in subsequent years.

This year through the work of the Alumni and development office, generous donations were received that benefited 44 students who received scholarships, bursaries or awards that aided their studies, funded international travel, and gave them space to think outside of their curriculum. A further 30 students received opportunities through the Santander Universities partnership.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.5 Energy and Environmental Sustainability

We recognise that our activities have an impact on the environment. Our overall environmental objectives are to ensure that this impact is minimised, that the University grows and develops in a sustainable way and that continuous improvement in environmental performance is embedded into our business model and the culture of the University.

To this end we will:

- Continually improve our ISO14001 compliant Environmental Management System (EMS), to ensure that our environmental risks and impacts are managed and minimised.
- Comply fully with all relevant environmental legislation, regulations and agreements.
- Reduce our carbon emissions through our carbon management plan, which includes measures to ensure we meet and exceed statutory and sector targets.
- Continually strive to reduce the use of natural resources and to minimise the production of waste in all our activities.
- Promote sustainable modes of transport including walking, travelling by bus, car-sharing and cycling.
- Manage our operations to minimise the risk of causing pollution.
- Manage the University's property portfolio in a manner that encourages and maintains biodiversity.
- Adopt sustainable purchasing practices and the use of environmentally sound goods and services.
- Engage with other institutions and the wider community to share environmental best practice and to demonstrate environmental responsibility.
- Continually develop and expand education for sustainable development in the curriculum for all students
- Promote environmental awareness and responsibility amongst all staff and students through awareness campaigns and training programmes.
- Find ways to ensure that our investments provide a good return for the University, without being used to fund activities that do not align with our own core values.

REPORT OF THE BOARD OF GOVERNORS

2. Demonstrating the Public Benefit of our Work

2.5 Energy and Environmental Sustainability *(continued)*

Our Environmental Management System (EMS) provides the framework for delivery of this policy and for ensuring the human and financial resources required for its implementation are in place. The objectives, targets, programmes and procedures set within the EMS will enable our performance to be independently verified, enabling us to measure our progress against similar institutions and sector standards.

The University also has in place a Carbon Reduction Management Plan (CRMP), which sets out our approach to reducing carbon emissions in line with the sector targets published by HEFCE in January 2010. By 2014, annual carbon emissions had been reduced by almost 25% since 2010. However, during the 2014/15 academic year, emissions returned to their 2010 level of c. 4,000t. as a result of the new developments at Newton Park. A new target of 2,750 tonnes per year has been set as part of BSU's 2020 strategy. The University is developing an Energy Performance Contract and is developing an energy management team, within Estates to help achieve this target cost-effectively.

The University does not engage in activities that are likely to cause harm or detriment, and none of its research activities involves use of animals.

3. Corporate governance

3.1 Statement

The University is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the higher education sector and best practice. This summary describes the manner in which the University has applied the principles set out in the voluntary Governance Code of Practice contained in the Committee of University Chairs 'Guide for Members of Higher Education Governing Bodies in the UK'. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2015, the University has been in compliance with all the voluntary Code and has also carefully considered, and where appropriate implemented, all of the recommendations of the Guide for Members of Higher Education Governing Bodies in the UK that was issued by the Committee of University Chairmen in 2008. The University has also carefully considered the implications of a new Higher education Code of Governance that was issued in 2015 and will undertake a review of Board effectiveness in 2015/16 to ensure it complies with the new guidance.

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.1 Statement (continued)

The University's Board of Governors comprises lay and academic persons appointed under the Instrument of Government of the University, the majority of whom are non-executive. The roles of Chair and Deputy Chair of the Board of Governors are separated from the role of the University's Vice-Chancellor and Chief Executive. The matters specifically referred to the Board of Governors for decisions are set out in the Articles of Government of the University; by custom and under the Memorandum of Assurance and Accountability between the Higher Education Funding Council for England and institutions. The Board of Governors holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business.

3.2 Summary of the University's structure of corporate governance

The Board of Governors meets four times a year; and has several Committees including a Policy & Resources Committee, a Remuneration Committee, a Committee of Independent Members, a Nominations Committee, and an Audit Committee. All of these Committees are formally constituted with terms of reference, and comprise mainly lay members of the Board of Governors, one of whom is designated to chair meetings.

The *Policy & Resources Committee* inter alia recommends to the Board of Governors the University's annual income and expenditure budget and monitors performance in relation to the approved budgets. It reviews the University's annual financial statements together with the accounting policies.

The *Remuneration Committee* determines the annual remuneration of senior postholders.

The *Committee of Independent Members* determines, where required by the instrument of Government, the appointment of Independent Members to the Board of Governors.

The *Audit Committee* meets at least three times annually with the External Auditors, to discuss 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's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with the regulatory requirements. Whilst senior officers attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee do meet with the External Auditors and the Internal Auditors on their own for independent discussions.

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.2 Summary of the University's structure of corporate governance *(continued)*

The *Nominations Committee* manages the process whereby nominations are sought from the Board of Governors, Academic Board, Vice Chancellor's Executive Group, Unions, and by advertisement where appropriate. Such nominations are subject to the formal approval of the Board of Governors or by the Committee of Independent Members under the arrangements prescribed by the Instrument of Government.

3.3 Statement of the primary responsibilities of the Board of Governors

The following are the responsibilities of the Board of Governors as stipulated in the Articles of Government (also available on the University's website): <http://www.bathspa.ac.uk>

The Board of Governors shall be responsible for:

- (a) the determination of the educational character and mission of the University and for oversight of its activities;
 - (b) the effective and efficient use of resources, the solvency of the University and the Corporation and for safeguarding their assets;
 - (c) approving annual estimates of income and expenditure;
 - (d) the appointment, assignment, appraisal, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts;
 - (e) setting a framework for the pay and conditions of service and all other staff.
- To approve long term plans aimed at securing the mission and strategic objectives.
 - To approve key performance indicators prepared by the Chief Executive and to consider monitoring reports against those indicators.
 - To agree a list of major policies for the Institution and formally to approve each policy.
 - To require from the Chief Executive regular updates of those policies and progress reports on their implementation.
 - In addition to the above policies, the Board of Governors places particular emphasis on establishing and monitoring systems of financial control and accountability. To ensure that proper books of account are kept (this is further explained in para. 3.4 below).

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.3 Statement of the primary responsibilities of the Board of Governors *(continued)*

- To ensure that adequate procedures are in place for handling internal grievances and complaints.
- To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life. These are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership.
- To safeguard the good name of Bath Spa University.
- To be the employing authority for all staff in the Institution.
- To ensure that the University has proper arrangements for obtaining legal advice and authority in order to conduct its business.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

3.4 Statement of the responsibilities of the Board of Governors for the financial statements

In accordance with the University's Articles of Government, the Board of Governors of Bath Spa University is responsible for the administration and management of the affairs of the University, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of assurance and accountability between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.4 Statement of the responsibilities of the Board of Governors for the financial statements (continued)

In causing the financial statements to be prepared, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE, and financial memoranda issued by other funding bodies including NCTL.
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

The Board of Governors is currently conducting an effectiveness review, the results of which will be published on the University's web-site in due course. The previous review was conducted in April 2011, and whilst this review identified a small number of action points, there was general acceptance that the Board's affairs are conducted in a professional, independent and business-like manner.

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.5 Disclosure of information to auditors

The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

3.6 Statement of Internal Control

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies aims and objectives while safeguarding the public and other funds and assets for which they are responsible, in accordance with the Articles of Government and the Memorandum of Assurance and Accountability with HEFCE, and financial memoranda issued by other funding bodies including NCTL.

As noted in para. 3.1 the University has also carefully considered the implications of a new Higher education Code of Governance that was issued in 2015 and will undertake a review of Board effectiveness in 2015/16 to ensure it complies with the new guidance.

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

The system of internal control is based on an on-going process designed to identify the principal risks to the University's policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and in accordance with HEFCE guidance.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board of Governors meets regularly four times a year to consider the plans and strategic direction of the University.
- The Board of Governors receives periodic reports from the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Board of Governors has established the Policy & Resources Committee as the risk committee to oversee risk management.
- The Audit Committee receives regular reports from the Head of Internal Audit which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.

REPORT OF THE BOARD OF GOVERNORS

3. Corporate governance

3.6 Statement of Internal Control *(continued)*

- A regular programme of meetings of senior staff is held to identify and keep up to date the record of risks facing the University.
- A system of key performance and risk indicators is maintained and is regularly reviewed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is maintained and subject to regular review.
- An organisation-wide risk register is maintained and subject to regular review.
- Reports are received from budget holders, department heads and project managers on internal control activities.

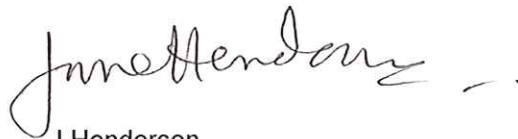
Review of the effectiveness of the system of internal control is informed by the Internal Audit Service which operates to standards defined in the HEFCE Audit Code of Practice and which is regularly reviewed for effectiveness by the HEFCE Audit Service. The Internal Auditors submit regular reports which include their opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

Review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

By Order of the Board of Governors



C Slade
Accounting Officer
24 November 2015



J Henderson
Chair

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BATH SPA UNIVERSITY

We have audited the financial statements of Bath Spa University (the 'University') for the year ended 31 July 2015 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governing Body, as a body, in accordance with paragraph 13 of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governing Body and auditor

As explained more fully in the Governing Body's Responsibilities Statement set out on page 27, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by HEFCE's Memorandum of Assurance and Accountability dated June 2014

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability, and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT
November 2015

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STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP), the Accounts Direction for 2014/15 financial statements and in accordance with applicable Accounting Standards.

Basis of accounting

These financial statements are prepared under the historical cost convention as modified to include buildings taken over from Avon County Council at valuation.

Going concern

The activities of the University, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the University, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

At 31 July 2015 the University had £28.3m of loans outstanding with bankers on terms negotiated in 2013, and in August 2014 drew down the final £10m of a £30m borrowing facility with Lloyds Bank PLC. The University's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of consolidation

The financial statements do not include those of Bath Spa University Students' Union as it is an association with charitable status in which the University has no financial interest and no control or significant influence over policy decisions.

The financial statements include the University's wholly owned subsidiary Bath Spa U Limited which includes 50% of its share of assets and liabilities of Bath Spa Global LLP, and its share of deficit of £751,000 in 2014/15 which is reported as Other expenses (Note 7). The figure of £751,000 includes £69,000 which represents Bath Spa U Limited's share of the deficit that was understated in 2013/14. The directors of Bath Spa U Limited are currently in discussions with Shorelight Inc., joint owner of Bath Spa Global LLP, regarding a possible reduction in costs recharged to Bath Spa Global LLP, which if successful, may result in a minor adjustment in the University's 2015/16 financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

Grants from Funding Council

Revenue based grants are credited to revenue in the same period in which the revenue expenditure to which they relate is charged. Capital based grants are credited to revenue over the useful life of the asset by treating the amount of the grant as a deferred credit, a portion of which is transferred to revenue annually.

Tuition fees and other income

Tuition fees and other income, which exclude value added tax, represent the invoiced value of services supplied. Tuition fees are accounted for on an accruals basis.

Pension arrangements

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme and the Avon Pension Fund.

- **Teachers' Pension Scheme**

Employers' pension contributions to the Teachers' Pension Scheme are charged to the income and expenditure account in the year to which the salaries on which they are payable relate.

- **Avon Pension Fund**

Avon Pension Fund assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the University's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The pension scheme's deficit is recognised in full and presented on the face of the balance sheet.

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the University monthly. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet based upon discount factors provided by HEFCE.

Leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Maintenance of premises

The total cost of maintenance of premises is charged to the income and expenditure account in the period it is incurred.

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Tangible fixed assets

Tangible fixed assets taken over from Avon County Council at 1 April 1989 are stated at a valuation adjusted for depreciation. The bases of valuation are explained in note 12. Tangible fixed assets acquired since 1 April 1989 are stated at cost less accumulated depreciation.

The transitional rules set out in FRS 15 Tangible Fixed Assets were adopted as at 31 July 2000 and book values of property assets were frozen accordingly.

Equipment costing less than £2,500 per individual item or group of related items is written off in the year of acquisition.

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Building improvements	10% per annum
Music equipment	20% per annum
Motor vehicles	25% per annum
Equipment, fixtures and fittings	25% per annum
Computer software and hardware	33 ^{1/3} % per annum

Freehold and leasehold buildings are amortised over their useful economic lives on a basis consistent with the Vigers estimate of remaining property life (this ranges from 13 to 50 years). The Newton Park estate is held on a 99 year lease that expires in 2044. Freehold land is not depreciated.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

- **Assets under construction**

Assets under construction are accounted for at cost based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

- **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved;
- asset capacity increases;
- substantial improvement in the quality of output or reduction in operating costs; and
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

- **Impairment**

Assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amounts.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

Accounting for Charitable Donations and Investments

Where charitable donations, other than for tangible fixed assets, are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments.

Charitable donations that are not to be retained for the benefit of the institution are treated as income and recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Deferred Income

Deferred income representing the buy-out of inherited liabilities at Corsham Court by HEFCE is being released to revenue over the remaining 51 years of the Corsham Court lease to match associated expenditure under the lease covered by the buy-out agreement. Deferred income is measured on a discounted balance to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that expenditure under the lease buy-out agreement will be made. The discount rate used reflects the average yield on investment deposits with similar maturity dates.

Provisions

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
INCOME			
Funding Council grants	1	5,113	10,238
Tuition fees and education contracts	2	53,063	42,198
Research grants and contracts	3	862	318
Other income	4	9,707	5,017
Investment income	5	261	314
Total income		69,006	58,085
EXPENDITURE			
Staff costs	6	31,760	29,578
Other operating expenses	7	24,608	23,751
Depreciation		4,398	2,902
Interest and other finance charges	8	1,671	1,081
Total expenditure	7	(62,437)	(57,312)
Surplus after depreciation of assets at valuation, impairment, and before taxation		6,569	773
Taxation	10	-	-
Surplus after depreciation of assets at valuation and after taxation	11	6,569	773

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

The notes on pages 42 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2015

	2015	2014
	£'000	£'000
Surplus after depreciation of assets at valuation and taxation	6,569	773
Actuarial loss relating to the pension scheme	(2,559)	(187)
Total recognised gains relating to the year	<u>4,010</u>	<u>586</u>

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2015

	2015	2014
	£'000	£'000
Surplus after depreciation of assets at valuation and after taxation	6,569	773
Difference between an historical cost depreciation charge and the actual depreciation for the year calculated on the revalued amount	137	137
Historical cost surplus after taxation	<u>6,706</u>	<u>910</u>

BALANCE SHEET
At 31 July 2015

	Note	Consolidated		University	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Tangible assets	12	73,706	72,797	73,706	72,797
ENDOWMENT ASSET INVESTMENTS					
	13	575	569	575	569
CURRENT ASSETS					
Stocks		75	118	75	118
Debtors	14	14,162	1,568	14,241	1,689
Investments – cash on money market deposit		24,000	20,000	24,000	20,000
Cash at bank and in hand		7,795	10,668	7,795	10,668
		46,032	32,354	46,111	32,475
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	15	(11,348)	(11,967)	(10,555)	(11,967)
NET CURRENT ASSETS					
		34,684	20,387	35,556	20,508
TOTAL ASSETS LESS CURRENT LIABILITIES					
		108,965	93,753	109,837	93,874
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	16	(43,111)	(34,748)	(43,111)	(34,748)
PROVISIONS FOR LIABILITIES AND CHARGES					
	18	(1,077)	(1,177)	(1,077)	(1,177)
NET ASSETS BEFORE PENSION LIABILITY					
		64,777	57,828	65,649	57,949
PENSION LIABILITY					
		(11,986)	(9,160)	(11,986)	(9,160)
NET ASSETS AFTER PENSION LIABILITY					
		52,791	48,668	53,663	48,789
DEFERRED CAPITAL GRANTS					
	19	3,522	3,415	3,522	3,415
ENDOWMENTS					
Expendable	20	575	569	575	569
RESERVES					
Revaluation reserve	21	3,900	4,037	3,900	4,037
General reserves	22	44,794	40,647	45,666	40,768
Total reserves		48,694	44,684	49,566	44,805
TOTAL					
		52,791	48,668	53,663	48,789

These financial statements were approved by the Board of Governors on 24 November 2015 and signed on its behalf by:



C Slade
Accounting Officer



J Henderson
Chair

The notes on pages 42 to 59 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Cash flow from operating activities	24	354	4,427
Returns on investments and servicing of finance	25	(1,416)	(772)
Capital expenditure and financial investment	26	(6,465)	(34,285)
Management of liquid resources	27	(4,000)	14,000
Financing	28	8,660	9,515
Decrease in cash in year		<u>(2,867)</u>	<u>(7,115)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
For the year ended 31 July 2015

	2015 £'000	2014 £'000
Decrease in cash in the year	(2,867)	(7,115)
Increase/(decrease) in short term deposits	4,000	(14,000)
Change in net funds	1,133	(21,115)
Net funds at 1 August	31,237	52,352
Net funds at 31 July	<u>32,370</u>	<u>31,237</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

1. FUNDING COUNCIL GRANTS

	HEFCE £'000	DWP £'000	2015 £'000	2014 £'000
Recurrent grant	3,932	381	4,313	8,650
Inherited liability grant released in year	284	-	284	219
Deferred capital grants released in year:				
- Buildings	467	-	467	407
- Equipment	49	-	49	962
	<u>4,732</u>	<u>381</u>	<u>5,113</u>	<u>10,238</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	2015 £'000	2014 £'000
Full-time students	47,314	38,510
Full-time students charged overseas fees	4,829	2,920
Part-time fees	920	768
	<u>53,063</u>	<u>42,198</u>

3. RESEARCH GRANTS AND CONTRACTS

	2015 £'000	2014 £'000
Research councils	615	138
Other grants and contracts	247	180
	<u>862</u>	<u>318</u>

4. OTHER INCOME

	2015 £'000	2014 £'000
Residences, catering and conferences	5,758	2,327
Other income	3,831	2,601
Donations	94	65
Deferred capital grants released in year – Buildings	24	24
	<u>9,707</u>	<u>5,017</u>

5. INVESTMENT INCOME

	2015 £'000	2014 £'000
Income from short term investments	<u>261</u>	<u>314</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

6. STAFF COSTS	2015 £'000	2014 £'000
Wages and salaries	25,788	23,963
Social security costs	2,012	1,869
Other pension costs	3,960	3,746
	<u>31,760</u>	<u>29,578</u>

The University has included an accrual for holiday pay in 2015 totalling £1,570,000 (2014: £1,236,000). This has become a mandatory requirement under FRS102 from 2015.

Other pension costs comprise:	£'000	£'000
Contributions to defined benefit scheme accounted for as a defined contribution scheme (TPS)	1,933	1,788
Current service cost of defined benefit scheme (LGPS)	2,027	1,958
	<u>3,960</u>	<u>3,746</u>

Average staff numbers by major category (full-time equivalent):	No.	No.
Academic staff	290	280
Hourly- paid lecturers	52	49
Technicians	40	37
Support staff - administration	286	260
Support staff - manual workers	59	53
	<u>727</u>	<u>679</u>

Emoluments of the Accounting Officer and Chief Executive: Professor Christie Slade	£'000	£'000
Remuneration including £12,500 performance related bonus (2014: £Nil)	263	250
Housing allowance	20	6
Private healthcare	11	10
Pension contributions	49	43

Remuneration of higher paid staff excluding the Accounting Officer and Chief Executive:

	No.	No.
£110,001 - £120,000	-	1
£120,001 - £130,000	1	2
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
	<u>3</u>	<u>3</u>
	£'000	£'000
Governors expenses	1	3

The governors, other than the Accounting Officer, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

7. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Dep'n	Other operating expenses	Interest payable	2015 Total	2014 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	18,505	158	6,661	-	25,324	24,522
Academic services	3,486	1,475	1,874	-	6,835	9,218
Research grants and contracts	341	-	578	-	919	456
Residences, catering and conferences	749	649	1,425	-	2,823	1,743
General education expenditure	1,923	19	5,100	-	7,042	5,967
Premises	1,653	2,047	5,065	1,391	10,156	7,742
Administration	3,756	50	1,896	280	5,982	5,830
Staff and student services	1,323	-	617	-	1,940	1,077
Other expenses	24	-	1,392	-	1,416	757
	<u>31,760</u>	<u>4,398</u>	<u>24,608</u>	<u>1,671</u>	<u>62,437</u>	<u>57,312</u>

	2015	2014
	£'000	£'000
The depreciation charge has been funded by:		
Deferred capital grants	540	495
Revaluation reserve released	137	137
General income	3,721	2,270
	<u>4,398</u>	<u>2,902</u>

	2015	2014
	£'000	£'000
Other operating expenses include:		
Auditors' remuneration		
- external audit	21	20
- internal audit	24	24
- tax services	4	3
- US federal loan	2	2
Hire of land and buildings - operating leases	503	521
Hire of plant and machinery - operating leases	12	17
Loss on sale of fixed assets	-	7
Howard Hodgkin Endowment - University Contribution	6	5
Student Union grant (2014 included one-off buildings maintenance Grant of £290,000)	274	590
Share of deficit in subsidiary (Note 9)	751	121
	<u>751</u>	<u>121</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

8. INTEREST AND OTHER FINANCE CHARGES	2015 £'000	2014 £'000
Loans not wholly repayable within five years	1,391	727
Net interest on local government pension scheme (Note 22)	(6)	(5)
Finance cost of long term maintenance provision	307	306
Finance cost of enhanced pension provision	(21)	53
	<u>1,671</u>	<u>1,081</u>

9. SHARE OF DEFICIT IN SUBSIDIARY	2015 £'000	2014 £'000
Share of deficit in subsidiary	<u>751</u>	<u>121</u>

In 2014 the University's wholly owned subsidiary company Bath Spa U Limited, entered into a joint venture agreement with a US-based provider, Shorelight, to establish a pathway college in Bath. Recruitment in 2014 was much slower than anticipated, and the income generated by the 35fte students recruited in 2014/15 was insufficient to cover the initial set-up and operating costs. In September 2015 Bath Spa U Limited and Shorelight began developing a new business model that should result in significantly reduced overhead costs and a more financially sustainable joint venture operation.

10. TAXATION

The University, having charitable status, is liable to UK Corporation Tax only on activities which are additional to its principal educational activities. The University's activities did not give rise to any significant taxable profit.

11. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

The surplus on continuing operations for the period is made up as follows:

	2015 £'000	2014 £'000
University's surplus for the year	<u>6,569</u>	<u>773</u>
Total	<u>6,569</u>	<u>773</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

12. CONSOLIDATED AND UNIVERSITY TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold properties	Assets under construct- ion	Building improve- ments	Fixtures, equip- ment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2014						
Valuation	1,600	5,551	-	-	1,289	8,440
Cost	-	37,759	25,576	10,569	10,091	83,995
Additions at cost	-	2,018	129	1,900	1,260	5,307
Reclassification	-	25,381	(25,576)	280	(85)	-
Disposals						
Valuation	-	-	-	-	-	-
Cost	-	-	-	(2)	(170)	(172)
At 31 July 2015						
Valuation	1,600	5,551	-	-	1,289	8,440
Cost	-	65,158	129	12,747	11,096	89,130
	1,600	70,709	129	12,747	12,385	97,570
Accumulated depreciation and impairments						
At 1 August 2014	397	5,574	-	5,514	8,153	19,638
Reclassification	-	-	-	21	(21)	-
Charge for year	17	1,475	-	1,074	1,832	4,398
Disposals	-	-	-	(2)	(170)	(172)
At 31 July 2015	414	7,049	-	6,607	9,794	23,864
Net book value at 31 July 2015	1,186	63,660	129	6,140	2,591	73,706
At 31 July 2014	1,203	37,736	25,576	5,055	3,227	72,797
Inherited	1,186	2,631	-	-	-	3,817
Financed by capital grant	-	2,155	-	1,053	313	3,521
Other	-	58,874	129	5,087	2,278	66,368
Net book value at 31 July 2015	1,186	63,660	129	6,140	2,591	73,706

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

12. TANGIBLE FIXED ASSETS *(continued)*

The statement of asset valuation practice and guidance notes prepared by the Royal Institution of Chartered Surveyors provides that the normal basis of valuation for assets is open market value for existing use (SAVP 1). However, SAVP 1 is qualified to the extent that this may not be appropriate in respect of specialised properties which rarely, if ever, change hands and for which there is no clear evidence of open market transactions involving comparable properties. In these cases the alternative basis of valuation provided by the guidance notes is that of depreciated replacement cost (DRC).

Land and buildings were revalued by Vigers - International Property Consultants at 31 March 1991. The property owned by the University at Sion Hill is considered by Vigers to be sufficiently general in its design to be comparable with other educational buildings in the area and has been valued at open market value for existing use. Those on the campus at Newton Park are considered to be most appropriately valued by the DRC basis described above and have therefore been valued accordingly.

The leasehold property at Corsham Court has been valued at £Nil. Vigers do not recommend placing a value on this property since the lease could be regarded as onerous. The costs associated with the lease will be met from releases from the deferred income accrual.

Land and buildings with a net book value of £3,817,000 (2014: £3,954,000) have been funded from Treasury sources. Should these particular properties be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the financial memorandum with the Higher Education Funding Council for England.

Equipment

Equipment taken over from Avon County Council at 31 March 1989 was brought into the accounts at 1 April 1990 at a value which reflects its replacement cost at the date of original purchase less depreciation representing usage since that date.

The University's subsidiary Bath Spa U Limited had no tangible fixed assets at 31 July 2015 (2014: £Nil).

13. ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Balance at 1 August	569	539	569	539
New endowments	6	30	6	30
Balance at 31 July	<u>575</u>	<u>569</u>	<u>575</u>	<u>569</u>
Cash and other short term investments	575	569	575	569
Total endowment asset investments	<u>575</u>	<u>569</u>	<u>575</u>	<u>569</u>

The endowment assets comprise a £519,000 University contribution and external donations totalling £56,000 to establish a chair in the name of Sir Howard Hodgkin.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

14. DEBTORS

	Consolidated		University	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	1,183	371	1,183	371
Other debtors	16	20	16	20
Amounts due from joint ventures	93	-	172	121
Prepayments and accrued income	12,870	1,177	12,870	1,177
	<u>14,162</u>	<u>1,568</u>	<u>14,241</u>	<u>1,689</u>

The prepayment of £12,870,000 includes £11,000,000 that has been paid as a deposit in respect of Green Park House, a prime student residential development in Bath city centre. The total cost of the building is £46,000,000 and the University expects to take ownership, subject to satisfactory completion in April 2016.

No debtors were due after more than one year.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank Loan (Note 17)	1,348	1,002	1,348	1,002
Salix Finance Loan (Note 17)	-	26	-	26
Trade Creditors	3,302	3,721	3,302	3,721
Taxation and social security	802	626	802	626
Amounts due to joint ventures	793	-	-	-
Other creditors	437	489	437	489
Accruals and deferred income	4,666	6,103	4,666	6,103
	<u>11,348</u>	<u>11,967</u>	<u>10,555</u>	<u>11,967</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Accruals and deferred income	16,203	16,180	16,203	16,180
Bank Loan (Note 17)	26,908	18,568	26,908	18,568
	<u>43,111</u>	<u>34,748</u>	<u>43,111</u>	<u>34,748</u>

The accruals and deferred income above relates to the University's obligation to maintain and insure its property at Corsham Court in the period to 2066.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

17. BORROWINGS**Consolidated and University**

2015 **2014**
£'000 **£'000**

Bank loans and overdrafts are repayable as follows:

In one year or less	1,348	1,002
Between one and two years	1,387	1,012
Between two and five years	4,393	3,169
In five years or more	21,128	14,387
	<u>28,256</u>	<u>19,570</u>

In June 2013 the University drew down a £10m EIB loan, being part of a £30m loan facility with Lloyds Bank PLC. The EIB loan is repayable in quarterly instalments commencing June 2013 and ending May 2027. Interest has been fixed at 2.168% plus Margin and MLA. The current interest rate is 3.268% (2014: 3.283%).

In February 2014 the University drew down a £10m loan from Lloyds Bank PLC that is repayable in quarterly instalments commencing May 2014 and ending February 2034. Interest has been fixed at 3.193% plus Margin and MLA. The current interest rate is 5.693% (2014: 5.693%).

In August 2014 the University drew down a £10m loan from Lloyds Bank PLC that is repayable in quarterly instalments commencing November 2014 and ending February 2034. Interest has been fixed at 3m LIBOR (2.265%) plus Margin and MLA. The current interest rate is 4.765%.

The Salix Finance Loan is repayable as follows:

Consolidated and University

2015 **2014**
£'000 **£'000**

In one year or less	-	26
	<u>-</u>	<u>26</u>

The University has received interest-free loans totalling £217,000 from Salix Finance to fund two new energy conservation projects. The loans were repayable by 8 equal instalments over 4 years commencing May 2010 and ending September 2014.

18. PROVISIONS FOR LIABILITIES AND CHARGES**Consolidated and University**

Enhanced pension provision **Landlords' guarantees provision** **Total provisions**
£'000 **£'000** **£'000**

At 1 August 2014	977	200	1,177
Charge to income and expenditure	(20)	229	209
Utilised in year	(68)	(241)	(309)
	<u>889</u>	<u>188</u>	<u>1,077</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

18. PROVISIONS FOR LIABILITIES AND CHARGES *(continued)*

An amount of £889,000 (2014: £977,000) is included in provisions representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the Bath Spa University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

To ensure that there is sufficient residential accommodation for its first year students the University contracts with external providers. In return for guaranteed availability of places the University will pay a proportion of the rent for any unfilled places. The landlords' guarantees provision reflects the number of study bedrooms for which the University has a potential liability. In 2014/15 the University paid £176,000 (2014: £58,000) in respect of unfilled places from a total of 611 study bedrooms.

The University has also entered into an arrangement whereby it will compensate Unite for letting some 316 student bedrooms at Waterside Court to Bath Spa University students on contracts that are consistent with the length of Bath Spa University owned accommodation, but which are shorter than those let by Unite to other tenants. The cost of such compensation is expected to be £70,000. (2014: £122,000). A similar arrangement has also been made with owners of Twerton Mill student residences where the cost of such compensation for 62 student bedrooms is expected to be £28,000. The Board of Governors consider that the provision will be paid during the forthcoming year and consequently have not discounted the provision to net present value.

19. DEFERRED CAPITAL GRANTS

	Consolidated and University HEFCE Buildings £'000	Consolidated and University HEFCE Equipment £'000	Consolidated and University Other Grants Buildings £'000	Consolidated and University Total £'000
At 1 August 2014	2,505	156	754	3,415
Cash received	611	35	-	646
Released to income and expenditure account	(462)	(49)	(28)	(539)
At 31 July 2015	<u>2,654</u>	<u>142</u>	<u>726</u>	<u>3,522</u>

20. ENDOWMENTS

	Consolidated and University 2015 Total £'000	Consolidated and University 2014 Total £'000
Balance at 1 August 2014	569	539
New endowments	6	30
Balance at 31 July 2015	<u>575</u>	<u>569</u>
Representing:		
Capital	<u>575</u>	<u>569</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

21. REVALUATION RESERVE

	Consolidated 2015 £'000	Consolidated 2014 £'000	University 2015 £'000	University 2014 £'000
Balance at 1 August 2014	4,037	4,174	4,037	4,174
Transfer from revaluation reserve to income and expenditure account	(137)	(137)	(137)	(137)
Balance at 31 July 2015	<u>3,900</u>	<u>4,037</u>	<u>3,900</u>	<u>4,037</u>

22. GENERAL RESERVE

	Consolidated 2015 £'000	Consolidated 2014 £'000	University 2015 £'000	University 2014 £'000
Balance at 1 August 2014	40,647	39,924	40,768	39,924
Surplus for the year	6,569	773	7,320	894
Transfer from revaluation reserve to income and expenditure account	137	137	137	137
Actuarial loss on pension fund	(2,559)	(187)	(2,559)	(187)
Balance at 31 July 2015	<u>44,794</u>	<u>40,647</u>	<u>45,666</u>	<u>40,768</u>

23. PENSION COSTS

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme, Avon Pension Fund, (LGPS). The total pension cost for the period was £3,960,000 (2014: £3,746,000).

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pensions cost is assessed in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2012
Actuarial method	Prospective benefits
Investment returns per annum	5% per annum
Salary scale increases per annum	4.75% per annum
Market value of assets at date of last valuation	£176,600 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	92%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23. PENSION COSTS *(continued)*

Teachers' Pension Scheme (TPS) *(continued)*

For the year ended 31 July 2015 the employer contribution rate was 14.1% (2014: 14.1%). The total pension cost for the period was £1,933,000 (2014: £1,788,000).

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

Avon Pension Fund (LGPS)

The University participates in the Avon Pension Fund (LGPS) which is a funded defined benefit pension scheme with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 July 2015 was £2,469,000 (2014: £2,320,000) of which employers' contributions totalled £1,754,000 (2014: £1,678,000) and employees' contributions totalled £715,000 (2014: £642,000). The agreed contribution rates for future years are 17% (2014: 16.8%) for employers, and salary-determined rates for employees ranging from 5.5% - 7.5%.

The following information under FRS 17 is based upon a full actuarial valuation of the Fund at 31 March 2014 updated to 31 July 2015 by a qualified independent actuary.

	2015	2014
Rate of increase in salaries	3.7%	3.8%
Rate of increase in pensions in payment	2.2%	2.8%
Discount rate	3.8%	4.3%
Inflation assumption CPI	2.2%	2.3%

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

	2015	2014
<i>Retiring today</i>		
Males	23.4	23.3
Females	25.9	25.8
 <i>Retiring in 20 years</i>		
Males	25.8	25.7
Females	28.8	28.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23. PENSION COSTS (continued)

Avon Pension Fund (LGPS) (continued)

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 July 2015 %	Value at 31 July 2015 £'000	Long term rate of return expected at 31 July 2014 %	Value at 31 July 2014 £'000
Equities	6.5	19,702	7.0	16,932
Government Bonds	2.5	3,189	3.2	2,730
Other Bonds	3.6	4,004	4.1	3,159
Property	6.1	2,870	6.2	2,392
Cash	0.5	780	0.5	1,074
Other	6.5	4,890	7.0	4,386
		<u>35,435</u>		<u>30,673</u>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS17:

	2015 £'000	2014 £'000
University estimated share of assets	35,435	30,673
Present value of scheme liabilities	<u>(47,421)</u>	<u>(39,833)</u>
Deficit in the scheme – Net pension liability	<u>(11,986)</u>	<u>(9,160)</u>

Analysis of amount charged to staff costs within operating surplus

	2015 £'000	2014 £'000
Current service cost	<u>2,027</u>	<u>1,772</u>
Total operating charge	<u>2,027</u>	<u>1,772</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23. PENSION COSTS *(continued)*

Avon Pension Fund (LGPS) *(continued)*

Analysis of amount that is charged to interest payable

	2015 £'000	2014 £'000
Expected return on pension scheme assets	1,762	1,701
Interest on pension scheme liabilities	(1,756)	(1,696)
	<u>6</u>	<u>5</u>
Net finance credit	<u>6</u>	<u>5</u>

Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	1,216	(821)
Change in financial and demographic assumptions underlying the scheme liabilities	(3,775)	634
	<u>(2,559)</u>	<u>(187)</u>
Actuarial loss recognised in STRGL	<u>(2,559)</u>	<u>(187)</u>

Movement in deficit during year

	2015 £'000	2014 £'000
Deficit in scheme at 1 August	(9,160)	(8,698)
Movement in year:		
Current service cost	(2,027)	(1,772)
Curtailments and settlements	-	(186)
Contributions	1,754	1,678
Net interest	6	5
Actuarial loss	(2,559)	(187)
	<u>(11,986)</u>	<u>(9,160)</u>
Deficit on scheme at 31 July	<u>(11,986)</u>	<u>(9,160)</u>

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

	2015 £'000	2014 £'000
At beginning of the year	39,833	36,860
Current service cost	2,027	1,772
Interest cost	1,756	1,696
Contributions by scheme participants	715	642
Actuarial losses/(gains)	3,775	(634)
Curtailments	-	186
Benefits paid	(685)	(689)
	<u>47,421</u>	<u>39,833</u>
At end of the year	<u>47,421</u>	<u>39,833</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23. PENSION COSTS (continued)

Avon Pension Fund (LGPS) (continued)

Analysis of the movement in the market value of the scheme assets

	2015	2014
	£'000	£'000
At beginning of the year	30,673	28,162
Expected rate of return on scheme assets	1,762	1,701
Actuarial gains/(losses)	1,216	(821)
Contribution by the employer	1,754	1,678
Contributions by scheme participants	715	642
Benefits paid	(685)	(689)
	<hr/>	<hr/>
At end of the year	<u>35,435</u>	<u>30,673</u>

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	1,216	(821)	2,720	(710)	839
% of scheme assets	3.4%	(2.6%)	9.7%	(3.1%)	4.0%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	-	-	-	-	(344)
% of scheme liabilities	-	-	-	-	(1.2%)
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£'000)	(2,559)	(187)	1,996	(2,007)	212
% of the present value of the scheme liabilities	(5.4%)	(0.1%)	5.4%	(6.0%)	0.1%

The estimate for the contribution for the defined benefit scheme for the year 2015 is £1,877,000 (2014: £1,567,000). The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is £8,283,000 loss (2014: £5,724,000 loss).

Sensitivity Analysis

Actuaries appointed by Avon Pension Fund have prepared the following sensitivity analysis that indicates the likely changes to pension liabilities, asset values, costs and returns on assets in the event of changes to key assumptions used by the actuary in determining the valuation of the fund at 31 July 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23. PENSION COSTS (continued)

Avon Pension Fund (LGPS) (continued)

	Base £000's	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. Inflation	Sensitivity 3 1 year increase in life expectancy
Liabilities	47,421	46,452	48,411	48,287
	Base £000's	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. Inflation	Sensitivity 3 1 year increase in life expectancy
Assets	(35,435)	(35,435)	(35,435)	(35,435)
Deficit	11,986	11,017	12,976	12,852
Projected Service Cost	2,310	2,238	2,385	2,361
Projected Expected Return on Assets	(1,880)	(1,880)	(1,880)	(1,880)
Projected Interest Cost	1,846	1,856	1,885	1,880

24. RECONCILIATION OF SURPLUS BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Surplus before taxation and loss on sale of fixed assets	6,569	773
Interest payable (finance charge FRS 17)	(6)	(5)
Endowment and net interest receivable	(261)	(314)
Finance cost of long term maintenance provision	307	306
Finance (credit)/cost of enhanced pension provision	(21)	53
Interest payable	1,391	727
Interest credited to inherited liability grant	307	305
Release of inherited liability grant	(284)	(219)
Release of capital grant	(539)	(1,392)
Depreciation	4,398	2,902
Decrease/(increase) in stock	43	(46)
(Increase)/decrease in debtors	(12,594)	70
Increase in creditors	865	1,006
Contribution to Howard Hodgkin Fund	6	5
Decrease in provisions	(100)	(71)
Loss on sale of fixed assets	-	47
Decrease in pension fund liability	273	280
Net cash inflow from operating activities	354	4,427

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2015	2014		
	£'000	£'000		
Interest received	261	314		
Finance cost of long term maintenance provision	(307)	(306)		
Finance credit/(cost) of enhanced pension provision	21	(53)		
Interest paid	(1,391)	(727)		
Net cash outflow from returns on investments and servicing of finance	(1,416)	(772)		
26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2015	2014		
	£'000	£'000		
Purchase of tangible fixed assets	(7,134)	(35,249)		
Capital Grants received	669	939		
Endowments received	-	25		
Net outflow from capital expenditure and financial investment	(6,465)	(34,285)		
27. MANAGEMENT OF LIQUID RESOURCES	2015	2014		
	£'000	£'000		
(Increase)/decrease in short-term deposits	(4,000)	14,000		
Net cash (outflow)/inflow from management of liquid resources	(4,000)	14,000		
28. FINANCING	2015	2014		
	£'000	£'000		
Receipt of new Bank Loan	10,000	10,000		
Repayments of Bank Loans	(1,314)	(430)		
Repayments of Salix Loan	(26)	(55)		
Net cash inflow from financing	8,660	9,515		
29. ANALYSIS OF CHANGES IN NET FUNDS				
	At 1	Cash	Other	At 31
	August	flows	Moveme	July
	2014		-nts	2015
	£'000	£'000	£'000	£'000
Cash held in endowment asset investments	569	-	6	575
Cash at bank and in hand	10,668	(2,867)	(6)	7,795
Short term deposits	20,000	4,000	-	24,000
Net Funds	31,237	1,133	-	32,370

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

30. CAPITAL COMMITMENTS

	Consolidated 2015 £'000	Consolidated 2014 £'000	University 2015 £'000	University 2014 £'000
Contracted but not yet invoiced	28	2,043	28	2,043

Capital commitments at 31 July 2015 include the contract for the construction of the new academic building that was awarded to Skanska UK Ltd, and the contract for the construction of the new student residences that was initially awarded to Miller Construction (UK) Ltd and which was acquired by Galliford Try in July 2014.

The University also has a commitment, subject to satisfactory completion to purchase Green Park House, a prime student residential development, located in Bath City centre for a total cost of £46,000,000. At 31 July 2015 it has paid a deposit of £11,000,000 which has been recorded as a prepayment (see Note 14) and it has a commitment for the remaining balance of £35,000,000 which it expects to settle in April 2016. To finance this acquisition, the University has secured a fixed interest borrowing arrangement with Santander bank.

31. FINANCIAL COMMITMENTS

At 31 July 2015 the University had annual commitments under non-cancellable operating leases for land and buildings as follows:

	Consolidated 2015 £'000	Consolidated 2014 £'000	University 2015 £'000	University 2014 £'000
Expiring within one year	129	184	129	184
Expiring from one to five years	251	218	251	218
Expiring after five years	96	60	96	60
	<u>476</u>	<u>462</u>	<u>476</u>	<u>462</u>

32. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. During the year the University provided a grant to Bath Spa University Students' Union of £274,000, enabling it to provide essential services to University students.

The University has entered into a joint venture agreement with a US-based provider, Shorelight, to establish a pathway college in Bath (see also Note 9).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

33. ACCESS FUNDS

	2015 £'000	2014 £'000
Funding Council Grants	-	162
Less Administration Fee	-	(4)
	<u>-</u>	<u>158</u>
Disbursed to Students	-	(158)
	<u>-</u>	<u>(158)</u>
Balance unspent at 31 July	<u>-</u>	<u>-</u>

Funding council grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The Access Fund was discontinued by HEFCE in 2014, but was replaced by the University's own access fund that distributed student bursaries totalling £160,000 in 2014/15.

34. TEACHER TRAINING BURSARIES

	2015 £'000	2014 £'000
Funds Received	2,756	2,523
Disbursed to Students	(2,803)	(2,335)
	<u>(47)</u>	<u>188</u>
(Balance due from DWP)/unspent balance at 31 July	<u>(47)</u>	<u>188</u>

Teacher Training Bursaries are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.