University of Bath

Financial Statements

for the year ended 31 July 2008

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Report of the Treasurer

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its subsidiary companies. The companies in which the University holds 100% of the share capital are listed in note 15 to the Financial Statements, together with their principal activities. As well as the 100% owned subsidiaries, the Financial Statements include the results of University of Bath Foundation Ltd. The University of Bath Foundation Ltd. is a charitable and educational foundation incorporated in the State of Maryland with the object of supporting activities involving the University of Bath in the United States. The Foundation is an independent body responsible under United States law for its own affairs. However, the University exercises dominant control over the Foundation's activities.

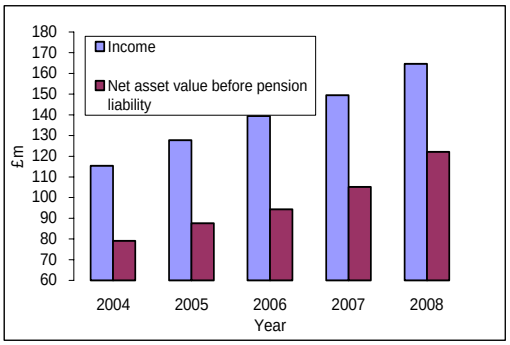
Consolidated Results for the Year

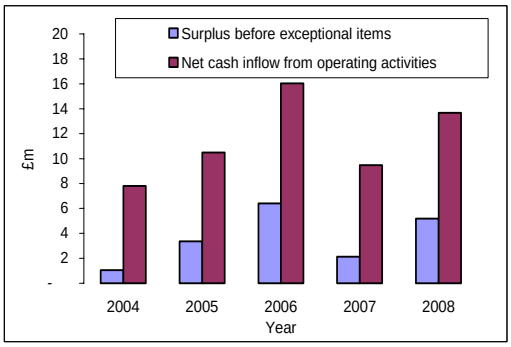
The consolidated financial position of the University has continued to improve during 2007-08 and I am able to report a surplus for a 5th consecutive year. The consolidated Net Asset value of the University also increased but was affected by a £15.5m increase in pension provision in respect of the Local Government Pension Scheme. A summary of the results for the year is shown below:

	£000 2008	£000 2007	% Increase
Income	164,780	149,391	10%
Expenditure	(159,598)	(147,315)	8%
Surplus on continuing operations	5,182	2,076	150%
Exceptional items and losses on disposal of fixed assets	(1,916)	(89)	
Net surplus after exceptional items and disposal of fixed assets	3,266	1,987	64%
Net assets excluding pension liability	122,076	105,700	15%
Net assets including pension liability	94,542	93,669	1%
Net cash inflow from operating activities	13,672	9,490	44%

The exceptional items (£1,916,000) in 2008 relate primarily to the withdrawal from the Oakfield site in Swindon. This follows the decision to withdraw from the Gateway Project reported last year and includes a £1,076,000 write-down of fixed assets. A loss of £49,000 was made on the disposal of other fixed assets.

The priority for the University is to grow its income from the core activities of research, teaching and knowledge transfer in a sustainable manner. The tables below show the progression of the key financial measures over the last 5 years. The first table shows the consistent growth in both income and net assets before pension liability. The cashflow and surplus figures in the second table reflect a consistent performance with the peak in 2006 being due to the sale of shares in Vectura Group for £4.4m.





Income

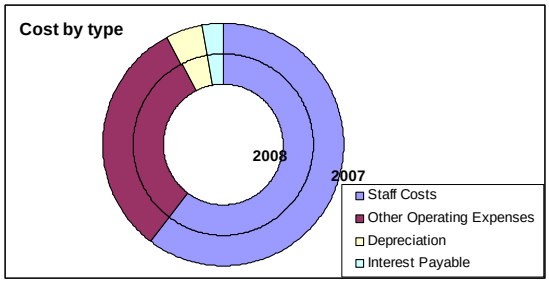
The growth in income in the last year has been mainly due to a 15% increase in Funding Council grants and home/EU tuition fees. Growth has been more modest in the other areas with the exception of other income which has benefited from the increased investment income.

	2008	2007	% inc/(dec)
Funding council grants and home/EU tuition fees	81,170	70,632	15%
Other tuition fees	22,347	21,362	5%
Research grants and contracts	28,619	27,478	4%
Accommodation and hospitality	13,881	13,269	5%
Other services rendered	7,952	7,914	0%
Other income (including investments)	10,811	8,736	24%
Total income	**164,780**	**149,391**	**10%**

The outlook for the next year remains positive as the University continues to benefit from the increase in tuition fees and an increased income from accommodation following the completion of Woodland Court. The main concern for the next twelve months is the effect of the current economic uncertainty on the sector and in particular on the recruitment and retention of overseas students, in all likelihood this will be an issue for the next two or three years due to the length of time between application and commencing study. Looking ahead to 2009-10, the growth in revenues that the University has had from the introduction of variable tuition fees for home/EU undergraduate students will have finished and demographic changes will mean that any growth in the number of these students will be more modest. As was reported last year, the University will be affected by the outcome of the Research Assessment Exercise 2008 (RAE). The RAE will be used by HEFCE to determine the research grant from 2009-10 and, like all research intensive Universities, its outcome will have a significant effect on the University's funding for the coming years and the research activities that we are able to support and develop.

Expenditure

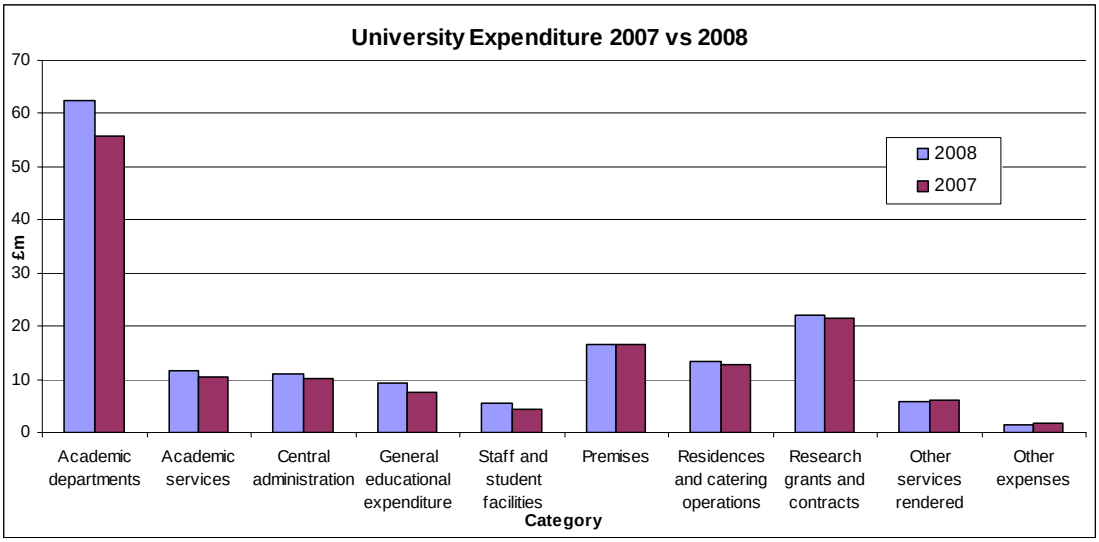
Staff costs remain the most significant cost for the University making up 60% of total expenditure. Whilst this percentage of the total has remained the same year on year the growth in the payroll cost is a concern for the future in two respects. First, the full effect of the last pay settlement is not fully reflected in the current year's figures. A 3% increase in May 2008 and a further 5%



increase in October 2008 represents a substantial increase in the University's cost base. Secondly, the increasing cost of the University's two defined benefit pension schemes are adding further to the employment costs.

The University will be able to absorb the cost increase from the pay settlement for the coming year. However, given that the rate of growth in income will slow from 2010 the University will not be able to absorb such significant employment cost increases going forward.

Increased energy costs have also had an adverse effect during the year but were helped by a relatively mild winter. The University continues to build any new buildings to a high specification and looks to reduce its energy consumption on the older parts of the campus. Nevertheless, the volatility in energy prices represents a risk to the University which it will continue to mitigate.



Investment Performance

Endowment and investment income increased by 63% to £3,025,000 in the year. The increase was due to the interest earned on deposits, the value of deposits increased from £22.0m in 2007 to £47.0m in 2008 (note 18).

The University's investment portfolio consists mainly of the investment of the unrestricted internally generated funds shown in note 18 but also includes the investment of endowment funds shown in note 16. At 31 July 2008 the value of these investments was £53.6m the corresponding figure for 2007 was £28.6m. The portfolio is held predominantly in short term deposits; a significant part of these funds will be used to fund the capital projects and the repayment of the University's loans. The remainder of the portfolio is split between equities, hedge funds and the University's holding in Publishing Technology plc (formerly ingenta plc) and Vectura Group plc. The equity portfolio has been managed by Coutts and Co. with the objective of achieving a total return in excess of comparative performance benchmarks.

The market value of the University's quoted investments reduced by £413,000 in the year to close at £8,027,000, a reduction of 4.9%. In light of the market developments at the end of September and early October 2008, leading to a fall of a further 13% in overall value, the University has decided to sell its equity fund and both hedge funds. The University intends to consolidate its investments with a single active fund manager in 2009.

Cashflow

I am pleased to be able to report an increase in the cash inflow from operating activities. This increased in the current year to £13.7m from £9.5m in the previous year. The improvement is in large part due to the improvement in the debtor balance when compared to the prior year. Further details are included in note 28. The returns on investments and servicing of finance (note 29) showed a slight reduction in the year with a cash outflow of £1.3m.

Capital expenditure of £28.4m was substantially greater than the £16.2m reported last year. Much of this was funded by capital grants which increased by £11.3m on the prior year to £19.5m (note 30). The net effect of this is that the University has managed to reduce its net debt in comparison to 2006/7. The net debt at the end of 2006/7 was £40.3m and this has reduced at the end of 2007/8 to £36.5m. The net debt position will increase in the coming year as the capital expenditure programme will not be compensated by such high capital grant receipts. Similarly the University will not benefit in the coming year by such a substantial reduction in its debtors.

Consolidated Balance Sheet

The consolidated balance sheet reflects the continued investment in the University's infrastructure with capital expenditure on land and buildings of £25.9m with a further £3.4m invested in equipment. The major building expenditures in 2007-08 were:

Project	**£000**
Woodland Court	16,194
4 West	3,437
Westwood refurbishment	2,112
The Woodlands	1,907
Eastwood Houses refurbishment	1,477
Other	749
Total additions	25,876

Net current assets increased by £19.0m due to the increase in cash deposits lifting the value of investments by £25.1m to £50.8m. This increase represents the temporary investment of capital grants and other funds earmarked for expenditure on the capital programme and of loans drawn down in advance of the related expenditure. Cash deposits are expected to return to a more normal level during 2008/9. Debtors reduced in the year by £4.4m as a deferred capital grant in respect of the Sports Training Village was paid in the year. Creditors due within one year increased by £2.3m, with the most significant movement being an increase in unpaid invoices of £2.0m. This change relates to invoices paid early prior to the implementation of a new finance system at the end of 2006/7, thereby reducing the creditors outstanding at 31 July 2007. Loans drawn down of £21.7m increased the creditors due after more than one year to £89.1m. Loan drawings all related to expenditure on residential building and refurbishment (see "Capital Projects" below). The result of these movements was a £16.4m or 16% increase in net assets before pension liabilities to £122.1m.

The increase in the Local Government Pension Scheme (LGPS) provision of £15.5m to £27.5m eliminated all but £0.9m of the increase in net assets, which rose in the year by 1% to £94.5m. Full details on the pension provision are given in note 35 but it should be noted that this provision relates only to the LGPS, the larger Universities Superannuation Scheme's (USS) deficit does not appear on the balance sheet of any institution. As already highlighted the funding and affordability of the current pension arrangements remains a matter of concern to the University.

Deferred capital grants increased by £11.8m to £77.8m, in large part this was related to the funding for the 4 West building.

Capital Projects

Woodland Court was completed in October 2008 and was available for the 2008-09 intake of undergraduates. In total there are 355 new rooms completed to a high specification. The building itself achieved an excellent BREEAM rating and is currently one of only three student residences in the UK to have achieved this.

The construction of the 4 West building has been delayed following a dispute with the contractor (see note 13). The University has determined the contract with the original contractor and is now in the process of identifying and appointing a new contractor to complete the building. Until this process is complete it is not possible to say when the building will be available although a delay from the original timescale, and the possibility of additional cost, is inevitable.

The 4 West project will also include additional catering and social space. A new café which will occupy part of the 2nd level of Wessex House as well as 4 West is intended to meet this requirement and will be available in advance of the main 4 West building.

The programme of work in the Westwood and Eastwood residences continued during the summer of 2008 and the newly refurbished rooms and communal areas were available for the start of the new semester. As I reported last year the University has newly constructed or refurbished nearly all of its on-campus residences in the last five years. The University continues to finance the development of its residential infrastructure by the income generated from lettings to students, conference delegates and other visitors.

The opportunity arose during the year to purchase The Woodlands for £1.9m. This is a sizeable property with grounds adjacent to the southern side of the University. The property was bought at the market rate and will prove to be a valuable asset in the future development of the Claverton Down campus.

Along with 4 West the significant project to be developed over the next year will be the East Building. This will provide flexible teaching and office space that will allow the University to temporarily relocate departments whilst their current accommodation (the older buildings surrounding the parade) are refurbished. The plans for this building will be developed during the coming year with building due to start in the next academic year.

As mentioned in last year's report the University's Masterplan 2008-2020 has progressed well with the 3rd round of public consultation commencing in October 2008. The Masterplan will define the development capacity of the University over the period, subject to financial justification and individual planning applications. It is intended for the Masterplan to be submitted to Bath and North East Somerset Council by the end of 2008.

Roger Pedder

Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which it has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998 and the Governance Code of Practice adopted by the Committee of University Chairmen (CUC) in November 2004. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Summary of the University's Structure of Corporate Governance

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

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

The Finance Committee, *inter alia*, recommends to Council the University's annual revenue and capital budgets and receives updates to the estimates during the course of a year. Following the disestablishment of the Estates Committee in May 2008, its responsibilities were transferred to the Finance Committee.

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

The Investment Committee recommends to Council the policy and parameters for investment and manages the University's portfolio of investments.

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

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

Corporate Governance (continued)

In accordance with the CUC Governance Code of Practice, Council keeps its effectiveness under regular review. The last effectiveness review of Council was undertaken during 2004/05 and its recommendations have been implemented. An interim review will be considered by Council in October 2008. The next full review will be undertaken in 2011.

Members of Council sign an annual declaration of guiding principles stating that they will act in accordance with the University's guidance on corporate governance and with the principles on the proper conduct of public business and accepted standards of behaviour in public life as set out in the CUC Guide for Members of Higher Education Governing Bodies in the UK. A register of interests is maintained and updated annually.

Internal Control

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

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

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

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

Corporate Governance (continued)

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

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2008 and up to the date of approval of the financial statements, has operated effectively throughout the year and accords with HEFCE guidance.

Responsibilities of the University's Council

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

The primary responsibilities of the Council are:

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

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

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

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

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and from the Training and Development Agency for Schools are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council and the Funding Agreement with the Training and Development Agency for Schools, and any other conditions which the Funding Council or Agency may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the Group and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the Group's resources and expenditure.

Independent Auditors' Report to the Council of the University of Bath

We have audited the Group and University financial statements (the "financial statements") of the University of Bath for the year ended 31 July 2008 which comprise the Consolidated Income and Expenditure account, the Consolidated Statement of Total Recognised Gains and Losses, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective Responsibilities of the University's Council and the auditors

The University Council's responsibilities for preparing the Treasurer's Report and the Group and University financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Training and Development Agency for Schools. We also report to you whether in our opinion the Treasurer's Report is not consistent with the financial statements. In addition, we report to you if, in our opinion, the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Treasurer's Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the Council of the University of Bath (continued)

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and University as at 31 July 2008 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007);
- in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2008 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2008 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

KPMG LLP 27 November 2008

Chartered Accountants
Registered Auditor

Statement of Principal Accounting Policies

1 Accounting Convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of endowment asset investments and certain tangible fixed assets for which a cost is not readily ascertainable, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP), as revised in October 2007, and applicable accounting standards.

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

2 Basis of Consolidation

These financial statements consolidate the results of the University and its subsidiary undertakings for the financial year to 31 July 2008.

The consolidated financial statements do not include those of the University of Bath Students' Union as it is a separate organisation over which the University does not exercise dominant control.

3 Recognition of Income

Income from research grants and contracts, and specific grants, is included to the extent of the expenditure incurred during the year, together with any related contribution towards overhead costs. All income from short-term investments and deposits is credited to the Income and Expenditure Account on a receivable basis. Income from investments held as endowment assets is also credited on a receivable basis.

4 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

5 Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations is treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

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

6 Pensions

The two principal pension schemes in which the University participates are the Universities Superannuation Scheme (USS) and the Avon Pension Fund (a local government pension scheme), both of which are defined benefit schemes, externally funded and contracted out of the State Earnings-Related Pension Scheme. Both funds are externally valued, normally every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuaries based on the latest actuarial valuations of the schemes.

Statement of Principal Accounting Policies (continued)

6 Pensions (cont'd)

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. This is the position with USS.

Where it is possible to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined benefit scheme under FRS 17. This is the case with the Avon Pension Fund. The current service cost of providing retirement benefits to employees during the year, the cost of providing amendments to benefits in respect of past service and any gains and losses on settlements and curtailments are charged to the operating surplus or deficit in the year within staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return or net cost either within endowment and investment income or within interest payable as appropriate. Changes in the pension surplus or deficit due to changes in actuarial assumptions and to differences between actual and expected returns on assets are reported in the statement of total recognised gains and losses. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the Balance Sheet.

7 Investments

Fixed assets investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Endowment asset investments are included in the Balance Sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

8 Stocks

The principal stocks are held in catering, building maintenance, printing, stationery and postage held centrally and some distance learning materials. They are valued at the lower of cost and net realisable value.

9 Maintenance of Premises

The cost of routine corrective maintenance is charged to the Income and Expenditure Account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis. Actual expenditure on planned maintenance is charged to the Income and Expenditure Account as incurred.

10 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.

11 Land and Buildings

Land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over a period of 50 years on the basis that their average expected life is in excess of this period. Refurbishments are depreciated over the remaining life of the building concerned. Where a building is listed and has historical value then the policy is to maintain that building so that it has an indefinite useful life.

Assets under construction are capitalised, but not depreciated until the beginning of the year following occupation.

Statement of Principal Accounting Policies (continued)

11 Land and Buildings (cont'd)

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

Interest is capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by the University. The cost is depreciated in line with the building. As this is a change in accounting policy, a Prior Years Adjustment has been made (see Note 12)

12 Equipment

Equipment costing less than £10,000 per individual item is written off in the year of acquisition unless it forms part of a group of related items or part of a capital project, in which case it is capitalised if the total cost exceeds £10,000. Individual items of equipment costing in excess of £10,000 are capitalised.

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

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

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

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

13 Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

14 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, in practice, they are available within 24 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, equities and loan stock held as part of the University's treasury management activities. They include any such assets held as Endowment Asset Investments.

15 Accounting for Charitable Donations and 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.

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. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution

2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income

3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset. Where that asset is the purchase of land, then the full amount of the deferred capital grant is released in the year of purchase and taken to the income and expenditure account as a donation in other income

Gifts in kind are included in ‘other income’ or ‘deferred capital grants’ as appropriate using a reasonable estimate of their gross value or the amount actually realised.

As this is a change in accounting policy, a Prior Years Adjustment has been made (see Note 12)

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 July 2008

	Note	2008 £000	2007 restated £000
Income			
Funding council grants	1	58,015	51,877
Tuition fees and education contracts	2	45,502	40,117
Research grants and contracts	3	28,619	27,478
Other income	4	29,619	28,068
Endowment and investment income	6	3,025	1,851
Total income		**164,780**	149,391
Expenditure			
Staff costs	7	96,174	88,903
Other operating expenses	9	51,249	46,955
Depreciation	9	7,697	7,468
Interest payable	8	4,478	3,989
Total expenditure		**159,598**	147,315
Surplus after depreciation of tangible fixed assets at cost/valuation and before exceptional items		**5,182**	2,076
Exceptional Items :			
Termination of Operations in Swindon	11	(1,867)	-
(Loss)/surplus on disposal of assets	10	(49)	(89)
Surplus on continuing operations after depreciation of assets at cost/valuation, exceptional items and tax		**3,266**	1,987
Transfer from/(to) accumulated income in endowment funds	16	18	(3)
Surplus for year retained within general reserves		**3,284**	1,984

The consolidated income and expenditure account is wholly in respect of continuing operations

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the Year Ended 31 July 2008

	Note	2008 £000	2007 restated £000
Surplus on continuing operations		3,266	1,987
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	25	20	20
Historical cost surplus for the year		3,286	2,007

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES
For the Year Ended 31 July 2008

	Note	2008 £000	2007 restated £000
Surplus after depreciation of assets at valuation, disposal of fixed assets and tax		3,266	1,987
New endowments	24	149	108
Appreciation of endowment asset investments	24	(227)	177
Change to the opening pension liability	35	(58)	-
Actuarial gain/(loss) in respect of pension scheme	35	(14,092)	1,946
Total recognised gains and losses relating to the year		(10,962)	4,218
Prior year adjustment - Capitalised interest		493	
Total recognised gains and losses recognised since the last financial statements		(10,469)	

Reconciliation

Opening reserves and endowments - as previously stated	27,241	23,044
Prior year adjustment - Capitalised interest	493	472
Opening reserves and endowments - as restated	27,734	23,516
Total recognised gains and losses in year	(10,962)	4,218
Closing reserves and endowments	16,772	27,734

Changes in accounting policies have resulted in the following :-

Endowments - the opening balance of endowment funds for 2007 has been increased by £296,000, with a corresponding decrease in Income & Expenditure Acount Reserves (see Note 12)

Capitalised interest - the Opening Reserves for 2008 have been increased by £493,000, of which £21,000 was the effect in 2006-07 (see Note 12)

BALANCE SHEETS AS AT 31 JULY 2008

	Note	Consolidated 2008 £000	Consolidated 2007 restated £000	University 2008 £000	University 2007 restated £000
Fixed Assets					
Tangible assets	14	177,637	157,641	171,994	151,850
Investments	15	916	920	3,631	3,635
Total fixed assets		**178,553**	158,561	**175,625**	155,485
Endowment Asset Investments	16	**2,718**	2,814	**2,718**	2,814
Current Assets					
Stock		572	391	546	363
Debtors	17	14,780	19,180	14,761	19,033
Investments	18	50,840	25,745	50,840	25,745
Cash at bank and in hand		1,238	825	1,162	766
		67,430	46,141	67,309	45,907
Creditors : Amounts Falling Due Within One Year	19	(36,751)	(34,424)	(36,707)	(34,225)
Net Current Assets		**30,679**	11,717	**30,602**	11,682
Total Assets Less Current Liabilities		**211,950**	173,092	**208,945**	169,981
Creditors : Amounts Falling Due After More Than One Year	20	(89,083)	(67,392)	(89,083)	(67,392)
Provision : Swindon Exit Costs	21	(791)	-	(791)	-
Net Assets Excluding Pension Liability		**122,076**	105,700	**119,071**	102,589
Net Pension Liability	35	(27,534)	(12,031)	(27,534)	(12,031)
Net Assets Including Pension Liability		**94,542**	93,669	**91,537**	90,558
Deferred Capital Grants	23	**77,770**	65,935	**77,604**	65,764
Endowments	24				
Expendable		114	125	114	125
Permanent		2,604	2,689	2,604	2,689
		2,718	2,814	**2,718**	2,814
Reserves					
Income and expenditure account excluding pension reserve	26	41,588	36,931	38,749	33,991
Pension reserve	35	(27,534)	(12,031)	(27,534)	(12,031)
Income and expenditure account including pension reserve		14,054	24,900	11,215	21,960
Revaluation Reserve	25	-	20	-	20
		14,054	24,920	**11,215**	21,980
Total Funds		**94,542**	93,669	**91,537**	90,558

The Financial Statements on pages 13 to 46 were approved by the Council on 27 November 2008 and signed on its behalf by:

Professor G M Breakwell
Vice-Chancellor

Mr R Pedder
Treasurer

CONSOLIDATED CASH FLOW STATEMENT
For the Year Ended 31 July 2008

	Note	2008 £000	2007 £000 restated
Net cash inflow from operating activities	28	13,672	9,490
Returns on investments and servicing of finance	29	(1,318)	(1,693)
Capital expenditure and financial investment	30	(8,809)	(7,634)
Acquisitions & Disposals	31	549	-
Cash inflow before use of liquid resources and financing		4,094	163
Management of liquid resources	32	(22,704)	(2,512)
Financing	33	21,487	2,675
Increase in cash in the period		2,877	326

Reconciliation of Net Cash Flow To Movement in Net Debt

	Note	2008 £000	2007 £000
Increase in cash in the period		2,877	326
Increase in liquid and current investments	32	22,704	2,512
Net increase to loans and finance leases	33	(21,487)	(2,675)
Non-cash changes to net debt	34	(274)	(36)
Decrease in net debt		3,820	127
Net debt at 1 August	34	(40,341)	(40,468)
Net debt at 31 July	34	(36,521)	(40,341)

NOTES TO THE ACCOUNTS

1 FUNDING COUNCIL GRANTS

	2008 £000	2007 £000
HEFCE grants		
Core grant	50,144	45,641
Specific grants	3,141	2,427
Joint Information Systems Committee	1,062	1,014
TDA grants	1,692	1,091
HEFCE capital grants		
Deferred capital grants released in year (Note 23)	1,976	1,704
	58,015	51,877

2 TUITION FEES AND EDUCATION CONTRACTS

	2008 £000	2007 £000
Full-time UK higher education students	16,300	12,807
Full-time EU higher education students	2,772	1,966
Full time overseas higher education students	19,835	18,767
Part-time higher education students	4,083	3,982
Short course fees	1,930	1,995
Research training support grants and other fees	582	600
	45,502	40,117

3 RESEARCH GRANTS AND CONTRACTS

	2008 £000	2007 £000
Research Councils	15,494	14,270
UK charitable bodies	3,374	3,482
European Commission	1,452	1,262
Other sponsors	8,299	8,464
	28,619	27,478

Research income includes £1,688,000 (2007: £1,446,000) of income released from deferred capital grants.

NOTES TO THE ACCOUNTS

4 OTHER INCOME

	2008	2007
	£000	£000
Residences, catering and conferences	13,881	13,269
Other services rendered (Note 5)	7,952	7,914
Miscellaneous grants	1,757	2,115
Rents	925	842
Release of deferred capital grants	628	663
Donations	374	388
VAT recovery	580	352
Health and hospital authorities	467	427
Car parking	359	362
University Nursery	286	296
Sundry EC mobility grants	688	225
Income from intellectual property rights	196	161
University health service income	-	74
Disposal of LEAP/SERAP (Data analysis consultancy)	549	-
Other income	977	980
	29,619	28,068

5 OTHER SERVICES RENDERED (see Note 4)

	2008	2007
	£000	£000
Academic departments & centres	2,088	3,295
Computing, library & other academic services	1,307	679
Sports and related facilities	3,870	3,698
Other	687	242
	7,952	7,914

6 ENDOWMENT AND INVESTMENT INCOME

	2008	2007 restated
	£000	£000
Income from endowments (Note 24)	54	30
Net income from short-term investments	37	287
Other interest receivable	2,934	1,534
	3,025	1,851

7 STAFF COSTS

	2008 £000	2007 £000
Wages and salaries	80,152	76,011
Social security costs	6,451	6,089
Pension costs (Note 35)	12,760	9,703
	99,363	91,803
less: paid on behalf of other organisations	(2,871)	(2,719)
less: capitalised within the cost of buildings	(275)	(181)
less: Swindon exit costs	(43)	
	96,174	88,903

Emoluments of the Vice-Chancellor

Salary and benefits in kind	256	240
Consultancy payments	7	15
Pension contributions	46	33
	309	288

The University has made available to the Vice-Chancellor during the year a car loan as a cost effective means of providing the benefits to which she is contractually entitled. The car loan was in existence at the start of the year and a balance of £29,889 remained at the end of the year after repayments of £286. The cost to the University of providing the loan is included in the Vice-Chancellor's emoluments.

The Vice-Chancellor has carried out consultancy work on behalf of a third party in addition to her duties within the University. This work resulted in income to the University out of which payments have been made to the Vice-Chancellor which are shown as a separate component of the Emoluments of the Vice-Chancellor.

Remuneration of other higher paid staff

Remuneration of other higher paid staff, including employer's pension contributions (and also including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are excluded from the University's Income and Expenditure Account):

	2008 Number	2007 Number
£100,000 - £109,999	9	3
£110,000 - £119,999	2	1
£120,000 - £129,999	4	1
£140,000 - £149,999	2	2
£160,000 - £169,999	1	-
£170,000 - £179,999	2	1
£180,000 - £189,999	1	2
£200,000 - £209,999	1	-
£210,000 - £219,999	-	1

7 STAFF COSTS (continued)

Average staff numbers by major category:	2008 Number	2007 Number
Academic/clinical	1,025	1,005
Technical	148	153
Administrative, library, computing etc.	416	393
Other, including clerical and manual	808	812
	2,397	2,363

8 INTEREST AND OTHER FINANCE COST

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
Loans not wholly repayable within five years	4,226	3,829	4,226	3,829
Finance leases	15	19	15	19
Net interest on local government pension scheme (Note 35)	237	141	237	141
	4,478	3,989	4,478	3,989

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs £000	Other Operating Expenses £000	Dep'n £000	Interest Payable £000	2008 Total £000	2007 Total £000
Academic departments	49,011	12,369	1,118	-	62,498	55,862
Academic services						
Bath University Computing Services	2,229	1,309	390	-	3,928	3,165
Library	2,458	2,383	31	-	4,872	4,631
Other academic services	1,708	1,212	33	-	2,953	2,770
Central administration	8,719	2,393	-	-	11,112	10,152
General educational expenditure	1,557	7,738	6	-	9,301	7,618
Staff and student facilities	3,964	1,485	61	-	5,510	4,225
Premises	5,286	5,883	3,133	2,376	16,678	16,471
Residences and catering operations	4,465	6,001	1,237	1,718	13,421	12,785
Research grants and contracts	13,158	7,175	1,688	-	22,021	21,586
Other services rendered	2,996	2,625	-	147	5,768	6,222
Other expenses	623	676	-	237	1,536	1,828
	96,174	51,249	7,697	4,478	159,598	147,315

9 ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

The depreciation charge has been funded by:

	2008 £000	2007 £000
Deferred capital grants released (Note 23)	4,291	3,813
Revaluation reserve released (Note 25)	20	20
General Income	7,677	3,635
Depreciation (Note 14)	7,697	7,468

Other Operating Expenses include :-	2008 £000	2007 £000
External Auditors Remuneration (Group and University)		
- Audit Services	52	53
- Other Services	-	16
Operating Lease Rentals		
- Land and Buildings	3,509	3,381
- Other	346	229

The Analysis of Expenditure by Activity has been brought into line with the standard presentation suggested by the British Universities Finance Directors' Group (BUFDG)

10 DISPOSAL OF FIXED ASSETS

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
Net (loss)/surplus on disposal of tangible fixed assets	(45)	(89)	(45)	(89)
Surplus on sale of fixed asset investments	(4)	-	(4)	-
	(49)	(89)	(49)	(89)

11 EXCEPTIONAL ITEMS

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
Write-down of Swindon tangible fixed assets (see Notes 14 and 23)	1,076	-	1,076	-
Swindon exit costs (see Note 21)	791	-	791	-
	1,867	0	1,867	0

12 PRIOR YEAR ADJUSTMENTS

Endowments

Endowments have been reviewed following changes in the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and as a result a prior year adjustment has been put through. The effect has been to increase the opening balance of endowment funds at 1 August 2007 by £296,000 and to decrease the Income and Expenditure Account Reserves by the equivalent amount.

The effect in 2006-07 has been to decrease the surplus for the year by £67,000 but to reduce the transfer to accumulated income within endowment funds by £44,000, a net effect on reserves in the year of £23,000.

(See Notes 16, 24 and 26)

Capitalised Interest

Following a change in Accounting Policy, interest is now capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by the University. As a result a prior year adjustment has been put through. The effect has been to increase the opening balance of Leasehold Land and Buildings at 1 August 2007 by £493,000 (see Note 14).

The effect in 2006-07 has been to increase the surplus for the year by £21,000, which is the net effect on reserves in the year.

13 CONTINGENT LIABILITY

There has been an ongoing dispute relating to the final costs of the Sports Training Village, completed in 2004, which has been reported in the Financial Statements for the last two years. There was an adjudication decision in December 2005 and the University paid over the declared additional sum. While the adjudication was heard and the sum paid the dispute is not formally closed however; the University does not anticipate any further claim.

A dispute has arisen during 2008 over the 4 West Building Project. Progress was delayed to the extent that the University determined the contract in July 2008. The contractor has indicated that they have a claim of approximately £750,000 against the University . The University has a claim against the contractor which is currently being quantified but is expected to be in excess of the contractor's claim. The University has sought legal advice on these issues and has concluded that no provision is required.

NOTES TO THE ACCOUNTS

14 TANGIBLE FIXED ASSETS

	Consolidated			
	Land and Buildings		Equipment	Total
	Freehold	Long Leasehold		
	£000	£000	£000	£000
Valuation/Cost				
At 1 August 2007 (brought forward)				
Cost	3,528	180,401	43,604	227,533
Prior Year adjustment (Note 12)	-	493	-	493
At 1 August 2007 - as restated				
Cost	3,528	180,894	43,604	228,026
Valuation	-	-	237	237
Additions at Cost	1,907	23,969	3,399	29,275
Disposals at Cost	-	-	(1,749)	(1,749)
At 31 July 2008				
Cost	5,435	204,863	45,254	255,552
Valuation	-	-	237	237
Depreciation				
At 1 August 2007	118	33,640	36,864	70,622
Charge for Year	29	3,659	4,009	7,697
Termination of Operations in Swindon (Note 11)	-	1,514	-	1,514
Eliminated on Disposals	-	-	(1,681)	(1,681)
At 31 July 2008	147	38,813	39,192	78,152
Net Book Value				
At 31 July 2008	5,288	166,050	6,299	177,637
At 31 July 2007	3,410	147,254	6,977	157,641

14 TANGIBLE FIXED ASSETS (continued)

	University			
	Land and Buildings		Equipment	Total
	Freehold	Long Leasehold		
	£000	£000	£000	£000
Valuation/Cost				
At 1 August 2007 (brought forward)				
Cost	3,528	172,254	43,604	219,386
Prior Year adjustment (Note 12)	-	493	-	493
At 1 August 2007 - as restated				
Cost	3,528	172,747	43,604	219,879
Valuation	-	-	237	237
Additions at Cost	1,907	23,969	3,399	29,275
Disposals at Valuation	-	-	0	0
Disposals at Cost	-	-	(1,749)	(1,749)
At 31 July 2008				
Cost	5,435	196,716	45,254	247,405
Valuation	-	-	237	237
Depreciation				
At 1 August 2007	118	31,284	36,864	68,266
Charge for Year	29	3,511	4,009	7,549
Termination of Operations in Swindon (Note 11)	-	1,514	-	1,514
Eliminated on Disposals	-	-	(1,681)	(1,681)
At 31 July 2008	147	36,309	39,192	75,648
Net Book Value				
At 31 July 2008	5,288	160,407	6,299	171,994
At 1 August 2007	3,410	141,463	6,977	151,850

Included in freehold land and buildings is a non-depreciated property, 16 Lansdown Crescent, Bath, purchased in April 2002 at a cost including refurbishment of £1,901,000. A report by Ashdown Lyons Chartered Surveyors estimated the market value as at 27 July 2006 at £2,250,000. The building has not been depreciated because it is a listed building with historical value considered to have an indefinite life, in accordance with the accounting policy on depreciation.

Equipment at valuation relates to assets donated to the University.

The gross amount of depreciable assets included in land and buildings is £207,262,000 in the Consolidated and £199,115,000 in the University Accounts.

Buildings at cost include £23,731,000 (2007: £11,230,000) relating to assets in the course of construction.

The net book value of tangible fixed assets includes an amount of £420,000 (2007: £332,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £108,000 (2007: £131,000).

Following a change in Accounting Policy, interest is now capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by the University. As a result a prior year adjustment has been made. (see Note 12)

NOTES TO THE ACCOUNTS

15 FIXED ASSET INVESTMENTS

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Investments in subsidiary companies	-	-	2,715	2,715
Other investments:				
Joint ventures	-	4	-	4
Other investments	916	916	916	916
Balance at 31 July	916	920	3,631	3,635

Subsidiary companies

The University owns 100% of the following companies which are registered in England and operate in the UK

Company Name	*Principal Activities*	*Share holding*	
University of Bath One Ltd	Dormant	100	£1 ordinary
University of Bath Two Ltd	Sporting facilities	100	£1 ordinary
University of Bath Three Ltd	Dormant	100	£1 ordinary
University of Bath Four Ltd	Property leasing	905	£1 ordinary
Claverton Down Property Developments Ltd	Dormant	1	£1 ordinary
Claverton Down Construction Ltd	Dormant	1	£1 ordinary
Claverton Down (Bath) Consultants Ltd	Dormant	1	£1 ordinary

The University paid £3,000 per share for 905 shares in University of Bath Four Ltd. All other shares were paid for at par.

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

Joint Ventures

Company Name	*Principal Activities*	*Share holding*	
Sulis Innovations Ltd	Service provider	2	£1 ordinary

15 FIXED ASSET INVESTMENTS (continued)

The joint venture is relatively small and is therefore accounted for as if it were an investment and recorded only in the Balance Sheet at cost less amounts written off for reduction in value. Following the balance sheet date the principal asset of the Company, Sulis Investment Management Limited, has been assigned for no consideration to another company, Stadium Ventures Limited, in which the University has no interest. Accordingly Sulis Innovations Limited has ceased to conduct any business.

Other investments

Included above:

CVCP Properties plc	£1 ordinary shares	£35,813
AdsFab Ltd	£1 'C' ordinary shares	£5,000
Sulis Seedcorn Fund Limited Partnership	investment	£875,000
		£915,813

The Sulis Seedcorn Fund is a limited partnership set up following awards made to the universities of Bath, Bristol and Southampton under the University Challenge Scheme to promote the seedcorn funding of new ventures. Due to a change of control, Quester Academic GP Ltd was replaced as general partner by Sulis General Partner Limited on 20 November 2007. The University of Bath has invested £875,000 into the partnership.

On 2 August 2008 the Sulis Seedcorn Fund Limited Partnership was terminated and the assets and liabilities divided between the partners. The University of Bath received £1,150,000 in cash, shares in 22 companies valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines at £3,470,000 and an interest in several pre-incorporation projects. These assets will continue to be operated under the University Challenge Fund rules in the University of Bath's name.

The University also holds investments in the following companies which are included at nil cost:

Piraeus Limited	100	100p	ordinary shares
Emersons Green Development Company	500	10p	ordinary shares
Xiwave Limited	4,800,000	0.1p	ordinary shares
Microsulis Limited (in administration)	11,161,316	0.01p	"A' ordinary shares
Atlas Genetics Limited	600	1p	ordinary shares
Nano-Porous Solutions Limited	167,570	0.1p	ordinary shares
Nanogan Ltd	26,400	0.1p	ordinary shares

NOTES TO THE ACCOUNTS

16 ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2008	2007 restated	2008	2007 restated
	£000	£000	£000	£000
Balance at 1 August (brought forward)		2,253		2,253
Prior Year adjustment (Note 12)		273		273
Balance at 1 August 2007 - as restated	2,814	2,526	2,814	2,526
New endowments (Note 24)	149	108	149	108
(Decrease)/increase in market value of investments	(227)	177	(227)	177
Income generated less expenditure	(18)	3	(18)	3
Balance at 31 July	2,718	2,814	2,718	2,814
Quoted investments	2,057	2,146	2,057	2,146
Cash and other short term investments	661	668	661	668
Total endowment asset investments	2,718	2,814	2,718	2,814
Quoted investments at cost	1,730	1,578	1,730	1,578

Endowments have been reviewed following the Statement of Recommended Practice (SORP) : Accounting for Further and Higher Education 2007 and as a result a prior year adjustment has been made (see Note 12)

17 DEBTORS

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Prepayments and accrued income:	1,333	1,534	1,333	1,534
Sponsored research	8,039	7,688	8,039	7,688
Amounts due from group undertakings	-	-	384	115
Other debtors	5,408	9,958	5,005	9,696
	14,780	19,180	14,761	19,033
Due within one year	14,556	18,853	14,537	18,706
Due in more than one year	224	327	224	327
	14,780	19,180	14,761	19,033

NOTES TO THE ACCOUNTS

18 CURRENT ASSET INVESTMENTS

	Consolidated		University	
	2008	2007 restated	2008	2007 restated
	£000	£000	£000	£000
Quoted investments	1,815	1,778	1,815	1,778
Hedge funds	2,000	2,000	2,000	2,000
Certificates of deposit	39,616	21,967	39,616	21,967
Fixed deposit	5,000	-	5,000	-
Cash held for investment	2,409	-	2,409	-
	50,840	25,745	50,840	25,745
Quoted investments at market value	2,361	2,627	2,361	2,627
Hedge funds at market value	2,948	2,999	2,948	2,999

In addition to routine market investments, the market value of quoted investments includes the University's holding of shares in the spin out companies of Publishing Technology plc (formerly ingenta plc), which had a market value at 31 July 2008 of £11,000 (2007: £23,000) and Vectura Group plc, which had a market value at 31 July 2008 of £199,000 (2007: £251,000).

19 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Obligations under finance leases	177	125	177	125
Amounts owed to group undertakings	-	-	64	17
Other creditors including taxation and social security	8,134	8,024	8,095	7,988
Accruals and Deferred income	29,231	26,275	29,162	26,095
	37,542	34,424	37,498	34,225

20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans	89,037	67,301	89,037	67,301
Obligations under finance leases	46	91	46	91
Total due after more than one year	89,083	67,392	89,083	67,392

The University has a £26m Revolving Credit Facility, which has been fully drawn down. This has been repaid in October 2008. It is anticipated that it will be drawn down again by July 2009.

NOTES TO THE ACCOUNTS

21 PROVISION

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
Swindon exit costs	791	-	791	-

A proportion of these costs will be payable after more than one year.

22 BORROWINGS

	Consolidated		University	
Analysis of Financing	2008 £000	2007 £000	2008 £000	2007 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	2,620	952	2,620	952
In five years or more	86,417	66,349	86,417	66,349
	89,037	67,301	89,037	67,301
Finance leases: analysis of obligations:				
In one year or less	177	125	177	125
Between two and five years	46	91	46	91
Over five years	-	-	-	-
	223	216	223	216

The University has entered into four interest rate swap agreements in relation to elements of the two loans it holds; these are set between the fixed rates of interest on the loans, and the LIBOR :-

Amount of loan £m	Fixed Interest Rate %
10.00	3.95%
10.00	5.66%
20.00	5.16%
11.97	6.36%

23 DEFERRED CAPITAL GRANTS

	Consolidated		
	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2007			
Land & Buildings	36,733	25,516	62,249
Equipment	1,845	1,841	3,686
Grants receivable			
Land & Buildings	13,580	343	13,923
Equipment	1,313	1,323	2,636
Disposals			
Land & Buildings	-	-	-
Equipment	-	5	5
Released to Income and Expenditure			
Land & Buildings	(951)	(555)	(1,506)
Write-down of Swindon tangible fixed assets (Note 11)	(191)	(247)	(438)
Equipment	(1,024)	(1,761)	(2,785)
	51,305	26,465	77,770
At 31 July 2008			
Land & Buildings	49,171	25,057	74,228
Equipment	2,134	1,408	3,542
	51,305	26,465	77,770

	University		
	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2007			
Land & Buildings	36,562	25,517	62,079
Equipment	1,845	1,840	3,685
Grants receivable			
Land & Buildings	13,580	343	13,923
Equipment	1,313	1,323	2,636
Disposals			
Land & Buildings	-	-	-
Equipment	-	5	5
Released to Income and Expenditure			
Land & Buildings	(946)	(555)	(1,501)
Write-down of Swindon tangible fixed assets (Note 11)	(191)	(247)	(438)
Equipment	(1,024)	(1,761)	(2,785)
	51,139	26,465	77,604
At 31 July 2008			
Land & Buildings	49,005	25,058	74,063
Equipment	2,134	1,407	3,541
	51,139	26,465	77,604

24 ENDOWMENTS (Consolidated and University)

	Restricted Permanent £000	Restricted Expendable £000	2008 Total £000	2007 restated £000
At 1 August				
Capital	2,625	114	2,739	2,458
Accumulated Income	64	11	75	68
	2,689	125	2,814	2,526
New endowments	121	28	149	108
Investment income	50	4	54	30
Expenditure - from capital	-	(38)	(38)	(4)
Expenditure - from income	(31)	(3)	(34)	(23)
(Decrease)/Increase in market value of investments	(225)	(2)	(227)	177
At 31 July	2,604	114	2,718	2,814
Representing:				
Capital	2,521	102	2,623	2,739
Accumulated Income	83	12	95	75
	2,604	114	2,718	2,814

Endowments have been reviewed following the Statement of Recommended Practice (SORP) : Accounting for Further and Higher Education 2007 and as a result a prior year adjustment has been made (see Note 12)

25 REVALUATION RESERVE

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
At 1 August	20	40	20	40
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(20)	(20)	(20)	(20)
At 31 July	-	20	-	20

26 INCOME & EXPENDITURE ACCOUNT RESERVES

	Consolidated		University	
	2008	2007 restated	2008	2007 restated
	£000	£000	£000	£000
At 1 August				
excluding pension reserve	36,931	33,672	33,991	30,807
pension reserve (Note 35)	(12,031)	(12,722)	(12,031)	(12,722)
Surplus for the year				
excluding pension reserve	4,619	3,242	4,720	3,167
relating to the pension reserve (Note 35)	(1,353)	(1,255)	(1,353)	(1,255)
Transfer from/(to) accumulated income in endowment funds	18	(3)	18	(3)
Released from Revaluation Reserve	20	20	20	20
Actuarial gain/(loss) on pension scheme (Note 35)	(14,150)	1,946	(14,150)	1,946
At 31 July				
excluding pension reserve	41,588	36,931	38,749	33,991
pension reserve (Note 35)	(27,534)	(12,031)	(27,534)	(12,031)

Endowments have been reviewed following the Statement of Recommended Practice (SORP) : Accounting for Further and Higher Education 2007 and as a result a prior year adjustment has been made (Note 12)

27 CAPITAL COMMITMENTS AND LEASE OBLIGATIONS

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Capital commitments contracted at 31 July	7,545	17,998	7,545	17,998

In addition, the University had annual operating lease commitments in respect of leased property on leases that expire after 5 years of £3,652,000 (2007: £3,498,000).

28 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2008 £000	2007 £000
Surplus on continuing operations after exceptional items and tax	3,266	1,966
Pension cost less contributions payable (Note 35)	1,116	1,114
Depreciation (Note 14)	9,211	7,468
Deferred capital grants released to income (Note 23)	(4,729)	(3,813)
Net loss/(surplus) on disposal of tangible fixed assets (Note 10)	45	89
Surplus on sale of fixed asset investments (Note 10)	4	-
Endowment and investment income receivable (Note 6)	(3,025)	(1,851)
Interest payable (Note 8)	4,478	3,989
Decrease in stocks	(181)	35
(Increase)/decrease in debtors on operating activities	1,734	(3,224)
Increase in creditors on operating activities	2,302	3,717
Sale of activity (LEAP/SERAP)	(549)	-
Net cash inflow from operating activities	13,672	9,490

29 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £000	2007 £000
Income received from endowments	54	30
Income received from short term investments	55	203
Other interest received	2,616	1,724
Interest paid:		
- Finance leases	(15)	(19)
- Other interest paid	(4,028)	(3,631)
	(1,318)	(1,693)

30 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2008 £000	2007 £000
Payments to acquire tangible fixed assets	(28,448)	(16,184)
Net purchases of endowment asset investments	(76)	192
Receipts from sales of tangible fixed assets	23	21
Receipts from sale of fixed asset investment	-	-
Deferred capital grants received	19,543	8,229
Endowments received (Note 24)	149	108
	(8,809)	(7,634)

NOTES TO THE ACCOUNTS

31 ACQUISITIONS AND DISPOSALS

	2008 £000	2007 £000
Net cash outflow from disposal of an activity	549	-
	549	-

32 MANAGEMENT OF LIQUID RESOURCES

	2008 £000	2007 £000
Net purchases of quoted investments	(55)	(105)
Net purchases of certificates of deposit	(17,649)	(2,407)
Net (addition)/reduction to fixed term deposits	(5,000)	-
Net increase in liquid resources	(22,704)	(2,512)

33 ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Loans £000	Finance leases £000	2008 Total £000	2007 Total £000
Balance outstanding at 1 August	67,301	216	67,517	64,821
New loans/leases	21,480	218	21,698	3,408
Capital repayments		(211)	(211)	(733)
Net change in year	21,480	7	21,487	2,675
Non-cash movement - interest added to loan	256	-	256	21
Balance outstanding at 31 July	89,037	223	89,260	67,517

34 ANALYSIS OF CHANGES IN NET DEBT

	At 31 July 2007 £000	Cash Flows £000	Other Changes £000	At 31 July 2008 £000
Cash at bank and in hand:				
Held in endowment asset investments	606	55	-	661
Cash held for investment	-	2,409	-	2,409
Other cash at bank and in hand	825	413	-	1,238
	1,431	2,877	-	4,308
Other current asset investments	25,745	22,704	(18)	48,431
Debt due within one year	(125)	125	(177)	(177)
Debt due after one year	(67,392)	(21,612)	(79)	(89,083)
	(40,341)	4,094	(274)	(36,521)

35 PENSIONS

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits" the University accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in the year.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

Use of these tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectancy on retirement at age 65 are for males 19.8 years and females 22.8 years.

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

35 PENSIONS (continued)

Universities Superannuation Scheme (cont'd)

Since 31 March 2005 the financial security of the scheme has undergone considerable volatility. The actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual performance and changes in gilt yields (ie the valuation rate of interest). On the FRS17 basis, using a AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The Institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increase	Increase/decrease by 0.5%	Decrease/increase by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Decrease/increase by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers.

35 PENSIONS (continued)

Universities Superannuation Scheme (cont'd)

The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

Local Government Pension Scheme

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

	Past Service Liabilities	*Future Service Liabilities*
Return on investments		
- pre retirement	6.75%	6.50%
- post retirement	5.60%	2.75%
Salary inflation	4.35%	4.00%
Pension inflation	3.10%	2.75%

Valuation date	31 March 2007
Valuation method	Projected Unit
Market value of assets at date of last valuation	£2,184 million
Market value of assets as a percentage of accrued benefits	83%

The contributions payable by the University were equal to 11.0% of total pensionable salaries up to 31 March 2008 and 14.0% from 1 April to 31 July 2008.

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, the University has accounted for the scheme under FRS 17 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2004, updated to July 2007 by a qualified independent actuary.

The material assumptions used by the actuary for FRS17 at 31 July 2008 were:

at end of year	**31 July 2008** %	**31 July 2007** %
Rate of inflation	3.80	3.20
Rate of increase in salaries	5.05	4.45
Rate of increase in pensions	3.80	3.20
Discount rate	5.90	5.80

35 PENSIONS (continued)

Major assumptions used (cont'd):

	31 July 2008	31 July 2007
Post retirement mortality		
Non-retired members (retiring in the future in normal health)	PA92mc YOB Tables+1year	PA92mc (YOB=1965)+1year
Current pensioners	PA92mc YOB Tables+1year, if retired in normal health.	PA92mc (YOB=1935)+2years
Life expectancy		
Male (female) future pensioner aged 65 in 20 years time	22.2 (25.0) years	22.2 (25.0) years
Male (female) current pensioner aged 65	19.7 (22.6) years	21.1 (24.0) years

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

	Long term rate of return expected at 2008	Value at 31July 2008 £000	Long term rate of return expected at 2007	Value at 31July 2007 £000	Value at 31July 2006 £000
Equities	7.5%	35,163	7.5%	34,424	40,363
Government bonds	4.8%	9,916	4.9%	9,239	7,571
Other bonds	5.9%	2,964	5.8%	3,001	4,212
Property	N/A	-	6.5%	5,649	-
Cash/Liquidity	5.0%	2,793	5.75%	530	1,173
Other	7.5%	6,155	7.5%	6,002	-
		56,991		58,845	53,319

University's share of the scheme's assets and liabilities:

	2008 £000	2007 £000	2006 £000
Market value of assets	56,991	58,845	53,319
Present value of scheme liabilities	(84,525)	(70,876)	(66,041)
Net pension liability	(27,534)	(12,031)	(12,722)

35 PENSIONS (continued)

Amounts charged to income and expenditure account

Included in staff costs for the year (Note 7)	**2008 £000**	**2007 £000**
Current service cost	2,377	2,676
Past service cost	710	14
Settlements and curtailments	42	20
Total operating charge	3,129	2,710

Analysis of amount charged to interest payable

	2008 £000	**2007 £000**
Expected return on pension scheme assets	(3,899)	(3,268)
Interest on expected scheme liabilities	4,136	3,409
Net charge	237	141

Amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2008 £000	**2007 £000**
Actual return less expected return on pension scheme assets	(6,189)	1,714
Change in assumptions underlying the present value of the scheme liabilitiies	(7,903)	232
Actuarial (loss)/gain recognised in the STRGL	(14,092)	1,946

35 PENSIONS (continued)

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

	2008 £000	2007 £000
Deficit in scheme at 1 August	12,031	12,722
Change to the opening pension liability	58	-
Movement in year:		
Current service charge	2,377	2,676
Contributions	(2,013)	(1,596)
Past service and curtailment (cost)/gain	710	14
Impact of settlements and curtailments	42	20
Net finance charge on assets and liabilities	237	141
Actuarial (gain)/loss	14,092	(1,946)
Deficit in scheme at 31 July	27,534	12,031

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

	2008 £000	2007 £000
At the beginning of the year	70,876	66,041
Current service cost	2,377	2,676
Interest on pension liabilities	4,136	3,409
Member contributions	1,000	969
Past service cost	710	14
Actuarial (gains)/losses on liabilities	7,903	(232)
Curtailments	42	20
Benefits/transfers paid	(2,519)	(2,021)
At the end of the year	84,525	70,876

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

	2008 £000	2007 £000
At the beginning of the year	58,845	53,319
Actuarial adjustment to the opening balance	(58)	-
Expected return on plan assets	3,899	3,268
Actuarial gains/(losses) on assets	(6,189)	1,714
Employer contributions	2,013	1,596
Member contributions	1,000	969
Benefits/transfers paid	(2,519)	(2,021)
At the end of the year	56,991	58,845

35 PENSIONS (continued)

History of experience gains and losses

	2008	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets					
Amount (£000)	(6,189)	1,714	2,447	4,717	96
Percentage of scheme assets	10.9%	2.9%	4.6%	10.1%	0.2%
Experience gains and (losses) on scheme liabilities					
Amount (£000)	(817)	0	(1,052)	837	0
Percentage of present value of scheme liabilities	1.0%	0.0%	1.6%	1.4%	0.0%
Total amount recognised in Statement of Total Recognised Gains and Losses					
Amount (£000)	(14,092)	1,946	(960)	(1,786)	(771)
Percentage of present value of scheme liabilities	16.7%	2.7%	1.5%	3.0%	1.6%

Total pension costs (Note 7)

	2008 £000	2007 £000
Universities Superannuation Scheme: contributions	9,550	6,898
Avon Pension Fund	3,129	2,710
Contributions to other pension schemes	81	95
	12,760	9,703

36 RELATED PARTY TRANSACTIONS

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

37 HARDSHIP, ACCESS BURSARY AND ACCESS FUNDS

	2008 £000	2007 £000
Balance at 1 August	77	107
Higher Education Funding Council for England grants	198	181
Interest earned	6	7
	281	295
Disbursements	(214)	(218)
Balance at 31 July	67	77

The above Funding Council grants are available solely for students. The University acts only as a paying agent. The grants and related disbursements are excluded from the Income and Expenditure Account.

38 BURSARIES FROM THE TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS

	2008 £000	2007 £000
Balance at 1 August	38	75
Grant received	1,267	1,257
Disbursements	(1,234)	(1,294)
Balance at 31 July	71	38

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

39 POST BALANCE SHEET EVENTS

On 2 August 2008 the Sulis Seedcorn Fund Limited Partnership (a Universities Challenge Fund) was terminated and the assets and liabilities divided between the partners. (See Note 15)