

The background image is a low-angle shot of a modern glass-fronted building with a brick roof section. In the foreground, there are large, textured, grey stone-like structures. The sky is blue with some clouds, and there are green leaves in the upper left corner. A bright sun flare is visible near the bottom center.

PLYMOUTH UNIVERSITY
**FINANCIAL
STATEMENTS**
Year ended 31 July 2015

**CONNECT
WITH
PLYMOUTH
UNIVERSITY**



SUCCEED
WITH
PLYMOUTH
UNIVERSITY

WELCOME

UNIVERSITY

Permit Holders Only
Traffic and Conditions apply
See signs in our parks
for more details



Contents

Annual Financial Statements Year ended: 31 July 2015

- 4** Welcome to Plymouth University's Financial Report for 2014/15
- 6** Chairman's letter
- 8** Our Board of Governors and Trustees
- 9** Advisers to Plymouth University
- 10** Strategy 2020
- 12** Learning, teaching and the student experience
- 14** Research and innovation
- 16** Campus development
- 19** Sustainability
- 20** Risks and uncertainties
- 22** Public benefit
- 24** Scope of the financial statements
- 34** Corporate Governance Statement
- 40** Independent Auditor's Report
- 43** Statement of principal accounting policies
- 48** Consolidated income and expenditure account
- 49** Consolidated statement of historical cost surpluses and deficits
- 49** Consolidated statement of total recognised gains and losses
- 50** Balance sheet
- 51** Consolidated cash flow statement
- 52** Notes to the financial statements

Welcome to Plymouth University's Financial Report for 2014/15



When I reflect on the progress of Plymouth University over the course of the past year, four words encapsulate both our direction of travel and our achievement. *Concentrate on the core!* Simple in theory, perhaps, but representative of a real journey; a journey that has involved significant reform to our governance structures; a reassessment of the relationship between the Executive and the Board of Governors based on the principles of support and respectful challenge; the embracing of a more transparent and inclusive culture that offers greater clarity around the decisions we make; a greater commonality of purpose at all levels of the University, and a refocusing of our strategic mission and its implementation.

In 2014/15 we continued to invest in our student experience, both in terms of our facilities and the services we offer our people. We opened two iconic new buildings, which reveal the scope of our ambition for our students. The House is a £7 million teaching and research facility for the performing arts, one that offers transformational levels of

disability access, not to mention an exciting medium-scale theatre for the city and region. Our £4.85 million Marine Station is quite unlike any comparable facility in UK higher education in that it provides a waterfront base in which our students can study the marine environment, and yet is within walking distance from the campus. It enables our students to learn about the science of the sea, before donning their diving gear and heading out onto Plymouth Sound; from tuition and textbooks to SCUBA diving and sub-sea surveying in a matter of minutes. Both embody our continued commitment to the arts and to science and engineering, and they make manifest our desire to attract and nurture the next generation of artists, scientists, and engineers.

With the opening of a new health and wellbeing centre on campus, and the ground being broken on our new £14 million medical and biomedical research facilities on the Derriford campus, the University is continuing apace to support areas of excellence in health and medicine. With the launch of the new Digital Learning Environment, we have made a major advancement in the way we deliver both learning support and pedagogy through a mobile-first portal; technology enhanced learning that creates the edgeless campus.

The National Student Survey (NSS), released in July, provides an early indication that this concentration on core is reaping dividends. We recorded an increase in our overall satisfaction rate, including at our partner

colleges, to 87%, compared to the sector average of 86% and our own 2014 score of 85%. This moves the University into the second quartile. At programme level, there were some outstanding scores for full-time, first-degree respondents, with Geology achieving 98% satisfaction and Dentistry and Animal Science both 97% and Drama scoring 100% (the highest in the country). In total, there were 18 programmes rated above 90%, with many more above 85%. With the roll out of curriculum enrichment this academic year, following our pilot phase in 2014, and an even stronger focus upon employability, including the launch of our recruitment and internship agency Catalyst, we have confidence that this trajectory will continue.

The Research Excellence Framework (REF) provided the University with its first sector-wide benchmarking opportunity for six years, and confirmed our standing as a top-50 research institution. Nearly two-thirds of our submission to the REF was graded at three or four stars – nearly double the score from 2008. The University's highest-rated submission was for Earth Systems and Environmental Sciences, which includes marine science, environmental chemistry and geology, with 85% of its research graded as either world-leading or internationally excellent. For the first time, the University returned four-star rated, world-leading research in all 18 categories that were submitted, and Plymouth was ranked number one for Research Output in Clinical



13,000

We now have 13,000 students enrolled on Plymouth University degrees beyond Plymouth

Medicine, which measures the quality of research publication and the number of citations.

On the back of this, the University's Quality Related funding rose to a new high of nearly £8 million. The increase of 25% represented the fourth biggest jump in the country of any university receiving in excess of £5 million, and put Plymouth in the top-40 for research income. And we have continued to win major grant awards from funding councils despite the ever-more fierce competition. For example, a research team led by Plymouth University Peninsula Schools of Medicine and Dentistry (PUPSMD) was awarded more than £1.3 million by the National Institute for Health Research Health Technology Assessment Programme to explore the potential of adding web-based coaching to the GP exercise referral scheme. Other researchers from PUPSMD secured funding of more than £1.7 million from the Medical Research Council for projects covering Huntington's disease, pulmonary rehabilitation in East Africa, children's oral health care, tumour multiplication and Parkinson's disease, and €3 million from the EU Horizon 2020 programme. We also saw major six figure research grants being secured, in particular in marine engineering, marine science and coastal processing, and robotics.

At a time when it is increasingly important to diversify revenue streams, the closing of a £4 million contract to develop an oceanographic forecasting centre in the United Arab

Emirates marked a very exciting commercialisation opportunity – a five-and-a-half-year contract with the potential for further projects and closer working relationships with the UAE, the Met Office, and the National Oceanographic Centre in Liverpool. We have also leveraged research funding through our networks, such as the Bertarelli Foundation.

The national and international league tables presented a mixed picture for the University in 2014/15. Plymouth rose to a new high of 37th in the Times Higher Education 100 Under 50 table of modern universities – the fourth highest rated in the country. But we again dropped in the three main UK national tables, where in each case, despite improving the majority of our metrics, we fell in relative terms in an incredibly tightly-packed sector. The recent staff return to the Higher Education Statistics Agency showed that the University has improved significantly its ratio of academic staff to students, decreasing from 18.0 last year to 16.7 this year. This improvement will, as with the case of our NSS scores, be reflected in our league table metrics in 2015/16.

For a second time in five years, the University was the number one in the People and Planet Green League for sustainability, maintaining our record of being the best performing institution over the life-span of the league, and we won three Green Gown Awards in Courses and Learning, Enterprise, and Food and Drink. There was further awards success in 2014, with the Hydrographic Academy – now the Marine

Learning Alliance – winning a Times Higher University Award, and the Peninsula Dental Social Enterprise winning a Guardian University Award.

Our international partnerships continue to thrive and grow, and this year, we approved a collaboration with the National Hellenic College in Greece. We continued to host overseas graduation ceremonies, and with the ongoing success of our partner college network, such as GSM London, we now have 13,000 students enrolled on Plymouth University degrees beyond Plymouth.

We know that there are challenges ahead, and we wait to see what impact the likes of the Comprehensive Spending Review and the Teaching Excellence Framework will have upon the sector. So it's imperative that we continue to focus upon making our organisation even stronger so that we can sustain our core. These challenges should make us even more determined to respond, for it will be the agile institutions, those with a clear purpose, that will not only survive, but thrive.

Professor David Coslett

Interim Vice-Chancellor and Chief Executive

Chairman's letter



The Board of Governors has been pleased to see the University's improving financial position, which has been achieved at a time of increasing austerity in the external environment and, as demonstrated in the Vice-Chancellor's introduction, at a time of significant change and development across the University as a whole. Thanks are due to the talent, commitment and enthusiasm of staff at all levels whose efforts have contributed to the outcome.

We are not complacent. The distortive effect of the FRS17 interest adjustment resulted in a £2.4 million reduction this year compared to last, and we are anticipating that the next significant change may well be in the opposite direction. More importantly there is little doubt that austerity will materially increase for universities over the next few years. These are of course matters outside our control. Within our control (at least in part) is the generation of revenues, the efficiency of our provision and our capital spend on estates and infrastructure. The Financial Statements record significantly reduced spend on

capital over the past year. This reflects the completion of the previously approved campus investment programme while work on campus master planning continues, prior to the adoption of a new estates strategy in 2015/16. The new estates strategy will require significant investment, which makes it even more critical that the University continues to create surpluses to support the borrowing we will need to fund the investment. At a time of increasing financial challenge, this will require careful planning and tough decisions but the Board remains committed to ensuring that the University continues its positive trajectory and that we have a sustainable base from which to achieve our ambitious goals.

The considerable work which has this year gone into the University's Governance Improvement Programme will pay dividends as we move into more challenging times and an HE landscape which promises further change. We have strengthened our academic and corporate governance, reviewed our constitutional documents, developed a comprehensive schedule of delegation, formally adopted an approach focused on transparency and openness, appointed more staff governors and welcomed new student governors and are well advanced in our search for new independent governors. This is focused on improving the balance of our skills mix and increasing Board diversity. There is more work to be done, but we are confident that we have laid the groundwork for more effective

governance. Thanks are due to the independent and co-opted governors who will be coming to the end of their term of office in the coming year and whose contributions have materially assisted us.

We have also focused on better articulating what our Strategy 2020 means and what key performance and management indicators should be applied to inform our decision-making. We will not be able to finance everything we would like to do, so it is critical that we can allocate our resources in the most effective way in line with our focus on teaching and learning, research, and the student experience.

In February next year we will welcome our new Vice-Chancellor, Professor Judith Petts, and I look forward to working with her. I would not want to let this opportunity go by without paying tribute to Professor David Coslett, who has been our interim Vice-Chancellor since January 2015. His commitment to and passion for the University have been clear to all who have worked with him, and he has been determined to move the University forward and ensure that it continues to be the institution which the region, the city, and our staff and students deserve.

James Brent
Chair of the Board of Governors





Our Board of Governors and Trustees

External

Mr James Brent (Chair)

Ms Margaret Schwarz (Vice-Chair)

Mr Nick Buckland OBE (from January 2015)

Professor Mark Cleary (from January 2015)

Professor Terence Lewis (to July 2015)

Mr Steve Pearce

Mr Stephen Pryor (to January 2015)

Mr Duncan Currall (to July 2015)

Dr Ranulf Scarbrough

Mr Stephen Tillman

Mr Henry Warren

Professor Mary Watkins (from January 2015)

Mr Denis Wilkins

Judge William Taylor (to October 2014)

Internal

Dr Mike Sheaff

Dr Rong Huang (from July 2015)

Barbara Fuller (from June 2015)

Student members

Mr Matthew Dark (from July 2015)

Ruth Titmuss (from July 2015)

Ms Sarah Bowman (to July 2015)

Mr Richard Skipper (to July 2015)

Vice-Chancellor and Chief Executive

Professor David Coslett (from January 2015)

Professor Wendy Purcell (to December 2014)

Advisers to Plymouth University

External auditor and corporation tax adviser

KPMG LLP
Plym House
3 Longbridge Road
Marsh Mills
Plymouth
PL6 8LT

Internal auditors

Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Bankers

HSBC Bank PLC
4 Old Town Street
Plymouth
PL1 1DD

Solicitors

Bond Dickinson LLP
Ballard House
West Hoe Road
Plymouth
PL1 3AE

Wolferstans
Deptford Chambers
60/64 North Hill
Plymouth
PL4 8EP

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

S J Martineau
1 Colmore Circus
Birmingham
B4 6AA

Value added tax advisers

ECA VAT Advisers Limited
Ellis Chapman & Associates
Caledonian House
Tatton Street
Knutsford
Cheshire
WA16 6AG

Strategy 2020

The University's Executive team and the Board of Governors are focussed on the challenge of ensuring that the University is successful and sustainable in an uncertain and challenging external environment in which we are anticipating further policy changes and greater austerity.

Strategy 2020, approved in December 2012, sets out the University's mission:

'Advancing knowledge and transforming lives through education and research'

The Strategy is underpinned by four key ambitions:

- Excellent learning in partnership with students
- World class research and innovation
- Raising aspirations and driving engagement
- Achieving resilience, sustainability and effectiveness

In December 2014 the University Executive and Board identified the need to more rigorously implement the ambitions articulated in the University Strategy 2020.

Following this, in February 2015, the University initiated a Strategy Implementation Programme (SIP) overseen by a joint Board-Executive steering group. The purpose of the SIP is to detail the University's blueprint for success and target operating model for 2020 and develop a specific plan for implementation.

The University Executive Group and Board of Governors have confirmed our focus on five key areas of strategic importance:

Confirming our direction of travel

Aiming to be a UK top 50 (World top 300) in 3-5 years in the major league tables, underpinned by greater emphasis on student satisfaction, employability, quality research and financial sustainability

Optimising our portfolio

By sharpening our focus on core business – financially sustainable and high quality teaching and research – and adjusting our size and shape accordingly

Enhancing our value proposition

By investing in our offer to students, and putting student feedback at the heart of our investment decision making – curriculum, employability, timetabling, a world class estate

Executing our student recruitment strategy

By transforming our student recruitment activity

Managing our cost base

These five areas set out what we are focussing on to implement Strategy 2020 and the developing Roadmap articulates our mission-critical initiatives, intensifies Executive-level governance around these initiatives and provides enhanced visibility and assurance for the Board.

Through this we commit as a university to a diverse yet focussed teaching portfolio that across its mix delivers both financial return to enable investment and quality to enable excellence, as well as informing our estate and other infrastructural plans. We also commit to taking a much more rigorous approach to student number forecasting and recruitment. This will be underpinned by clearly focused measures which will be used to make decisions on prioritisation of initiatives and activity.

Performance

The Board and Executive have agreed a number of provisional key performance indicators in relation to the twin overarching aims of 'financial sustainability' and 'enabling excellence' covering our financial position, our performance in relation to student recruitment and a number of key quality metrics.

The Board and Executive are now in the process of agreeing a hierarchy of priority activities, investments and disinvestments to ensure that we remain focused in our decision-making on what matters over this period – these will form our 2020 Roadmap. A rigorous assurance framework is being implemented to enable the Board and Executive to closely monitor progress, determine if we are on track to deliver financial sustainability and excellence, and make timely interventions if required.

	12/13	13/14	14/15
Cash Flow from operating activities (including capital repayments (£m))	(2.9)	19.6	19.4
Operating surplus (£m)	2.6	0.9	6.1
Home/EU students – new enrolments	4,798	5,288	5,105
International students – total enrolments	1,680	1,663	1,633
Overall student satisfaction – NSS Q22 (%/quartile)	85/Q3	85/Q3	87/Q2
Teaching quality – NSS Q1-4 (%/quartile)	88/Q2	88/Q2	89/Q2
Student retention – (%/quartile)	93.8/Q3	93.3/Q3	NYP
Graduate level employment (%/quartile)	57.1/Q4	58.3/Q4	58.6/Q4
Staff engagement – the University is a good place to work (%) *	88	n/a	n/a

* The staff survey is conducted every three years;
NYP = not yet published



87%/Q2

Overall student satisfaction – NSS Q22 (%/quartile)

Learning, teaching and the student experience

We are committed to enabling excellence in all dimensions of University life and raising the aspirations of our students through delivering excellence in teaching and learning, and a first class student experience alongside world-class research, in a culture of equality, respect and inclusion. We aim to have highly satisfied students, preparing them to succeed in their professional and personal lives, by working with our student body and the Students Union to understand their needs, encourage their contributions and learn from their experiences.

Work continues on a series of initiatives aimed at improving our student experience particularly in digital literacy, sustainability and employment. In this year for example our undergraduate offer to students was clarified in UCAS to ensure applicants are aware that all programmes, where it is possible, are available with intercalated placement years.

The year 2014/15 saw the first cohort of programmes move to the Semester based pattern of teaching as part of the CEP (Curriculum Enrichment Project). While there were the expected teething issues, the School of Tourism and Hospitality successfully moved all years to the new timetable. The Nursing degrees saw a substantial improvement in their student retention. This is thought to be due to the opportunity of the immersive module, and the curriculum development changes made to induct students into the role of nursing as a degree and the reality of practice. The whole

University moves to the semester pattern in September 2015.

Our progress on delivering the Teaching, Learning and Student Experience Strategy was reviewed, and the report passed to Academic Board and the Board of Governors.

Preparations were well underway for the University QAA Higher Education Review in May 2016. This review takes place on a 6-year cycle, the last visit was 2009, with an interim review in 2012. Highlights from 2014/15 are below, with further detail available in the University Action Plan.

Support for student learning in 2014/15

- Introduced the CEP in transition programmes, and made preparations in all other programmes. This required curriculum developments and associated quality assurance processes. This gave the opportunity for programmes to rethink style and timing of delivery.
- To support staff in the introduction of CEP, and to share practice, twenty five workshops with 500+ participants were held. These included; the flipped classroom, delivering intensive immersive modules, the two hour interactive classroom, inclusive assessment, engaging students in feedback, personal tutoring, unconscious bias and a Plymouth Plus Module Forum.
- Welcome Week and Induction activities were revised in light of CEP and their effectiveness and value continue to be a focus. For next year more attention to postgraduate taught student induction is in hand.
- The DLE which was introduced in September 2014 has been successfully embedded with extensive staff support through workshops and one-one sessions by ASTI staff.
- Talis Aspire reading lists were integrated within DLE module sites. This enables single click access to online reading materials for each module.
- PALS, the peer-assisted learning in academic programmes had a period of consolidation. PALS is embedded in 19 subject areas with 25 Academic Coordinators, 168 leaders and 140 senior leaders. There is a focus on scaffolding pilot peer learning projects in a range of subject areas, and on outreach including PALS for University (P4U) in local sixth forms and PALS for Direct Entrants.
- The E-textbooks initiative was rolled out to 80% of first year programmes. Research is underway to assess impact, including retention and academic outcomes.



The E-textbooks initiative was rolled out to 80% of first year programmes

- Improving the quality of information for staff and students through the key handbooks was ongoing, particularly the:
 - o Student Handbook
 - o Teaching and Learning Handbook
 - o Research Degrees handbook
 - o Quality Assurance Handbook
- Continuing work to improve student assessment and feedback with 12 TLSE-led workshops, away days, one-one support, and new resources developed. The web presence has been enhanced.
- Working with Schools to integrate sustainability learning across the curriculum continues. Our ambition is to motivate the next generation of students to go out and tackle the sustainability challenges they'll find in their workplace. There are curricular and campus wide activities, which are integrated with UPSU's sustainability focus.
- Peer Review of teaching is ongoing with documentation added to give staff a structured opportunity to review their digital skills and use of the DLE.
- The Wellbeing Strategy group was established to plan for the use of the building in consultation with students and staff.

- The Student Charter was reviewed and agreed by Student Life committee as fit for purpose and included in all student handbooks and on the DLE.

Careers and Employability

Work is ongoing to redevelop the website and improve student access to careers materials through in-class modules and extra curricula activity. Typical of these was the 'Accelerate workshops' a series of skills development sessions for Arts students in summer 2015.

The University implemented the HEAR (Higher Education Achievement Report) which makes visible students co-curricular activity in addition to their degree results. In addition we have:

- Strengthened links with key influential employers and employers groups, GAIN Innovation Centres to develop more work based learning. New internal networks were developed to connect GAIN, External Relations, Alumni, Faculties and Employability.
- Student Jobs website was re-launched and integrated into the Careers and Employability Service in spring 2015.
- The Plymouth Award was re-structured and aligned to the HEAR.

Supporting Academic Staff

The programmes for academic staff who are new to the profession (Postgraduate Certificate in Academic Practise (PGCAP) for staff with less than three years' experience), and the Graduate Teaching Associate (GTA), primarily for research students demonstrating in classes have been redesigned, approved and re-accredited by the Higher Education Academy.

Support for staff with more than three years' experience to gain formal accreditation for their teaching at Associate, Fellow, Senior and Principal Fellow levels continues. Support included 22 workshops and retreats, face-to-face and online individual support and feedback, and 4 days of intensive support specifically aimed at Associate Lecturers with ongoing one-to-one support and guidance.

There were three nominees to the National Teaching Fellowship Scheme. Professor Debby Cotton was successful in June 2015.

The University has 71% of staff with accredited teaching status, and 53% hold PhDs.

Research and Innovation

Research success

The University aims to further develop its research standing and impact internationally and the progress in achieving this was confirmed by the results of the Research Excellence Framework where 63% of the research was graded as world leading or internationally excellent, nearly double the result in 2008. The international quality was across the spectrum of health and medicine, business, arts and social sciences, with among the many highlights the University ranking first in the country for research outputs in Clinical Medicine.

This success translated into Plymouth being one of the biggest risers in the country in terms of research funding. The University's quality-related funding will increase by 25% to £8 million in 2015/16.

The REF results followed the University's progress in the 2014 CWTS Leiden Rankings, when it was named among the top 90 universities globally (and 16th in the UK) for the quality and influence of its research.

Academic colleagues secured a total of £15.1 million of research income in 2014/15, rising from £11.5 million in 2013/14. Significant awards during the year were made to Oliver Hanemann (PUPSMED) £900,000; Angelo Cangelosi (Science and Engineering) £585,000; Emmanuel Ifeachor (Science and Engineering) £581,000; Adrian Taylor (PUPSMED) £670,000 and Simon Rule (PUPSMED) £519,000.

Commercial success

The University has a target to increase commercial income to £8.5 million by 2020, from a baseline of £5.7 million in 2011-12. Figures for 2014-15 are not yet available, but performance in 2013-14 showed a 17% increase on baseline to income of £6.7 million.

Amongst the commercialisation highlights during 2014-15 were:

- The closing of the contract (UAEOcean) with the United Arab Emirates, via the University's subsidiary, UPEL, for the creation of an Oceanographic forecasting centre in Abu Dhabi. This covers 5.5 years of contract research funding, which also creates opportunities and closer working relationships with the Met Office in Exeter and the National Oceanographic Centre in Liverpool. Negotiations are also now well underway for an extension to the UAEOcean project, which should also bring in a future collaboration with the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) for water quality monitoring in the Arabian Gulf.
- This year saw the cumulative total of licence income received from the sale of licences relating to Patient Recorded Outcome scales with Pharma pass the £0.6 million total.
- Looking ahead, October 2015 should see the completion of first round funding for the University spin-out – Pulsiv

Solar Limited, with UPEL owning 47% of the equity.

- Negotiations are also well advanced regarding a commercial collaboration with South West Grid for Learning (SWGfL) to provide monitoring of inappropriate internet content usage in primary and secondary schools in the UK (IC Alert). This project looks to provide alerts based on data from the Internet Watch Foundation and is targeted to be in some 2,700 schools over the next 5 years. This is estimated to yield turnover in the order of £0.2 million over the next 3 years.

As well as supporting the conditions needed for world-class research, there is also a strong focus on innovation by connecting disciplines in novel ways, engaging with stakeholders and funders and promoting public engagement and understanding.

Specific highlights in 2014/15 were:

ENTERPRISE SOLUTIONS

- Enterprise Solutions – the single gateway for businesses seeking to work with the University – dealt with 553 potential income generating enquiries in 2014/15, a 58% increase on 2013/14. The number of converted opportunities (those that led to actual commercial activity) was also significantly up, with 60 enquiries being converted to income generation, with a value of £230,000.
- In addition ESS, together with the GAIN digital exchange,



63% of research graded as world leading or internationally excellent by the Research Excellence Framework

referred 165 businesses with an interest in hosting an internship or placement, or in a graduate employee to the Careers and Employability team. As a market maker, enabler, facilitator and broker, the ESS plays a key part in the wider enterprise and innovation ecosystem. It is the starting point of engagement for many businesses that then go on to form positive long term partnerships with the University

GAIN

- The GAIN team had notable success in securing a further tranche of Regional Growth Fund. The total value of this fund is £10 million – the largest fund to date.
- The GAIN Growth Fund Programme, a grant programme worth £3 million, was successfully delivered in 2014/15. 34 grants were made to businesses seeking to innovate and grow, with the total number of jobs created (or forecast) being 478, of which around 140 are projected to be at graduate level.
- A number of GAIN partnership initiatives are planned for 2015/16 including the establishment of Innovation Clubs, the launch of a South West Venturefest, and work with the manufacturing sector to create connections with the University.
- The project development and bid writing team within GAIN will have a key focus

on EU funding in Cornwall and Heart of the South West areas, with a number of key calls to be announced in Autumn 2015, which will enable the University to seek external funding for R&D and Innovation activities.

KNOWLEDGE TRANSFER PARTNERSHIPS (KTP)

- The KTP portfolio numbered 11 in 2014/15, with company and InnovateUK funding worth £1.3 million.

ENTERPRISE PROGRAMME

- This was a £2.8 million project funded by the Higher Education Funding Council for England (HEFCE) and European Regional Development Fund (ERDF) which successfully completed in July 2015. An independent evaluation of the Enterprise Programme was undertaken in 2015 and reported the following:

External income	£2.8m
Businesses assisted	429
Jobs created	268
GVA	£9,160,000
Graduates attending events	254

SERIO

- SERIO's key successes in 2014/15 include a new Research project – *Social enterprise in a global context: the role of Higher Education Institutes* – worth £90k for The British Council.

This will involve studying HEIs and Social Enterprises in 12 different countries and launching the research at the high profile Going Global conference. This is project managed and delivered by SERIO whilst drawing in colleagues from the Futures Centre.

- SERIO is the knowledge partner for an ambitious project which is developing a data platform to help plan and deliver skills needed by major construction companies in the South East – *'Skillsplanner: solving skills shortages'* worth £50k and funded by Innovate UK and ESRC.
- The findings of the *Evaluation of superfast broadband in Cornwall* (worth £115k) were widely reported in the media and at the EU as it is the first study demonstrating the economic impact of superfast broadband.
- SERIO has also supported wider Institutional projects including supporting the League Table Committee and as a member of the Strategic Intelligence Network. Internal research projects include analysis of national student surveys (PIRLS, CRES and CROS), leavers survey for Athena Swann accreditation for PUPSMD, Alumni Survey and research, Economic impact of Graduation week, market research for a range of courses including MSc in Brand and Design, Advanced Professional Practice and MSc in Nutrition.

Campus development

The University's last Estates Strategy delivered over £250 million of investment in buildings which has transformed the campus. The last two major developments which were completed in 2014/15 were a £7 million performing arts centre, The House, and the Marine Station, a £5 million development which is the first waterfront teaching and research station of its kind to be accessible by foot from a campus.

The House, which has unparalleled disability access and a 250-seat auditorium, provides a new teaching centre for both drama and dance students, as well as a base for researchers in the Interdisciplinary Centre for Computer Music Research.

The Marine Station is a replacement for the University's dive centre, and also includes teaching facilities which allow students to bring samples collected at sea directly into a wet lab environment.

Work also began on the construction of the University's new medical research facility. The £14 million Derriford Research Facility will be home to biomedical research. The building is due to be opened in 2017, and is adjacent to existing laboratories at Plymouth University Peninsula Schools of Medicine and Dentistry at Plymouth Science Park.

A £7.2 million refurbishment of the University's Veysey Building has been approved to maintain training capacity for dental students and dental hygiene therapy students and to maintain dental services in Exeter. The work will be complete by September 2016 and will replace the current facilities at the Heavitree site of the Royal Devon & Exeter Hospital.

A new strategy is now in development and the quality, life-cycle performance and setting of the estate is being established.

A vital component of developing the new Estate Strategy will be creating an investment plan that can underpin major projects, based on an indicative implementation period of around eight years. The aim is for the University to formally adopt the new Strategy in early 2016.

In the meantime, the University recognises that some decisions about the estate may need to be taken sooner than the programme for finalising the new Strategy. Projects under consideration include the relocation of the Business School and Health Sciences Faculty, as well as expenditure on the science laboratories, library and sports facilities, and replacement information systems. The scale of funding required over a period of years will be confirmed by the campus strategy review but the new campus masterplan is unlikely to result in spending of less than £100 million.





The House





Sustainability

The University confirmed its position as one of the most sustainable universities in the UK with national recognition of a number of university initiatives.

At the Green Gown Awards, the University scooped a remarkable three of the 15 on offer, winning in the Courses and Learning, Enterprise and Food and Drink categories.

Plymouth was once again ranked number one out of 143 universities in the People and Planet Green League. Regaining the top spot it had in 2010, after second-placed rankings in 2012 and 2013, the placing confirmed the University as by far the best performing institution in the past seven years of the Green League – the biggest independent assessment of sustainability in higher education.

The Peninsula Dental Social Enterprise followed up its Green Gown success with a Guardian University Award. PDSE triumphed in the Social and Community impact category in recognition of the way it treats thousands of NHS dental patients, and conducts a wide variety of community outreach with staff and students.



1st

The University was ranked 1st in the country in the annual national People & Planet Green League and remains the league's top overall performer.

Risks and uncertainties

The 2014/15 Corporate Risk register covers 22 areas of risk.

The University's main focus is managing the substantial risks around financial sustainability, student recruitment and employability. The Strategy Implementation Programme has identified a number of University projects which will help to address these key risks.

Financial sustainability

Management of costs and the need to strengthen the balance sheet are key risks for the University and this is being addressed both proactively and strategically. We are starting to see the results of close monitoring and control of expenditure and the impact this is also having on the University's cash reserves. However, the uncertainty around HEFCE funding in 2015/16 and beyond continues to cause concern. Three strategic projects which are underway are a review of the academic portfolio, a 'Save to Invest' initiative and a process transformation project.

Student recruitment

As an institution that derives the majority of its income from tuition fees and teaching grants, it is vital that we sustain levels of student recruitment. The removal of the student number cap certainly increased competition for students starting in 2015. Other issues for the University include league table performance, catchment area demographics and adverse trends on other key indicators such as graduate employability.

New marketing strategies and initiatives have already been implemented and these are being followed by two projects to look at transforming home and overseas student recruitment.

Employability

The University is in the fourth quartile for graduate employability and this is impacting on the University's league table position. This is therefore a priority area for improvement with a focus on the personal development of students, work based experience and employment and the development of employability governance and metrics.





Public Benefit

Plymouth University is a Higher Education Corporation and, as such, is an exempt charity under the terms of the Charities Act 2011. The Higher Education Funding Council for England (HEFCE) is the principle regulator of English Higher Education Institutions under the Charities Act 2011. The University's Board of Governors, which includes the Vice-Chancellor and staff and student members, are the trustees of the University and have had due regard to the Charity Commission's guidance on public benefit.

The University is committed to applying its knowledge, its research, the talents of its people, and its world-class facilities to positively impact on the communities it serves.

The University's direct beneficiaries are the students enrolled on its programmes, and those who benefit from research and community works undertaken by the University.

Leading from the front, or working in collaboration with partners, we are engaged in a broad range of impact-driven work across a number of different sectors.

Raising aspirations and driving engagements

We continue to seek to raise aspiration among groups under-represented in higher education and provide opportunities for our students, staff and communities we serve through economic development, social inclusion, community outreach and strategic partnerships.

The University has a strong track record in widening access and participation for under-represented groups, clearly evidenced by our consistently high performance against national benchmarks. We have a reputation for recruiting and securing high rates of retention across a broad range of social backgrounds.

The University's overall aims and objectives with regard to widening access are:

- The enhancement of skills to make Higher Education more accessible through an increased focus on experiential activity
- Increasing the volume and diversity of outreach work to reach a broader set of potential students
- Increasing insight into careers and employability and its link to Higher Education
- Increasing aspiration to Higher Education from primary level through programmes such as the Children's University
- Increasing the use of Student Ambassadors from WP backgrounds to create

positive role models

The University offers a comprehensive suite of financial support across the student lifecycle with the aim of increasing access, retention and attainment.

In response to changes to support funding in the sector the University is also proactively developing mechanisms to ensure continued support for those requiring financial assistance both prior to enrolment and during their studies.

The University also offers a number of bursaries and scholarships to students from groups within the University's Access Agreement. These include bursaries to disadvantaged students entering University, such as the Helena Kennedy Foundation bursary and bursaries to focus on gender imbalance in higher education, such as the Reid Access Bursary and the Manning Award, which focus on female students entering STEM subjects.

The University continues to offer financial support to Care Leavers through the Care Leavers' fund, which aims to relieve emergency financial hardship situations for Care Leavers.

The University has moved away from a largely reactionary financial support service to one that develops the individuals own financial capability; skills they need while at University and can use in their life beyond, with the aim of moving students from an over-dependence on short-term financial fixes to a more comprehensive money management skills development



The University played a pivotal role in winning £10m through the sixth round of the Regional Growth Fund

programme to ensure students are providing for themselves (and sometimes their families) in the longer term.

The University has continued to work in partnership with Santander Universities UK to promote internships and has significantly extended the provision of post-graduation internships to greater numbers of students. The Catalyst jobs service targets WP students to support them through the provision of internships.

There has been significant growth in the number and range of part time jobs available through the Jobs Service through on campus employment and through work with employers off of campus, with a focus on encouraging WP students to sign up for work with Student Jobs.

Looking forward, the University will extend its current Job Shop and vacancy advertising facility within the Plymouth Job Service. The service will develop a broader and more extensive portfolio of part-time paid job opportunities, available on campus, locally and regionally, with improved access to recruitment opportunities and support for students. Through the service, accreditation of work experience will be available to students through Learning from Work and Student Leadership Modules.

As part of the University's response to the Department for Business Innovation and Skills 'Learning from Futuretrack: Dropout from higher education' report (2014), the University established a pilot Peer Assisted

Learning (PALS) project to reduce drop-out rates and increase retention and attainment through earlier interventions with target groups prior to the uptake of Higher Education.

By providing PALS Leaders and two months of PALS sessions, the aim was not only to raise awareness of educational options and increase aspirations of future achievements, but to raise attainment levels at Year 12.

Research and knowledge transfer

It is a primary charitable purpose of the University to encourage and support research by staff and students that will extend existing knowledge and contribute to our education programmes. We support the conditions needed for world class research and innovation to flourish and continue to ensure that our research is built on ethical foundations. We connect disciplines in novel ways, engaging with stakeholders and funders and promoting public engagement and understanding.

An example of this engagement, the University played a pivotal role in winning £10 million through the sixth round of the Regional Growth Fund. More than 1,000 jobs have already been created in Devon, Cornwall and Somerset as a result of the £7.5 million in RGF investment initially secured by Plymouth University through GAIN, and later in partnership with the Plymouth and South West Peninsula City Deal. The latest

round – awarded to the University and South West Manufacturing Advisory Service – will support job creation and investment, as well as focusing upon specific manufacturing issues and providing a range of free resource efficiency audits.

Another partnership initiative which was created in 2014/15 was that between the University and charity Brain Tumour Research. Patients, carers, scientists, clinicians and charities from across the UK gathered at the University for an event to mark the start of the official Centre of Excellence, led by Professor Oliver Hanemann, in the Plymouth University Peninsula Schools of Medicine and Dentistry. Alongside the centre will be a University campaign to raise awareness of the condition, and to fundraise to support ongoing research.

Scope of the financial statements

The financial statements comprise the consolidated results of the University, its wholly owned subsidiary companies and joint venture arrangements. The subsidiary companies undertake research, consultancy, clinical dental services and technology transfer activities together with the provision of conferencing, facilities management, catering and nursery operations. Where appropriate, taxable profits are gifted to the University by the subsidiary companies in order to minimise corporation tax charges.

Results for the year

The University's consolidated results for the year to 31 July 2015 are summarised as follows:

	2014/15 £ Million	2013/14 £ Million
Income	236.5	234.1
Expenditure	(230.4)	(233.2)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation but before disposals of assets and taxation	6.1	0.9
Share of joint venture operating surplus	0.3	0.3
Taxation	(0.20)	(0.02)
Exceptional items:		
Surplus on disposal of fixed assets	0.9	(0.9)
Fundamental restructuring and other costs	–	(4.6)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount and realisation of property revaluation gains of previous years	1.4	1.9
Historical cost surplus/(deficit) for the year after taxation	8.4	(0.6)
EBITDA	26.4	16.3

	2014/15	2013/14
	£ Million	£ Million
Tangible assets	236.7	248.8
Cash and short-term investments	68.4	52.0
Borrowings and finance leases	(60.6)	(63.0)
Pension liabilities	(81.3)	(57.5)
Net assets	125.1	140.0
	<hr/> <hr/>	<hr/> <hr/>
	2014/15	2013/14
	£ Million	£ Million
Cash flow generated from operations	24.8	24.6
Net movement in cash in the year	0.2	(1.0)
	<hr/> <hr/>	<hr/> <hr/>

The University has actively managed its cost base as part of a Strategy Implementation Programme in which a series of initiatives are focussed on improving the financial sustainability of the University. This has resulted in reductions in both staff and non-staff costs compared to the previous year. A review of capital assets has resulted in significant one-off costs due to accelerated depreciation.

There has been an increase in the liabilities associated with the Devon County Council Local Government Pension Scheme, driven by changes in actuarial assumptions. The University has otherwise strengthened its balance sheet and seen an increase in available cash and liquid funds which will help in funding future investment initiatives including the campus strategy.

The University saw a healthy increase in its cash and short-term investment position of £16.4m arising from operating cash receipts of £24.8m (2013/14 £24.6m) in line with the prior year, but lower expenditure on fixed assets and repayment of borrowings totalling £7.3m (2013/14 £15.9m) as the current phase of the campus strategy came to an end.

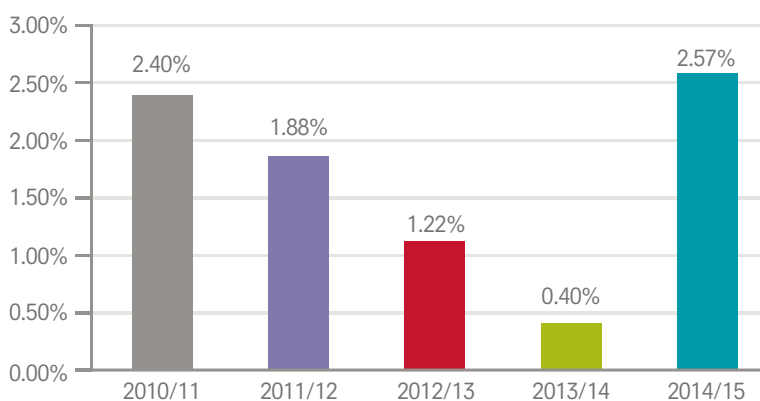
The balance of cash and investments at the end of the year was £68.4m (2013/14: £52.0m) with £11.6m of this balance being related to the Peninsula Dental Social Enterprise, which is not available to fund the University's general expenditure and liabilities.



Overview

The University has recorded a surplus before tax and exceptional items of £6.1m (2013/14: £0.9m). This represents a significant improvement on the last few years and reflects the positive steps that the University has taken to build its financial strength and ensure it can invest in order to deliver the ambitions of Strategy 2020.

Operating surplus as a % of total income



(Note: Operating surplus shown before tax and exceptional items)

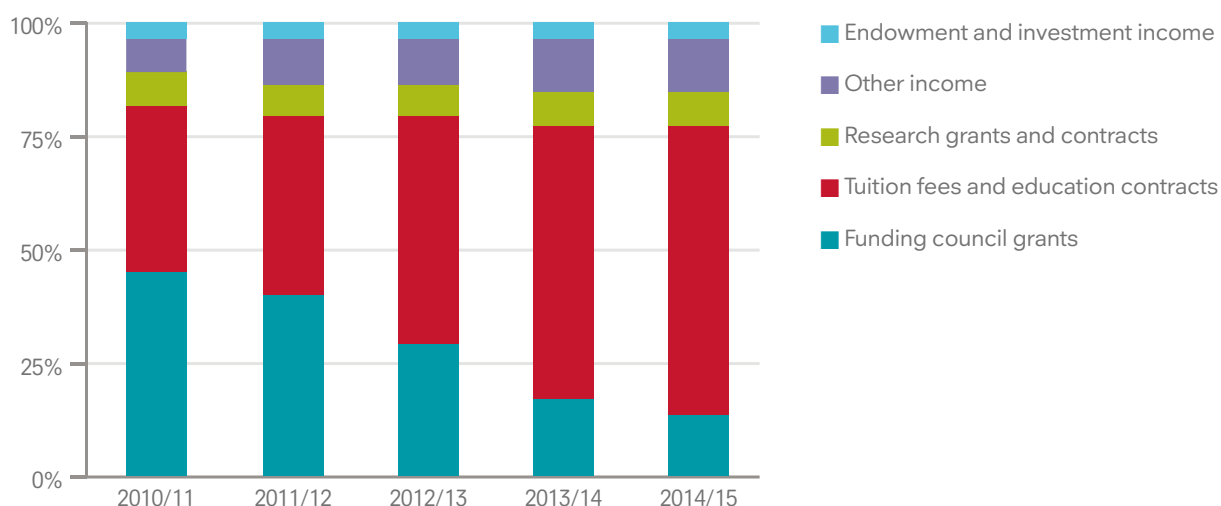
The surplus for the year is as a result of both increased income and cost savings within the University but also reflects a number of significant non-cash adjustments. There is a £2.4m reduction in the FRS17 interest charge and an increase in depreciation of £7.3m following a review of fixed assets. The exceptional item includes the final element of profit on disposal of the Exeter campus (£0.9m).

The overall results demonstrate the continued focussed effort of the University to increase its surplus and strengthen its balance sheet in order to achieve financial sustainability. In a challenging funding and competitive environment, the University is focused on achieving resilience, sustainability and effectiveness as it plans for continued investment in the campus, infrastructure and equipment. This will be achieved through a continued focus on diversifying and growing income, securing efficiencies, maximising academic synergies and improving the effectiveness of all its processes. In this period of transition, the University remains confident that it can respond to the challenges ahead, realise its ambitions and achieve long term financial sustainability.

Income

Overall, the University's income increased by 1.0% (2013/14: 8.6% increase), with growth mainly seen in research income and an overall increase in teaching income (split between tuition fees and funding body grants).

Analysis of income over 5 years between major headings

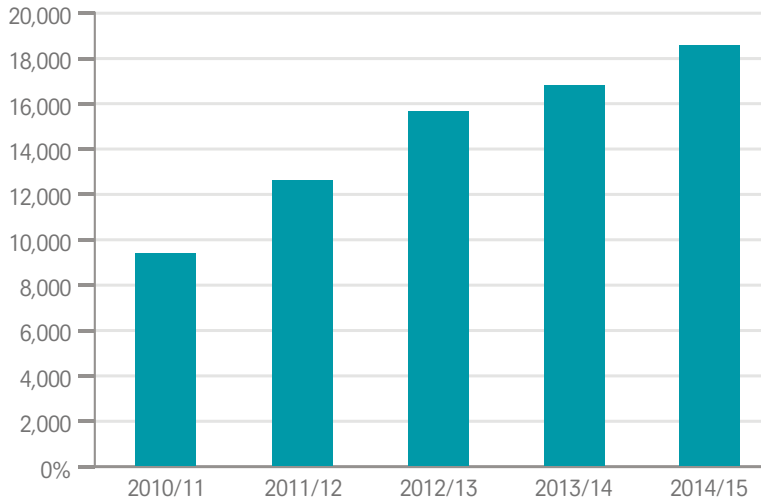


The continued impact of the introduction of the £9,000 fee for home students on undergraduate courses has contributed to a 14.0% increase in tuition fee and education contract income (2013/14: 23.7% increase). This was partially offset by the expected reduction in funding body grants of 29.9% (2013/14: 22.9% decrease).

Research grant income saw a notable 32.2% increase compared to a reduction last year (2013/2014: 14% decrease). In a year where the University received a positive Research Excellence Framework (REF) assessment with 63% of research being graded at 3 or 4 stars, there has been particular growth in research grants in the medical school. The positive REF assessment has already led to a 25% increase in research income allocated to the University by United Kingdom government research funding bodies for 2015/16.

Other income decreased by 8.4% (2013/14: 21.9% increase), mainly due to funding from the 5th round of the Regional Growth Fund coming to an end. The University has been successful in its bid for funding from the 6th round of the fund and along with its partner South West Water will receive a £10m grant in the coming years which will see an increase in other income from 2015/16 onwards.

Income from overseas students (£000)



Income from overseas students continues to show long-term growth as a result of the University's Internationalisation Strategy and associated academic partnerships. 2014/15 has shown significant year on year gains with income from overseas students having increased by 13.0% in 2014/15 (2013/14: 5.1% increase). This excludes students studying Plymouth's programmes in Sri Lanka and Hong Kong, on transnational programmes and at the University's embedded pathway college, Plymouth University International College (run by Navitas Limited) which continue to be very successful.

Expenditure

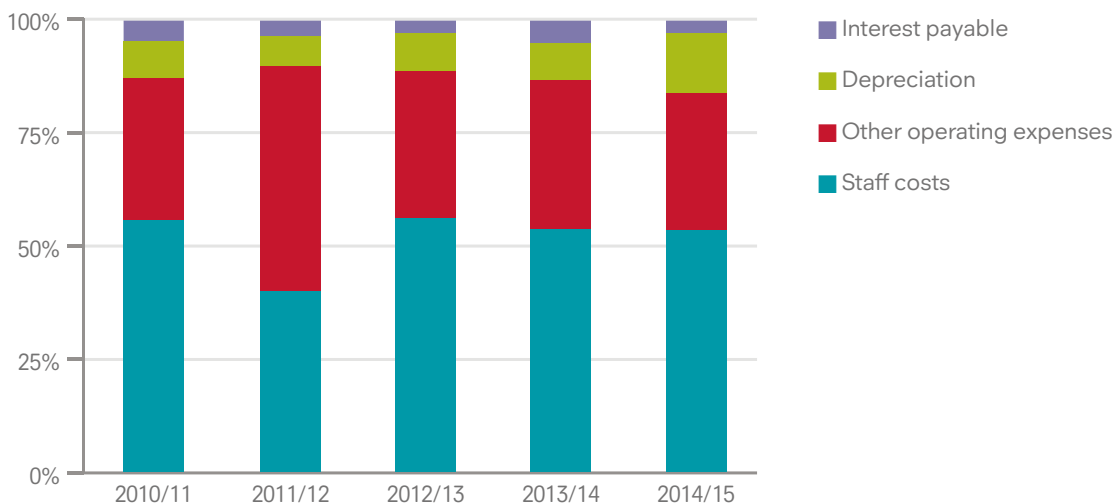
Total expenditure is down by 1.2% (2013/14: 9.5% decrease), with staff costs showing a 1.2% decrease (2013/14: 5.4% increase). The University has substantially met its 2014/15 KPI target of staff costs not exceeding 53% of total income achieving 53.1% 2014/15 (2013/14: 54.2%).

Other operating expenses, excluding depreciation, have decreased by 6.8% (2013/14: 15.0% decrease), as one-off costs incurred in 2013/14 have not been repeated this year, and are not expected to be incurred in 2015/16.

During 2014/15 the University reviewed its capital assets and decided to bring forward the replacement cycle for student computers and also accelerate the depreciation on certain buildings as part of its campus strategy. This has resulted in an exceptional increase in depreciation expense of 63.3% (2013/14: 9.7% increase) of which £6.2m has been caused by accelerated depreciation.

Interest payable has decreased by 54.8% to £2.0m (2013/14: £4.4m), as a result of a reduction in pension scheme finance costs.

Analysis of expenditure over 5 years



Capital expenditure

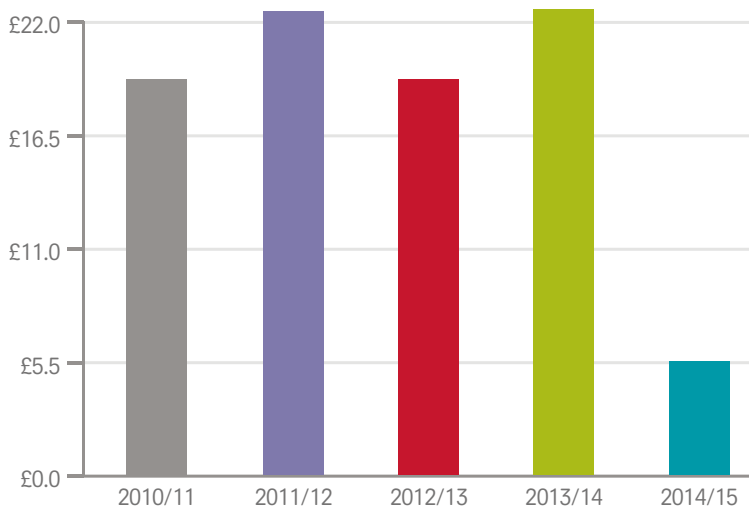
During the year, a total of £6.9m (2013/14: £20.9m) was spent enhancing the student experience through improving the quality of accommodation and facilities available on campus. This represents a large decrease in capital expenditure after successive years of significant investment, as a number of large building projects were brought to completion during the year. It is intended that capital spend will return to the levels of recent years in 2015/16 as the new Campus Strategy is implemented and new projects are commenced.

Major capital expenditure in the year included;

- £1.7m for the completion of The Marine Station
- £0.8m for the completion of The House
- £0.7m on the Refurbishment of the Student Union.

Expenditure on additional capital equipment totalled £2.1m, including research equipment and expenditure on iPads, courseware, and replacement laptops to improve the student experience.

Capital expenditure (£m)



Balance sheet

The consolidated balance sheet shows an increase in net assets before pension fund liabilities of £8.9m (2014: £3.6m increase).

Tangible fixed assets have decreased by £12.1m (2014: £9.1m increase). This reflects the £6.9m expenditure on the campus infrastructure and £12.7m of recurrent depreciation (2014: £11.6m) and of £6.2m of accelerated depreciation as a result of the review of assets.

Fixed assets also include negative goodwill of £1.6m (2014: £2.0m) and a net investment, equal to the share of net assets, of £5.2m (2014: £4.7m) relating to the joint venture in Plymouth Science Park Limited.

The current asset position shows a significant improvement on last year, £93.2m at 31 July 2015 (2014: £79.5m). This improvement is due to the University's success in implementing cost savings and increasing income leading to strong operating cash inflows, and significantly reduced capital expenditure compared to previous years.

Current liabilities have decreased by £3.7m (2014: £8.3m increase) to £48.3m, largely as a result of decreases in trade and other operational creditors as the University has looked to pay suppliers promptly. The decrease in current liabilities along with the increased cash and liquid investment holdings has led to an improved ratio of current assets to current liabilities of 1.93 (2014: 1.51), demonstrating that the University is in a strong position to meet all its liabilities as they fall due.

Provisions for liabilities of £7.6m includes enhanced pensions payable to staff who have agreed terms for early retirement of £4.5m (2014: £5.1m).

NET ASSETS
(EXCL.
PENSIONS)

£8.9
million

DEBT

£3.1
million

CASH AND
LIQUID
INVESTMENTS

£16.4
million



Pensions

The pension scheme liability reflects the University's share of the Devon County Council pension scheme deficit in line with the requirements of FRS 17. The deficit has increased by £23.8m (2014: £13.7m decrease) to a liability of £81.3m (2014: £57.5m). A loss of £21.3m (2014: £18.6m gain) has been recognised in the statement of recognised gains and losses, largely due to changes in assumptions used by the actuaries in their valuation. The net cost recognised in the income and expenditure account as a result of the FRS 17 adjustments was £2.5m (2014: £5.0m), with the year on year decrease being due to improved fund asset returns and decreased interest on fund liabilities.

The University also has members in the Teachers' Pension Scheme (TPS), Universities' Superannuation Scheme (USS) and the National Health Service Scheme (NHSS), but does not recognise liabilities for these schemes.

TPS, USS and NHSS have all announced increased contribution rates which will increase the University's pension costs in 2015/16.

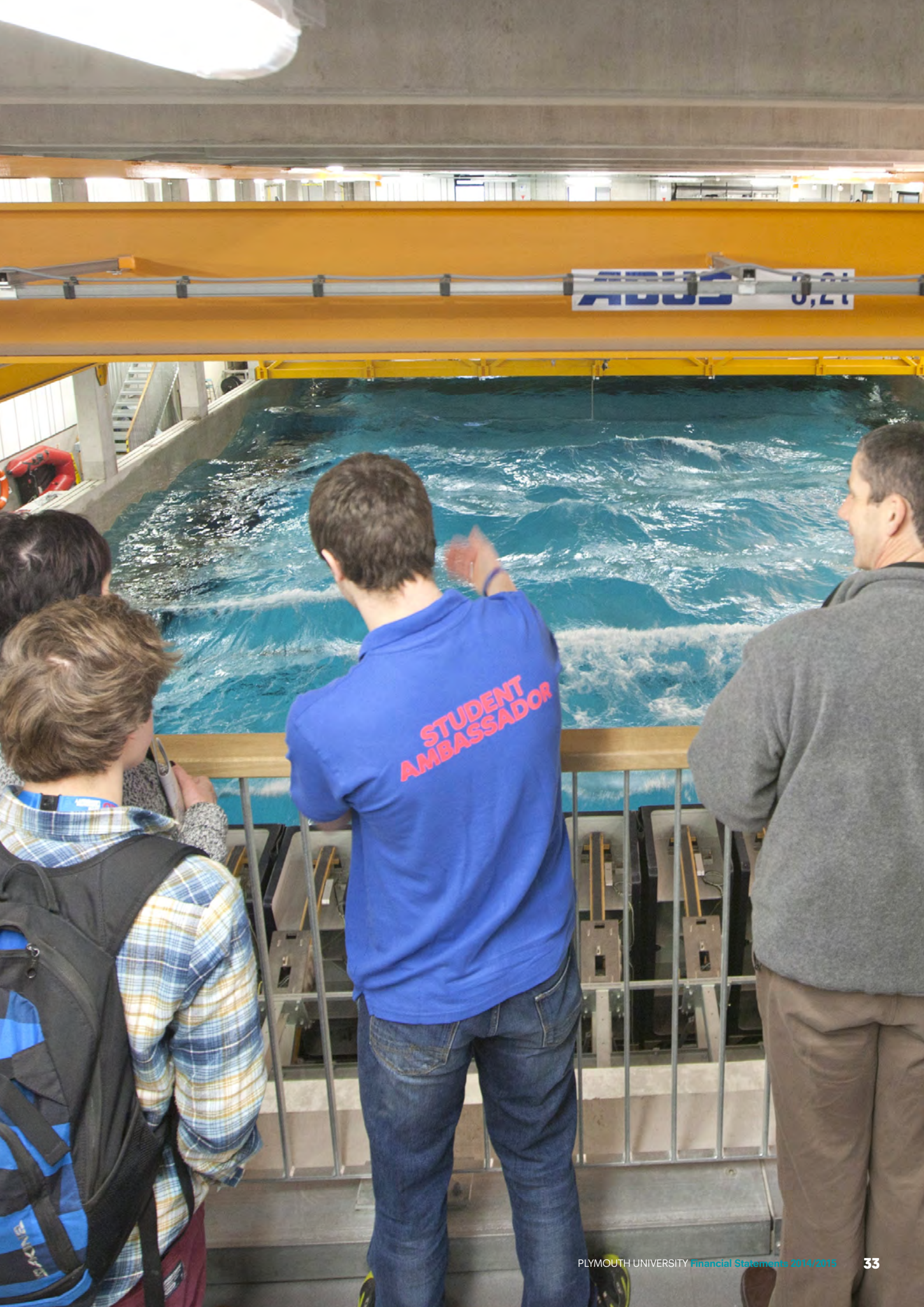
Cash flow & finance

The University cash flow shows an increase in overall cash balances in the year of £0.2m (2014: £1.0m decrease), and an increase in liquid resources of £16.4m (2014: £8.5m increase). Surplus cash of £66.0m was held at 31 July 2015 (2014: £49.8m) and was invested as set out in the University's Treasury Management policy. The increase in liquid resources of £16.4m arises from operating cash receipts of £24.8m less net expenditure on fixed assets of £3.0m and repayment of bank borrowings of £4.4m.

The operating cash flow of £24.8m (2013/14: £1.6m) is in line with the previous period and arises primarily from the net cash surplus on income and expenditure items in the year.

The University has outstanding loans of £43.5m as at 31 July 2015 (2013/14 £46.6m) including balances held with HSBC Bank PLC and Lloyds Bank PLC, which are repaid in line with amortisation schedules. The finance lease of £19.5m (2014: £19.4m) for the Rolle academic building is being released to the Income and Expenditure account over the lease period of 35 years.

The University continues to successfully fund interest and repayments on its loans and finance leases out of operational cash flows.





Corporate Governance Statement

Constitution and powers

The University is an independent Higher Education Corporation with powers defined under the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its Instrument of Government was approved by the Privy Council in March 1993.

The University is also an exempt charity under Schedule 3 of the Charities Act 2011 and as such members of the Board of Governors act formally as the trustees. A full list of trustees is provided on page 8. As an exempt charity the University is regulated by HEFCE in accordance with the Charities Act 2011.

Public benefit

The Board of Governors has complied with its duty to have due regard to the Charity Commission's guidance on public benefit, including the supplementary public benefit guidance on the advancement of education. The University's formal public benefit reporting forms part of the Operating and Financial Review.

Approach to corporate governance

The University is committed to best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life (Nolan Committee), the Higher Education Code of Governance provided by the Committee of University Chairmen (CUC Code) and the Guidance on Corporate Governance for Higher Education issued by the British Universities Finance Directors' Group.

Summary of the University's governance structure

The University's Instrument and Articles of Government establish the structural framework of governance. The University's Board of Governors comprises external, staff and student members appointed in accordance with the Instrument, all but one of whom (the Vice-Chancellor) are non-executive. At the beginning of 2014/15 the Board comprised fourteen non-executive governors plus the Vice-Chancellor. The majority of governors were independent lay members with experience of industry, the professions, commercial or employment matters; there was also one co-opted member of academic staff and two student members nominated by the Students' Union, in addition to the Vice-Chancellor. During the course of the year, two independent members came to the end of their term of office and another resigned. Also during the course of the year, the Board extended its staff representation with the reinstatement of the position of professional services staff governor and of an academic staff governor elected by and from Academic Board. The Board's current membership is fifteen non-executive governors plus the Vice-Chancellor, of whom ten are independent lay governors.

The Board is concerned that its membership has not of late reflected its commitment to equality and diversity, despite national advertising campaigns designed to attract new governors from outside its traditional recruitment catchment.

It is also aware that three co-opted governors will formally come to the end of their current tenure at the end of the calendar year and at least two others in July 2016. It has therefore commissioned a regional search firm with experience and expertise in securing non-executive directors to identify up to six potential new governors, with a particular brief to increase Board diversity and to consider succession planning for a range of Board officers.

The Board held nine scheduled meetings (in October, November, January, February, March, April, May, June and July). In addition, it held a special meeting in October to consider the election of a new Chairman and Vice-Chairman, and agree the introduction of the new role of Senior Independent Governor. A joint development day with the University Executive Group (UEG) in December discussed strategy implementation and governance improvement. In addition, the Head of the Equality Challenge Unit was invited to provide a half day briefing for the Board on Leading Equality and Diversity.

Following an independent external review of governance undertaken between November 2014 and March 2015, the University has focused on the further enhancement of institutional governance, building on best practice both within the sector and externally. It has recently completed a detailed analysis of compliance with the CUC Code with a view to further

enhancement over the coming session.

The Board and the University understand the need for a clear separation of the roles of the non-executive Chair of the Board of Governors and the Vice-Chancellor and Chief Executive. The Board of Governors approves and monitors the University's long-term strategic objectives and forecasts, and is responsible for reviewing the effectiveness of the University's systems of internal control and for issues of risk management and risk appetite. It also has responsibility for the educational character and mission of the University. In the context of the review referenced above, the University has reviewed its academic governance with a view to strengthening the academic voice, and ensuring that the Board of Governors receives appropriate reports from Academic Board to enable it to assure itself of the quality of teaching and research and the student experience.

The Board is charged with specific responsibilities under the University's Articles of Government, the Memorandum of Assurance and Accountability with HEFCE, agreements with other funding bodies, and by statutory authority, and such matters are presented to the Board in the form of approvals of major developments and reports from the executive on the operation of the University and the changing external context.



The Board operates with a committee structure comprising a Finance Committee, an Audit Committee, an Employment Committee, a Governance and Nominations Committee and a Reward and Remuneration Committee. Each committee is formally constituted with clear terms of reference. Membership is largely drawn from external lay members of the Board, although there is provision for co-opted independent members with relevant professional expertise who are not members of the University or of the Board of Governors. During 2014/15, the Finance Committee included two co-opted members. Governors are also represented on the Honorary Awards Committee, a joint undertaking between the Board and Academic Board.

In 2014/15, the Audit Committee met on five occasions, with the internal auditors always in attendance. The external auditors attended for those meetings concerned with the presentation of the audit strategy and consideration of the financial statements and management letter. The Committee considers reports and recommendations for the improvement of the University's systems of internal control, together with management responses and action plans. It oversees the University's risk management policy and process on behalf of the Board of Governors, including consideration of the Corporate Risk Register. The Committee

also receives and considers reports from the Funding Council as they affect corporate governance and assurance, and monitors adherence to regulatory requirements. At its November meeting the Committee reviews relevant aspects of the University's annual financial statements. Senior executives attend meetings of the Audit Committee as necessary but are not members of the Committee. The internal and external auditors have a formal private meeting with the governor members of the Committee annually, and hold further meetings with the Committee Chair as appropriate.

The Finance Committee makes recommendations to the Board about the University's financial strategy, including annual and long term capital and revenue plans, about the financial viability and financial management of capital projects, and about the University's Financial Statements and financial forecasts. The Committee also reviews and approves or recommends to the Board in accordance with its terms of reference the policy framework for investment and for borrowing, the sale or acquisition of property or land, and the University's financial regulations.

The Employment Committee makes recommendations to the Board about strategic employment issues and the framework governing the pay and conditions of service of staff.

The Reward and Remuneration Committee, comprising all the independent governors and chaired by the Vice-Chairman, determines the salaries and conditions of service of the most senior staff, including the Vice-Chancellor, and the guidelines to be applied to the determination of senior management salaries. The Committee reviewed an Illustrative Practice Note on Remuneration Committees provided by the Committee of University Chairmen. It noted the need to ensure that reporting to the full Board was such as to enable the Board to assure itself that a rigorous, fair and defensible process had taken place while respecting the confidentiality of personal data in relation to individual remuneration. The Committee also reviewed and updated its own terms of reference and considered the University's developing reward strategy and current performance related pay scheme. In order to support an appropriate and professional consideration of the matters within its remit, the Committee received confidential benchmarking data provided by external agencies. It agreed the continuation of the University's current policy in relation to senior staff salaries (that senior salaries would normally be set within the median quartile in terms of sector comparators but with the flexibility to offer a higher salary in the context of the overall talent strategy), which aligned with CUC advice on appropriate

remuneration in terms of recruitment, retention and motivation, and made specific recommendations in relation to individual salaries and PRP.

The Governance and Nominations Committee considers key governance issues, in addition to identifying for Board consideration the skill set available to the Board and issues of succession planning and mechanisms for securing the services of new governors. It also takes responsibility for Board effectiveness reviews.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University and its key educational partners. It is particularly concerned with issues related to teaching, learning and research and to the student experience.

Formal Statement of the Board of Governors' Responsibilities

In accordance with the University's Articles of Government, the Board of Governors, through the Vice-Chancellor, is responsible for the administration and management of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

Within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England and the University, the Board of Governors, through the Vice-Chancellor, is required to prepare Financial Statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year. The Board is also responsible, through the Vice-Chancellor, for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Instrument and Articles of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education and other

relevant accounting standards. 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 being disclosed and explained in the financial statements;
- 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; and
- the reporting requirements identified by the Financial Sustainability Strategy Group have been met.

The Board of Governors has used all reasonable endeavours to:

- ensure that funds from the Higher Education Funding Council for England and the National College for Teaching and Leadership, and other grants and income for specific

purposes are used only for the purposes for which they have been given and in accordance with the Financial Memorandum, with the Funding Council and any other conditions which the funding bodies 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 University and prevent and detect fraud and other irregularities; and
- secure the economical, efficient and effective management of the University's resources and expenditure to achieve value for money.

Internal control

The Board of Governors is responsible for maintaining a sound system of internal control to support the achievement of the University's policies, aims and strategic objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Board in the Instrument and Articles of Government and the Memorandum of Assurance and Accountability. The Board of Governors is also responsible for reviewing the effectiveness of the internal control system.

The system of internal control is risk-based and designed to manage rather than eliminate the risk of failure to achieve strategic objectives. It can therefore provide a reasonable, not absolute, assurance of effectiveness. The system is based on an ongoing process designed to identify, evaluate and manage, efficiently, effectively and economically, the strategic risks facing the University. The Board is of the view that such a process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, that the process is kept under review by the Audit Committee and that it accords with HEFCE guidance and the internal control guidance for directors in the UK Corporate Governance Code 2010 as deemed appropriate for higher education.

The review of the effectiveness of the system of internal control is informed, inter alia, by the work of Deloitte, the University's internal auditors for the financial year 2014/15. The internal auditors submit an annual report to the Audit Committee and the Board of Governors which includes an independent opinion on the adequacy and effectiveness of the institution's overall system of internal control, with recommendations for improvement.

The review of the effectiveness of the system of internal control is also informed by the work of senior 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.



RISK

The role of the Board of Governors is to manage and report on risk at a strategic level

Risk management

The role of the Board of Governors is to manage and report on risk at a strategic level, by determining the University's risk appetite and the acceptable risk level, satisfying itself that the University's actual levels of risk do not exceed the agreed levels, approving major decisions affecting the University's risk profile, monitoring the management of corporate risks, setting the tone and influencing the culture of risk management within the University, and satisfying itself that the processes for embedding risk management are working effectively. The Board considers an updated Corporate Risk Register each year, together with a review of the University's risk management policy as appropriate.

In meeting its responsibilities, the Board relies heavily on advice from the Audit Committee. The Audit Committee and the internal auditors have continued an approach to risk-based audit which integrates more closely operational audits and reviews of associated risk. Review processes cover business risk, operational risk and compliance, as well as financial risk. An audit of risk management was included in the Internal Audit plan for 2014/15. The Committee also commissioned a number of strategic audits linked with the University's key objectives. A key focus for the Committee in 2014/15 was to ensure that the University executive prioritised response

to audit recommendations so as to secure timely closure of outstanding recommendations.

The Vice-Chancellor, through UEG, is responsible for implementing the risk management arrangements approved by the Board of Governors; for identifying, evaluating and monitoring the risks associated with their decisions and with proposals made to the Board; and for ensuring that managers within the University fulfil their responsibilities for risk management.

In addition to the corporate risk register, all faculties and directorates produce local risk registers, and specific risk registers are maintained for major projects. Risk management is also embedded within business planning processes with the aim of engaging all levels of management.

UEG regularly review the Corporate Risk Register and the Audit Committee receives regular reports highlighting changes in the assurance framework including new or amended risks and movement in risk ratings.

Independent Auditor's Report

To the members of University of Plymouth

We have audited the group and University financial statements (the "financial statements") of Plymouth University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, Note of Historical Cost Surpluses and Deficits, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Statement of Principal Accounting Policies 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 Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Formal Statement of the Board of Governors' Responsibilities set out on page 37 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the groups and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University 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; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.



Chris Wilson
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Plym House,
3 Longbridge Road,
Marsh Mills
Plymouth
PL6 8LT

26 November 2015





Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2007 and in accordance with applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently, where considered material, in relation to the financial statements across the group.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties. The statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiary undertakings for the financial year to 31 July 2015. Intra-company sales and profits are eliminated fully on consolidation. In accordance with FRS 2 Accounting for Subsidiary Undertakings, the consolidated financial statements do not include those of the University of Plymouth Students' Union, as it is a separate organisation in which the university has no financial interest and no control or significant influence over policy decisions. The University is

also considered to jointly control Plymouth Science Park Limited (formerly Tamar Science Park Limited). The University accounts directly for its 50% share of the income, expenditure, assets, liabilities and cash flows of this entity following it attaining joint control. Uniform accounting policies have been adopted by the University and its subsidiaries. Where accounting policies differ in the joint ventures, these have been adjusted to be in accordance with the group policies for the purpose of these financial statements.

Recognition of income

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable. Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Tuition fee income is credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount or waiver, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from research grants, contracts and other services rendered is included to the extent

of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits and general endowment asset investments is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments is credited to the income and expenditure account on a receivable basis.

All other income is credited to the Income and Expenditure Account on a receivable basis.

The University acts as agent on behalf of the Higher Education Funding Council for England with regard to the disbursement of Access funds. Receipts and payments are therefore not included in the income and expenditure account.

The University has contracts with several providers for student accommodation. The contracts are different for each provider which results in some income and expenditure being recognised in the income and expenditure account and other income and expenditure being netted off on the balance sheet as considered to be under an agency arrangement.

Maintenance of premises

The University has produced a costed long-term maintenance plan for buildings. In accordance with the requirements of FRS 12 Provisions, Contingent Liabilities and Contingent Assets, the cost of maintenance is charged to the income and expenditure accounts as incurred.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. All exchange differences are dealt with in the income and expenditure account. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Research and development expenditure

Expenditure on research and development is written off to the income and expenditure account in the year in which it is incurred.

Pension schemes

Retirement benefits for employees are provided by defined benefit schemes which are funded by contributions from the University and employees. Most academic staff are members of the Department for Education's Teachers' Pension Scheme. There are particular circumstances in which a few members of staff are eligible for the Universities' Superannuation Scheme and some members of the Plymouth University Peninsula Schools of Medicine and Dentistry are eligible for membership of the Department of Health's NHS Pension Scheme. Most other salaried employees and many weekly paid employees are members of the Local Government Pension Scheme run by Devon County Council. All schemes are independently administered.

Contributions to the schemes, except for the Devon County Council pension scheme, are charged to the income and expenditure account so as to spread the cost of the pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals.

The University participates in the Devon County Council Pension

Fund. The fund, which is part of the Local Government Pension Scheme, provides benefits based on the career average pensionable salary. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. 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 pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. This is a defined benefits scheme and is valued every three years by a professionally qualified actuary using the projected unit method, the rates of contribution payable being determined by the actuary.

The Teachers' Pension Scheme is valued every five years by the Government Actuary who specifies the contribution rate paid by the University. The Department for Education operates a notional fund for this scheme. The University has no liability for pensions or pension increases for past employees in this scheme. 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, accounts for the scheme as if it were a defined contribution



£150 million spent on land and buildings in the last 10 years.

£150m – 10 years

scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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 trustee administered fund. Due to the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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 respect of the accounting period.

The NHS Pension Scheme is valued every five years by the Government Actuary who specifies the contribution rate paid by the University. The Department of Health operates a notional fund for this scheme. The University has no liability for pensions or pension increases for past employees in this scheme.

Tangible fixed assets

a. Land and buildings

The University has taken advantage of the transitional arrangements available on the first adoption of FRS 15 Tangible Fixed Assets not to update the value of its land and buildings. The land and buildings were the subject of a comprehensive revaluation carried out by Chesterton property consultants as at 31 March 1990. The basis of valuation is in accordance with the Royal Institute of Chartered Surveyors' guidance notes. These direct that, where possible, assets should be valued on the basis of existing use or open market value. The guidance notes recognise that in the case of specialist buildings this may not always be possible and in those cases valuation should be on the basis of depreciated replacement cost. The consultants used both approaches in their valuation.

As part of the same survey the property consultants estimated the remaining life of each building, typically 20 to 50 years. Buildings acquired after the survey are shown at cost less depreciation based on a life of 50 years. All buildings are depreciated on a straight line basis. Land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic

life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Assets in the course of 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.

Interest charges which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets. Such interest is capitalised only up until the date the relevant building is brought into use. The rate of interest used is the applicable cost of funds during this period.

Staff costs arising directly from the construction or acquisition of a specific tangible fixed asset are capitalised as part of the cost of the asset.

Donated land is valued and capitalised on transfer of title and the corresponding credit is taken as a donation in other income. Donated buildings are also valued and capitalised on transfer of title, and the corresponding credit is treated as a deferred capital grant and released to the income and expenditure account over the expected useful economic life of the asset.

Investment properties held in the University's joint venture company are held at market value. These properties are revalued annually

and any surplus or deficit arising is taken to the revaluation reserve. No provision is made for the depreciation of these properties in accordance with SSAP 19 Accounting for investment properties. Revaluations are conducted annually by an external valuer in accordance with the Appraisal and Valuation Standards (red book) issued by the Royal Institute of Chartered Surveyors effective from January 2008.

Capital grants received to fund the construction of investment properties are credited to the asset concerned, the net cost of which is held as the historic cost of the asset. This is contrary to SSAP4 (revised) accounting for government grants, but since such assets are revalued annually, the Board are of the opinion that this presentation gives a truer and fairer view of the underlying transaction.

b. Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its useful economic life using the straight line method. The life of each asset is established on acquisition and may fall within the range of three to ten years depending on its nature. For a group of related items of computer equipment purchased as part of a networking or software enhancement programme, the life is established

by reference to the date of the next proposed upgrade.

When equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant funded assets.

Costs in respect of operating leases are charged on a straight line basis over the lease term to the income and expenditure account.

Assets held for resale

Assets held for resale are valued at the lower of cost and net realisable value, and are not subject to depreciation.

Fixed asset investments

Listed fixed asset investments are held at market price. Fixed asset 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 in the balance sheet at the lower of their original cost and net realisable value, and relate to short term deposits.

Stocks

Stocks represent consumable materials held by catering outlets and materials held by Information and Learning Services. They are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Contract work in progress relates to projects being undertaken and is stated at costs incurred, less those transferred to the income and expenditure account, after deducting foreseeable losses and payments on account not matched with turnover.

Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act (ICTA) 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 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. However the university does have some trading income, which is subject to corporation tax in the same way as commercial organisations.

The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred Tax.

The University received no exemption in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and Value Added Tax in the same way as any commercial organisation.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

Provisions are recognised when the institution has a present legal or constructive obligation where, 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.

Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- Restricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- Unrestricted permanent endowments – these are expendable at the discretion of the University with no requirements that capital be maintained.
- Expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

Financial Statements

Consolidated income and expenditure account

for the year ended 31 July 2015

	Note	31 July 2015 £000	31 July 2014 £000
INCOME			
Funding body grants	1	38,941	55,535
Tuition fees and education contracts	2	149,894	131,495
Research grants and contracts	3	15,159	11,465
Other income	4	33,227	36,269
Endowment and investment income	5	370	371
Total income		237,591	235,135
Less share of income from joint venture		(1,080)	(1,024)
Net income		236,511	234,111
EXPENDITURE			
Staff costs	6	(125,770)	(127,316)
Other operating expenses	8	(83,714)	(89,860)
Depreciation	13	(18,944)	(11,597)
Interest charges	10	(2,008)	(4,445)
Total expenditure		(230,436)	(233,218)
Surplus after depreciation of tangible fixed assets at valuation and before tax		6,075	893
Share of joint venture operating surplus	17	256	282
Taxation	11	(223)	(25)
Surplus before exceptional items		6,108	1,150
Exceptional items:			
Surplus on disposal of fixed assets		887	883
Fundamental restructuring and other costs		–	(4,616)
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets, disposal of assets and tax	12	6,995	(2,583)
Deficit for the year transferred from endowment funds		(117)	(13)
Surplus/(Deficit) for the year retained within general reserves		6,878	(2,596)

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

Consolidated statement of historical cost surpluses and deficits

for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus/(deficit) on continuing operations before taxation but after exceptional items		7,218	(2,558)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	29	571	486
Realisation of property revaluation gains of previous years	29	848	1,434
Historical cost surplus/(deficit) for the year before taxation		8,637	(638)
Historical cost surplus/(deficit) for the year after taxation		8,414	(663)

Consolidated statement of total recognised gains and losses

for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus/(deficit) on continuing operations after the depreciation of assets at valuation and taxation		6,878	(2,596)
Actuarial (loss)/gain on pension scheme	41	(21,288)	18,622
Revaluation gain/(loss) of joint venture		266	(324)
Movement on endowments	28	101	41
Total Recognised (losses)/gains relating to the year		(14,043)	15,743

Reconciliation

Opening reserves and endowments	48,882	33,139
Total recognised (loss)/gain for the year	(14,043)	15,743
Closing reserves and endowments	34,839	48,882

Financial Statements

Balance sheet

as at 31 July 2015

	Note	Consolidated 2015 £000	University 2015 £000	Consolidated 2014 £000	University 2014 £000
Fixed assets					
Tangible assets	13,14	236,733	236,509	248,813	248,573
Intangible assets	15	(1,635)	-	(1,962)	-
Investments	16	235	1,843	235	1,843
Share of joint venture assets	17	8,420	-	7,844	-
Share of joint venture liabilities	17	(3,176)	-	(3,119)	-
		240,577	238,352	251,811	250,416
Endowment assets	18	368	368	384	384
Current assets					
Stocks	19	156	79	250	78
Assets held for resale	20	5,000	5,000	6,094	6,094
Debtors: amounts falling due after more than one year	21	2,163	2,163	2,467	2,467
Debtors: amounts falling due within one year	21	17,447	16,995	18,688	19,703
Investments (liquid resources)	22	66,038	52,779	49,828	36,911
Cash at bank and in hand		2,400	2,277	2,176	2,072
		93,204	79,293	79,503	67,325
Current liabilities					
Creditors: amounts falling due within one year	23	(48,267)	(37,426)	(51,932)	(41,865)
Net current assets		44,937	41,867	27,571	25,460
Total assets less current liabilities					
		285,882	280,588	279,766	276,260
Creditors: amounts falling due after more than one year	24	(71,868)	(71,868)	(74,532)	(74,532)
Provisions for liabilities	26	(7,611)	(5,061)	(7,741)	(6,047)
Net assets excluding pension scheme liabilities		206,403	203,657	197,493	195,681
Pension scheme liabilities	41	(81,304)	(81,262)	(57,465)	(57,448)
Net assets including pension scheme liabilities		125,099	122,396	140,028	138,233
Deferred capital grants	27	90,260	90,059	91,146	90,943
Endowment funds – permanent	28	92	92	91	91
Endowment funds – expendable		276	276	293	293
		368	368	384	384
Reserves					
Income and expenditure account excluding pension reserve	30	94,760	92,216	83,528	81,919
Pension reserve	30	(81,304)	(81,262)	(57,465)	(57,448)
Income and expenditure account including pension reserve		13,456	10,954	26,063	24,471
Revaluation reserve	29	21,015	21,015	22,435	22,435
Total reserves		34,471	31,969	48,498	46,906
Total funds		125,099	122,396	140,028	138,223

The financial statements on pages 48 to 90 were approved by the Board of Governors on 24th November 2015 and were signed on its behalf by:



James Brent
Chair of the Board of Governors



Professor David Coslett
Interim Vice-Chancellor and Accountable Officer

Consolidated cash flow statement

for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	31	24,793	24,641
Returns on investments and servicing of finance	32	(979)	(1,049)
Taxation	33	(28)	(66)
Capital expenditure and financial investment net of grants	34	(2,967)	(12,023)
		20,819	11,503
Management of liquid resources	36	(16,210)	(8,526)
Financing	35	(4,385)	(3,957)
Increase/(decrease) in cash in the year		224	(980)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year	36	224	(980)
Cash outflow from repayment of loans	35	3,095	2,710
Cash outflow from finance lease	35	1,290	1,247
Cash outflow from liquid resources	36	16,210	8,526
Other non-cash changes	36	(1,390)	(1,326)
Movement in net debt in year		19,429	10,177
(Net debt) at 1 August	36	(13,670)	(23,847)
Net cash/(net debt) at 31 July	36	5,759	(13,670)

Notes to the financial statements

1 Funding body grants

		HEFCE	NCTL	2015 Total	2014 Total
	Note	£000	£000	£000	£000
Recurrent grants					
Recurrent teaching grants		22,758	2,141	24,899	41,063
Recurrent research grants		6,399	-	6,399	6,530
Specific grants:					
Other		2,955	-	2,955	4,111
Releases of deferred capital grants:					
Buildings	27	3,482	-	3,482	2,613
Equipment	27	1,206	-	1,206	1,218
Total		36,800	2,141	38,941	55,535

2 Tuition fees and education contracts

	2015 £000	2014 £000
Full-time UK and European Union (EU) students	105,808	87,664
Full-time and part-time non-EU students	18,694	16,544
Part-time UK and European Union (EU) students	1,690	1,778
Special and short course fees	1,196	892
Studentships	251	562
Total fees by or on behalf of individuals	127,639	107,440
Education contracts	22,255	24,055
Total	149,894	131,495

3 Research grants and contracts

	2015	2014
	£000	£000
Research councils	4,210	3,576
UK based charities	2,194	997
UK based government bodies	4,579	3,638
UK based industry and commerce	481	404
European grants and contracts	3,404	2,505
Other overseas grants and contracts	266	240
Other grants and contracts	25	105
Total	15,159	11,465

4 Other income

	2015	2014
	£000	£000
Residences, catering and conferences	10,632	9,066
Other grant income	9,552	13,790
Premises and car park income	943	1,204
Share of joint venture operating income	1,080	1,024
Release of negative goodwill	327	421
Educational royalties and service charges	5,531	5,387
Other miscellaneous income	5,162	5,377
Total	33,227	36,269

Notes to the financial statements

5 Endowment and investment income

	2015	2014
	£000	£000
Income from expendable endowments	3	4
Income from permanent endowments	1	1
Income from short-term investments	366	366
Total endowment and investment income	370	371

6 Staff costs

The average weekly number of persons (including senior post holders) employed by the University during the year, expressed as full time equivalents (FTEs), was:

	2015	2014
	Number	Number
Teaching departments	1,609	1,623
Other support services	349	373
Administration and central services	214	265
Premises	144	138
Other income generating activities	154	148
Catering and residences	45	42
Sub total	2,515	2,589
Peninsula Dental Social Enterprise CIC	58	56
Total	2,573	2,645
Wages and salaries	101,596	102,129
Social security costs	8,449	8,536
Other pension costs	15,725	16,651
Total	125,770	127,316
Employment costs for staff on permanent contracts	99,261	92,932
Employment costs for staff on short-term and temporary contracts	26,509	34,384
Total	125,770	127,316

7 Senior postholders emoluments

	2015	2014
	£	£
Emoluments of the Vice-Chancellor – Professor Wendy Purcell (to 31 December 2014)		
Salary	122,436	250,000
Performance related pay attributable to the prior financial year	45,000	15,000
	167,436	265,000
Pension contributions	21,032	37,365
Benefits in kind	417	1,004
Total	188,885	303,369
	2015	
	£	
Emoluments of the Interim Vice-Chancellor – Professor David Coslett (from 1 January 2015)		
Salary	126,000	
	126,000	
Pension contributions	19,782	
Total	145,782	

Compensation for loss of office

During the year, payments totalling £125,000 were made to Professor Wendy Purcell as compensation for loss of office. She held the post of Vice Chancellor and Chief Executive until 31 December 2014 and has been the President of the University since 1 January 2015. Emoluments in respect of her role as President are included within staff costs.

Compensation payments for loss of office totalling £176,258 were also paid to two members of staff who earned over £100,000 during 2014/15.

Notes to the financial statements

The number of staff, excluding the Vice-Chancellor who received emoluments in the following ranges, excluding employer's pension contributions, were:

	2015	2014
	Number	Number
£100,000-£109,999*	6	7
£110,000-£119,999	2	3
£120,000-£129,999*	4	6
£130,000-£139,999*	2	2
£140,000-£149,999*	3	1
£150,000-£159,999*	2	3
£160,000-£169,999*	2	1
£180,000-£189,999*	1	-
£190,000-£199,999	-	1
£240,000-£249,999*	1	1

*Payments made on behalf of the NHS, in respect of its contractual obligations to University staff under separate NHS contracts of employment, are included within the identified bandings above.

8 Other operating expenses

	2015	2014
	Total	Total
	£000	£000
Legal and other professional services	2,052	3,435
Premises & Utilities	9,499	8,566
Payments to partner institutions	2,885	6,499
Grants to University of Plymouth Students' Union	1,759	1,686
Equipment	4,268	3,793
Non-payroll staff costs	4,286	3,694
Travel and subsistence	4,063	4,508
Communication, marketing, printing & stationary	5,964	6,190
Scholarships, bursaries and grants	8,984	11,472
Library and periodicals	5,091	4,427
Consumables	5,119	4,435
Residence, catering and conferences	1,558	1,506
Educational visits	3,412	3,040
Software	3,247	2,542
Collaboration and participant payments	1,943	2,840
Rent	11,532	9,407
Other expenses	8,052	11,820
	83,714	89,860

Auditors remuneration disclosure

Included within Professional Services expenses above are the following relating to the remuneration of KPMG LLP, the University's external auditors

	2015	2014
	£'000	£'000
University	47	49
Subsidiary entities	12	7
Total audit fees	59	56
Fees payable to the University's auditors for the provision of non-audit work	231	68

Associated partner colleges delivering University of Plymouth programmes are funded by the University which obtains matching HEFCE income. These funds are managed separately from internal University HEFCE funds.

Members of the Board of Governors have not received remuneration or waived payments from the University during the year. Amounts paid to members of the Board of Governors are included in other expenses. This represents travel and subsistence expenses incurred in carrying out University business.

Notes to the financial statements

9 Analysis of staff costs and other operating expenses by activity

	Staff costs		Other operating expenses	
	2015	2014	2015	2014
	£000	£000	£000	£000
Teaching departments	85,031	85,548	25,665	24,752
Other support services	12,816	13,964	17,199	27,353
Administration and central services	14,114	15,277	16,636	17,007
Premises	3,768	3,626	2,984	2,850
Other income generating activities	8,516	7,861	10,983	17,365
Catering and residences	1,525	1,040	10,247	533
Total	125,770	127,316	83,714	89,860

10 Interest charges

	2015	2014
	Total	Total
	£000	£000
Interest:		
On bank loans wholly repayable in two to five years	5	12
On bank loans wholly repayable in more than five years	1,348	1,412
On finance lease for the Rolle building, wholly repayable in more than five years	1,374	1,366
Net interest charge on pension scheme assets and liabilities	(719)	1,655
Total	2,008	4,445

11 Taxation

	2015	2014
	£000	£000
Analysis of charge in year		
UK corporation tax:		
Current tax on income for the year	223	25
Tax charge for the year	223	25

12 Surplus on continuing operations for the year

The surplus on continuing operations is made up as follows:	2015	2014
	Total	Total
	£000	£000
University's surplus/(deficit) for the year	6,221	(3,443)
Surpluses generated by subsidiary undertakings and payable to the University under Gift Aid regulations	555	542
Surpluses generated by the JV and subsidiary undertakings but retained within reserves	219	318
Total	6,995	(2,583)

Notes to the financial statements

13 Tangible assets (consolidated)

	Land and buildings				
	Assets in the course of construction	Freehold	Long leasehold	Equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 August 2014	18,996	252,923	28,050	37,421	337,390
Additions	2,749	1,982	-	2,138	6,869
Transfers	(17,577)	16,959	-	618	-
Disposals	-	(6,927)	-	(7,549)	(14,476)
At 31 July 2015	4,168	264,937	28,050	32,628	329,783
Accumulated depreciation					
At 1 August 2014	-	(63,106)	(4,858)	(20,613)	(88,577)
Charge for year	-	(11,711)	(658)	(6,575)	(18,944)
Eliminated in respect of disposals	-	6,926	-	7,545	14,471
At 31 July 2015	-	(67,891)	(5,516)	(19,643)	(93,050)
Net book value					
At 31 July 2015	4,168	197,046	22,534	12,985	236,733
At 31 July 2014	18,996	189,817	23,192	16,808	248,813
Funded by:					
Inherited	-	17,215	-	-	17,215
Financed by capital grant	-	85,622	-	4,688	90,310
Other	4,168	94,209	22,534	8,297	129,208
Net book value at 31 July 2015	4,168	197,046	22,534	12,985	236,733

A valuation was performed in 1990 and in line with the transitional arrangements of FRS 15, the University has chosen not to update these valuations. Included in the cost of tangible fixed assets is £0.61m (2014: £0.61m) in respect of capitalised interest charges. This represents an average interest rate of 5.32% (2014: 5.32%).

Of the depreciation charged during the year, £6.16m (2014: nil) relates to accelerated depreciation on assets that management deemed to no longer have a remaining useful life or have a shorter useful life than originally considered.

The depreciation charge was funded by:	2015	2014
	£000	£000
Revaluation reserve release	571	486
Deferred capital grant	4,688	3,831
General income	13,685	7,280
	18,944	11,597

14 Tangible assets (University)

	Land and buildings				Total £000
	Assets in the course of construction £000	Freehold £000	Long leasehold £000	Equipment £000	
Cost					
At 1 August 2014	18,996	252,924	28,050	36,846	336,816
Additions	2,749	1,981	-	2,056	6,786
Transfers	(17,577)	16,959	-	618	-
Disposals	-	(6,927)	-	(7,549)	(14,476)
At 31 July 2015	4,168	264,937	28,050	31,971	329,126
Accumulated depreciation					
At 1 August 2014	-	(63,106)	(4,858)	(20,279)	(88,243)
Charge for year	-	(11,711)	(658)	(6,476)	(18,845)
Eliminated in respect of disposals	-	6,926	-	7,545	14,471
At 31 July 2015	-	(67,891)	(5,516)	(19,210)	(92,617)
Net book value					
At 31 July 2015	4,168	197,046	22,534	12,761	236,509
At 31 July 2014	18,996	189,818	23,192	16,567	248,573
Funded by:					
Inherited	-	17,215	-	-	17,215
Financed by capital grant	-	85,622	-	4,437	90,059
Other	4,168	94,209	22,534	8,324	129,235
Net book value at 31 July 2015	4,168	197,046	22,534	12,761	236,509

Included in the cost of tangible fixed assets is £16.17m (2014: £16.54m) in respect of the Rolle building, which is funded through a finance lease. Depreciation of £0.37m was charged on this asset during the year to July 2015 (2014: £0.37m).

15 Intangible assets

Negative goodwill arising on acquisition of joint venture in Plymouth Science Park Limited	2015	2014
	£000	£000
Cost		
At 1 August	1,962	2,383
Amortisation	(327)	(421)
At 31 July	1,635	1,962

Notes to the financial statements

16 Fixed asset investments

ENTITY	NATURE OF ACTIVITY	NATURE OF ENTITY	INTEREST
Subsidiary undertakings – wholly owned			
University of Plymouth Enterprise Limited	Research, consultancy, car parking and events service provision	Company limited by shares	100%
PMS (Facilities) Plymouth Limited	Facilities management	Company limited by shares	100%
University Commercial Services Plymouth Limited	Nursery and catering service provision	Company limited by shares	100%
Plymouth Dental Social Enterprise CIC	Dental and other clinical and non-clinical services	Community interest company	Sole member
Subsidiary undertaking – not wholly owned			
Plymouth Science Park Limited	Property management of Plymouth Science Park	Company limited by guarantee	50%
Other unconsolidated undertakings			
Marine Academy Plymouth Limited	Nursery, primary, secondary and sixth form education	Company limited by guarantee	> 50% of board appointees*
Talent and Enterprise Trust	Support of academies	Company limited by guarantee	Sole member*
Plymouth UTC Limited	Marine engineering and advanced manufacturing for students from year 10 through to year 12	Company limited by guarantee	> 50% of board appointees*
South West England Regional Network Limited	Management and administration of the South West Regional Network	Company limited by guarantee	16.6% of board****
James Square (Plymouth) Limited	Provision of management facilities for higher education	Company limited by guarantee	50% of board***
Mountbatten Sailing and Water Sports Centre	Increasing participation in sporting activity	Company limited by guarantee	28.5% of board***
PulsiV Solar Limited	Improving the performance of solar panels	Company limited by shares	49%***

ENTITY	NATURE OF ACTIVITY	NATURE OF ENTITY	INTEREST
Other unconsolidated undertakings continued			
Crowdcube Limited	Facilitating fundraising initiatives	Company limited by shares	1.5%***
Porexper Limited	Software research and development	Company limited by shares	35%***
BioVault Scientific Limited	Tissue bio bank	Company limited by shares	25%***
ICO3	Computer and website related activities	Company limited by shares	17%***
Interactivity Limited	Dormant	Company limited by shares	16%***
Advanced Control Research Limited	Research and development of intelligent and innovative control systems	Company limited by shares	13%***
Ebusiness South West Limited	Provision of computer related activities and software publishing	Company limited by shares	10%***
K2 Medical Systems Holdings Limited	Human health related activities	Company limited by shares	8%***
Argans Limited	Research and development on natural sciences and engineering	Company limited by shares	5%***

All of the above entities are incorporated in England and Wales. The subsidiary entities draw up accounts to 31 July each year end, Plymouth Science Park Limited draws up accounts to 31 March each year, the other unconsolidated undertakings draw up accounts to various year ends.

*The University can appoint the majority of the board of the Marine Academy Plymouth Ltd, Talent and Enterprise Trust and Plymouth UTC Limited, however it does not consolidate these entities into its accounts as it cannot exercise rights over assets and management due to the combination of the following factors; absence of any financial return for the University now or in the future (based on the memorandum and articles); secretary of state powers over the Academy, including the right to assets on wind up and the power to require certain transactions; and the different charitable objects of the University group and the entities.

** Entity not consolidated as the University is not considered to have significant influence.

*** Entities not consolidated by the University as they are not deemed material to the University.

**** Entity dissolved on 2 December 2014.

Notes to the financial statements

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Shares in subsidiary companies	-	300	-	300
Other fixed asset investments	235	68	235	68
Investment in joint venture	-	1,475	-	1,475
Total	235	1,843	235	1,843

Other fixed asset investments consist of:

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
CVCP Properties plc	37	37	37	37
Dairy Crest Group plc	21	21	21	21
Biovault	150	-	150	-
Genus plc	10	10	10	10
ICO3 Limited	4	-	4	-
Crowdfunder	13	-	13	-
Total	235	68	235	68

The University owns 100% of the issued share capital of 100,000 £1 ordinary shares of University of Plymouth Enterprise Limited (UPEL), a company limited by shares and registered in England and Wales. UPEL undertakes research and consultancy projects, conferencing and events and car parking. The results of UPEL have been consolidated into the University of Plymouth's group financial statements.

The University owns 100% of the issued share capital of 1 £1 ordinary share of PMS (Facilities) Plymouth Limited (PFPL), a company limited by shares and registered in England and Wales. PFPL provides facilities management at the John Bull building and Dental Education Facility, Plymouth Science Park. The results of PFPL have been consolidated into the University of Plymouth's group financial statements.

The University owns 100% of the issued share capital of 1 £1 ordinary share of University Commercial Services Plymouth Limited (UCSP) (formerly known as the Centre of Leadership and Organisational Excellence Limited), a company limited by shares and registered in England and Wales. UCSP was established during 2013 to carry out the nursery and catering operations of the University and began trading in June 2013. The results of UCSP have been consolidated into the University of Plymouth's group financial statements.

The University is the sole member of Peninsula Dental Social Enterprise CIC (PDSE), a community interest company registered in England and Wales. PDSE was established to provide dental and other clinical and non-clinical services including dental treatment, teaching, training, research, community engagement, workshops and education about oral health and

began trading on the 1 August 2013. The results of the company have been consolidated into the University of Plymouth's group financial statements.

The University and Plymouth City Council have joined together to form a joint venture to secure the development of a science park in Plymouth. Plymouth Science Park Limited (PSPL) (formally known as Tamar Science Park Limited) is a company limited by guarantee and incorporated in England and Wales. The University's liability is limited to £1 and has two directors, with voting rights, on the board. PSPL has published its accounts for the year to 31 March 2015. The results of PSPL have been consolidated into the University of Plymouth's group financial statements on the basis that it is a joint venture arrangement.

The University is the lead sponsor and a member of Marine Academy Plymouth Limited (MAP), a company limited by guarantee,

incorporated in England and Wales. The University's liability is £10 and has seven directors on the board. MAP is an all through school for Plymouth and provides nursery, primary, secondary and sixth form education. MAP has published its accounts to 31 August 2014. The current year financial statements will be published shortly. The University can appoint the majority of the board of the academy (via the memorandum and articles) and at face value has dominant influence or control. However, the University has not consolidated the Academy into its accounts as it cannot exercise rights over assets and management due to the combination of the following factors; absence of any financial return for the University now or in the future (based on the memorandum and articles); secretary of state powers over the academy, including the right to assets on wind up and the power to require consent to certain transactions; and the different charitable objects of the University and the Academy.

The University is the sole sponsor and a member of the Talent and Enterprise Trust (TET) a company limited by guarantee, incorporated in England and Wales. The University's liability is £30 and has three directors on the board. TET is a multi-academy trust which in the future will support a number of academies. The Mayflower Community Academy and Nursery is the first of these and opened in September 2013, providing nursery and primary education. TET has published its accounts to 31 August 2014. The current year financial statements will be published shortly. The University can appoint the majority of the board of the academy (via the articles of association)

and at face value has dominant influence or control. However, the University has not consolidated the Academy into its accounts as it cannot exercise rights over assets and management due to the combination of the following factors; absence of any financial return for the University now or in the future (based on the articles of association); secretary of state powers over the academy, including the right to assets on wind up and the power to require consent to certain transactions; and the different charitable objects of the University and the Academy.

The University and the University of Plymouth Enterprise Limited are members of Plymouth UTC Limited (UTC), a company limited by guarantee and incorporated in England and Wales. The liability is limited to £1 and the University group currently nominates two of the directors. The UTC opened in September 2013 and specialises in marine engineering and advanced manufacturing for students from year 10 through to year 12. UTC has published its accounts to 31 August 2014. The current year financial statements will be published shortly. The University Group can appoint the majority of the board of the UTC (via the articles of association) and at face value has dominant influence or control. However, the University Group has not consolidated the Academy into its accounts as it cannot exercise rights over assets and management due to the combination of the following factors; absence of any financial return for the University Group now or in the future (based on the articles of association); secretary of state powers over the UTC, including the right to assets on wind up and the power to require consent to certain transactions;

and the different charitable objects of the University Group and the UTC.

The University was a member of South West England Regional Network Limited (SWERN). This company was dissolved on 2 December 2014. The results of SWERN were not consolidated into the University of Plymouth's group financial statements, as the University is not considered to have significant influence over SWERN.

The University is a member of James Square (Plymouth) Limited (JSPL), a company limited by guarantee and incorporated in England and Wales. The University's liability is limited to £1 and nominates two of the four directors. JSPL provides and manages facilities for higher education, specifically the Rolle building at the University of Plymouth. The administration of JSPL has been delegated to UPP Residential Services Limited. JSPL has published its accounts for the year to 31 August 2014. The current year financial statements will be published shortly. The results of JSPL have not been consolidated into the University of Plymouth's group financial statements, since its results are not material to the University.

The University is a member of Mountbatten Sailing and Water Sports Centre (MSWSC), a company limited by guarantee and incorporated in England and Wales. The University's liability is limited to £1 and nominates two of the directors. MSWSC was formed to increase participation in sporting activity through the development of a centre of excellence for the encouragement of and enjoyment and competition in, sailing, water sports and related activities. The company

Notes to the financial statements

has published its accounts for the year to 31 October 2014. The results of MSWSC have not been consolidated into the University of Plymouth's group financial statements, since its results are not material to the University.

UPEL owns 49% of the issued share capital in Pulsiv Solar Limited for £49, a spin out company which aims to dramatically improve the performance of solar panels. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 1.5% of the issued share capital in Crowdcube Limited for £12,550, an organisation that facilitates fundraising initiatives for both not for profit and commercial organisations. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 35% of the issued share capital of Porexper Limited for £35, a company limited by shares and registered in England and Wales. The company was set up to conduct research and development on a new software package that researches porous materials. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 25% of the issued share capital in BioVault Scientific Limited (formerly known as Willowbond Limited) for £150,000. The company is the only accredited tissue bio bank in the UK providing full tissue

banking services for both public and private sector organisations. This is strategically aligned to the University's medical and biomedical research. UPEL is part of a consortium that bought BioVault in 2012/13. The deal was based on the ability for the consortium to turn the company into a viable business over a two year period. UPEL's share of it's net assets at 31 July 2015 were lower than the carrying value of the share investment, however, this is the company's 2nd full year of trading since investment and the company's management accounts demonstrate that it is now operating on a profitable basis and the Directors have forecast that it will continue to improve its net asset position in 2015/16 such that UPEL's share will eventually exceed the carrying value. The company's financial statements have not been consolidated as they are not deemed to be material to the University.

UPEL owns 17% of the issued ordinary share capital of ICO3 Limited for £4,251, a company limited by shares and registered in England and Wales. The company was set up to provide computer and website related activities. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 16% of the issued share capital of Interactivity Limited for £1, a company limited by shares and registered in England and Wales. The company was set up to provide computer consultancy. This is a dormant company.

UPEL owns 13% of the issued share capital of Advanced Control Research Limited for

£1, a company limited by shares and registered in England and Wales. The company was set up to conduct research and development of intelligent and innovative control systems. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 10% of the issued share capital of Ebusiness South West Limited for £1, a company limited by shares and registered in England and Wales. The company was set up for the provision of computer related activities and software publishing. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 8% of the issued share capital of K2 Medical Systems Holdings Limited for £1, a company limited by shares and registered in England and Wales. The company was set up for the provision of human health related activities. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

UPEL owns 5% of the issued share capital of Argans Limited for £50, a company limited by shares and registered in England and Wales. The company was set up to conduct research and development on natural sciences and engineering. The results of the company have not been consolidated into the University of Plymouth's group financial statements since they are not deemed material to the University.

17 Investments in joint ventures

The University holds a 50% share of Plymouth Science Park Limited, a company limited by guarantee. This is a joint venture company owned equally by the University and Plymouth City Council. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

	Consolidated	Consolidated
	2015	2014
	£000	£000
Income and expenditure account		
Income	1,080	1,024
Expenditure	(824)	(742)
Surplus before tax	256	282
Balance sheet		
Fixed assets	7,189	6,621
Current assets	1,231	1,223
	8,420	7,844
Creditors: amounts due within one year	(595)	(450)
Creditors: amounts due after more than one year		
Bank loans	(1,330)	(1,330)
Accruals and deferred income	(1,251)	(1,339)
	(3,176)	(3,119)
Share of net assets	5,244	4,725

The investment properties were valued as at 31 March 2015 by Vickery Holman, Chartered Surveyors, at their open market value for existing use. The valuations were carried out in accordance with SSAP 19. The market value of these properties has increased by £0.53m during the year. The historical cost of these assets at 31 July 2015, net of assistance grants, amounted to £6.97m (2014: £6.97m).

The bank loan is payable until 2030 and is repayable from 2015 onwards at 1.25% above the Bank of England's base rate.

Notes to the financial statements

18 Endowment assets

	Consolidated and University	
	2015	2014
	£000	£000
Balance at 1 August	384	356
New endowments invested	101	41
Decrease in cash balances held for endowment funds	(117)	(13)
Balance at 31 July	368	384

All endowments are held in cash or cash equivalent investment vehicles.

19 Stocks

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Media stocks	43	43	38	38
Merchandise stocks	-	-	46	-
Catering stocks	20	20	24	24
Maintenance stocks	16	16	16	16
Work in progress (commercial projects)	77	-	126	-
Total	156	79	250	78

20 Assets held for sale

	2015	2014
	£000	£000
Consolidated and University		
At 1 August	6,094	6,908
Additions in the year	163	32
Net book value of assets sold in year	(993)	(846)
Write down of assets held for resale	(264)	-
Balance at 31 July	5,000	6,094

21 Debtors

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	6,701	6,340	5,754	4,607
Subsidiary undertakings	-	470	-	3,208
Other debtors	323	265	489	440
Prepayments and accrued income	10,423	9,920	12,445	11,448
Total	17,447	16,995	18,688	19,703
Amounts falling due after more than one year:				
Prepayments and accrued income	2,163	2,163	2,467	2,467
Total	2,163	2,163	2,467	2,467
Total debtors	19,610	19,158	21,155	22,170

Notes to the financial statements

22 Investments (liquid resources)

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Investments ring-fenced on behalf of Peninsula Dental Social Enterprise	11,640	-	11,310	-
Investments available for the general operations of the University	54,398	52,779	38,518	36,911
Total	66,038	52,779	49,828	36,911

The University holds investments balances on behalf of its subsidiary Peninsula Dental Social Enterprise over which there is an asset lock. As such, these balances are not available to fund the general liabilities and expenditure of the University.

23 Creditors: amounts falling due within one year

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Bank loans and other loans (see note 25)	2,413	2,413	3,095	3,095
Trade creditors	2,087	2,040	2,865	2,788
Amounts owed to group undertakings	-	34	-	-
Other creditors	6,260	6,055	7,211	7,009
Taxation and social security	198	198	303	278
Accruals	8,604	7,486	11,969	9,916
Deferred income	28,705	19,200	26,489	18,779
Total	48,267	37,427	51,932	41,865

24 Creditors: amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Bank loans and other loans (see note 25)	41,072	41,072	43,485	43,485
Deferred income and other creditors	11,234	11,234	11,569	11,569
Finance leases	19,562	19,562	19,478	19,478
Total	71,868	71,868	74,532	74,532

Within Bank loans and other loans are 3 bank loans and funds received as part of the revolving green initiative.

Loan 1 is payable until 2037, the fixed rate is 5.9%. This loan is secured. The outstanding capital amount at 31 July 2015 was £19.67m (2014: £20.51m).

Loan 2 is payable until 2016, the current rate of interest is 0.77%. This loan is unsecured. The outstanding capital amount at 31 July 2015 was £0.25m (2014: £1.19m).

Loan 3 is payable until 2036, the current rate of interest is 0.70%. This loan is unsecured. The outstanding capital amount at 31 July 2015 was £22.95m (2014: £24.03m).

The finance leases relating to the Rolle building and the John Bull building are repayable in more than 5 years.

Notes to the financial statements

25 Borrowings

Bank loans and other loans	Note	Consolidated and University	
		2015	2014
		£000	£000
Bank loans and other loans are repayable as follows:			
In one year or less	23	2,413	3,095
Between one and two years	24	2,166	2,414
Between two and five years	24	5,924	6,150
In five years or more	24	32,982	34,921
Total		43,485	46,580

26 Provisions for liabilities

	Enhanced pension	Other provisions	Total 2015	Total 2014
	£000	£000	£000	£000
Consolidated				
At 1 August	5,147	2,594	7,741	4,600
Provision releases in the year	(1,194)	(1,588)	(2,782)	(2,601)
Charged in income and expenditure account	528	2,124	2,652	5,742
At 31 July	4,481	3,130	7,611	7,741
University				
At 1 August	5,147	900	6,047	3,919
Provision utilised in the year	(1,194)	(860)	(2,054)	(1,833)
Charged in income and expenditure account	528	540	1,068	3,961
At 31 July	4,481	580	5,061	6,047

The enhanced pension provision is in respect of the future costs of lump sum payments and enhanced pensions payable to staff who have agreed terms for early retirement.

£0.58m of other provisions relates to fundamental restructuring (2014: £0.90m), £0.89m of other provisions relates to the dilapidation provision in PMS Facilities (2014: £0.86m) and £1.66m relates to the dilapidation provision in PDSE (2014: £0.83m).

27 Deferred capital grants

	Buildings	Equipment	Total	Total
	2015	2015	2015	2014
	£000	£000	£000	£000
Consolidated				
At 1 August	85,744	5,402	91,146	89,651
Grant funding	3,360	442	3,802	5,326
Release to funding body grant income	(3,482)	(1,206)	(4,688)	(3,831)
At 31 July	85,622	4,638	90,260	91,146
University				
At 1 August	85,744	5,199	90,943	89,388
Grant funding	3,360	368	3,728	5,326
Release to funding body grant income	(3,482)	(1,130)	(4,612)	(3,771)
At 31 July	85,622	4,437	90,059	90,943

Notes to the financial statements

28 Endowments – Consolidated and University

	Restricted permanent	Restricted expendable	Total 2015	Total 2014
	£000	£000	£000	£000
Balance at 1 August				
Capital	81	529	610	457
Accumulated income	10	(236)	(226)	(101)
	91	293	384	356
New endowments	-	101	101	41
Transfers	-	11	11	112
Investment income	1	3	4	5
Expenditure	-	(132)	(132)	(130)
	1	(17)	(16)	28
At 31 July	92	276	368	384
Represented by:				
Capital	81	641	722	610
Accumulated income/ (expenditure)	11	(365)	(354)	(226)
	92	276	368	384

29 Revaluation reserve

	Consolidated and University	
	2015	2014
	£000	£000
At 1st August	22,434	24,354
- Disposal, demolition and impairment of assets	(848)	(1,434)
- Depreciation on revalued assets	(571)	(486)
At 31 July	21,015	22,434

30 Movement on general reserves

	Consolidated	University	Consolidated	University
Income and expenditure account reserve	2015	2015	2014	2014
	£000	£000	£000	£000
Opening reserve at 1 August	83,528	81,919	79,545	78,468
Surplus before transfer from revaluation reserve	6,878	6,221	(2,596)	(3,443)
Transfer from endowment funds	117	117	13	13
Revaluation gain/(loss) in joint venture	266	-	(324)	-
Depreciation on revalued assets	571	571	486	486
Disposals and impairments of revalued assets	848	848	1,434	1,434
Transfer of pension charge on I & E to pension reserve	2,552	2,540	4,970	4,961
Balance at 31 July	94,760	92,216	83,528	81,919

	Consolidated	University	Consolidated	University
Pension reserve	2015	2015	2014	2014
	£000	£000	£000	£000
At 1 August	(57,465)	(57,448)	(71,117)	(71,117)
Actuarial (loss)/gain on pension scheme assets and liabilities	(21,288)	(21,274)	18,622	18,630
Deficit retained within reserves	(2,551)	(2,540)	(4,970)	(4,961)
Balance at 31 July	(81,304)	(81,262)	(57,465)	(57,448)

Notes to the financial statements

31 Reconciliation of consolidated operating surplus to net cash from operating activities

	2015	2014
	£000	£000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation & tax	6,878	(2,595)
Taxation	223	25
Amortisation of negative goodwill	(327)	(421)
FRS 17 pension adjustment	3,271	3,315
Depreciation	18,944	11,197
Deferred capital grants released to income	(4,688)	(3,828)
Surplus of disposal of tangible fixed assets	(887)	(883)
Decrease in stocks	94	340
Decrease in assets held for resale	264	-
Decrease in debtors	1,628	4,755
(Decrease)/increase in creditors	(1,859)	5,803
(Decrease)/increase in provisions	(130)	3,141
Adjustments in respect of Joint Venture	(256)	(282)
Interest payable	2,008	4,445
Interest receivable	(370)	(371)
Net cash inflow from operating activities	<u>24,793</u>	<u>24,641</u>

32 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Other interest received	370	371
Interest paid	(1,349)	(1,420)
Net cash outflow from returns on investments and servicing of finance	<u>(979)</u>	<u>(1,049)</u>

33 Taxation

	2015	2014
	£000	£000
UK corporation tax		
Taxation paid	(28)	(66)
Taxation paid for the year	(28)	(66)

34 Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(9,224)	(18,164)
Purchase of investment	-	(13)
Sale of tangible fixed assets	-	14
Proceeds from sale of current assets	1,893	1,992
Deferred capital grants received	3,162	1,950
Capital charge element of PDSE grant income	1,202	2,198
Net cash outflow from capital expenditure and financial investment	(2,967)	(12,023)

35 Financing

	2015	2014
	£000	£000
Increase in finance liability		
Repayment of finance lease	(1 290)	(1 247)
Repayment of loans	(3,095)	(2,710)
Net cash outflow from financing	(4,385)	(3,957)

Notes to the financial statements

36 Analysis of changes in net debt

	At 1 August 2014	Cash flows	Other non- cash changes	At 31 July 2015
	£000	£000	£000	£000
Cash in hand, and at bank	2,176	224	-	2,400
	2,176	224	-	2,400
Endowment asset investments	384	-	(16)	368
Loan debt due within 1 year	(3,095)	682	-	(2,413)
Loan debt due after 1 year	(43,485)	2,413	-	(41,072)
Finance leases due after one year	(19,477)	1,290	(1,374)	(19,561)
Management of liquid resources	49,827	16,210	-	66,037
(Net debt)/Net cash	(13,670)	20,819	(1,390)	5,759

37 Commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows:

	Consolidated and University	
	2015	2014
	£000	£000
Commitments contracted at 31 July	10,292	2,192
Authorised but not contracted at 31 July	17,711	20,438
Total	28,003	22,630

Annual commitments under non-cancellable operating leases are as follows:

	Consolidated and University			
	2015	2015	2014	2014
	£000	£000	£000	£000
	Land and buildings	Other	Land and buildings	Other
Operating leases which expire:				
Within one year	5,930	4	78	13
In the second to fifth years inclusive	1,006	246	7,367	213
Over five years	953	-	952	-
	7,889	250	8,397	226

38 Contingent liabilities

Cumulative capital grants received in relation to the University's own buildings and those owned by Plymouth Science Park Limited, and cumulative revenue grants in relation to the University's and Plymouth Science Park's projects, may become repayable, in whole or in part, in the event of failure to comply with the terms attaching to them.

The University has agreed to provide a loan of £1,917,500 to its joint venture company, Plymouth Science Park Limited, repayable over 20 years at a commercial rate of interest. The loan is secured upon the building which is to be constructed.

Notes to the financial statements

39 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being primarily 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 or senior management personnel may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University has taken advantage of the exemptions under FRS 8 "Related Party Disclosure" for "100%" or "wholly" owned subsidiaries not to disclose intra-group transactions.

These financial statements reflect the following transactions with related parties, which were undertaken on an arm's length basis and under normal commercial terms:

Name	Nature of interest	Detail	2014/15		2013/14	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
Plymouth Science Park Limited (Previously Tamar Science Park Limited)	Joint Venture	Rental payments, other premises costs and consultancy fees	(205)	3	(370)	-
Marine Academy Plymouth	Associate	Recharge of administration costs and schools payments	(15)	-	(2)	-
Plymouth Pavilions Limited	Governor is a Director	Arena hire	(78)	-	(71)	-
Royal Devon & Exeter NHS Foundation Trust	Governor is Chairman	Research Income	155	(13)	284	(58)
Plymouth Hospitals NHS Trust	Governor is Non-Executive Director	Rental income, Research Income, External Pay Recharges	794	(468)	530	(510)
IC03 Limited	Subsidiary Directors are Directors	Partnership	(8)	-	(104)	-
The Mountbatten Park Limited	Director is Board Member	Staff development, educational visits and facility hire	(8)	-	(15)	-
Academic Health Science Network	Ex Deputy Vice-Chancellor is a Board Member	Research income and salary recharges	128	-	210	(71)
Peninsula Community Health	Governor is a Non-Executive Director	Seconded staff and consumables	(8)	-	(22)	(1)
Plymouth Argyle Football Club	Governor is the Chairman	Sponsorship	(28)	-	(20)	-
Plymouth University Technical College	Associate	Catering income, in prior year recharge of set-up costs	66	(358)	687	(152)
Cornwall Council	Governor is a Member of the Council	Consultancy & conference income/ business rates cost	407	(13)	-	-
First Great Western	Governor is a Board Member	Consultancy income	95	-	-	-

Name	Nature of interest	Detail	2014/15		2013/14	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
South West Film and Television Holdings Limited	Interim Vice-Chancellor is a Board Member	Seconded staff and consumables	(15)	-	-	-
South Western Ambulance Service NHS Trust	Governor is Non-Executive Director	Seconded staff and consumables	(224)	-	-	-
Superfast Cornwall	Governor is a Board Member	Research Grant and Contract Income	39	-	-	-
The Barefoot Partnerships	Governor is an Advisor	Sponsorship	(14)	-	-	-
Destination Plymouth	JV Board Member is a Board Member	Marketing costs	(14)	-	-	-
Plymouth Community Healthcare *	Ex-Governor is Chairman	Health care recharges	(710)	(21)	(457)	(31)
National Marine Aquarium *	Ex Vice-Chancellor is a Trustee	Educational visits, hospitality and facility hire	1	-	(23)	3
Universities South West *	Ex Vice-Chancellor is on Strategy Board	Salary recharges	190	(48)	205	(47)
Health Education England	Subsidiary Director is an employee	Catering income, Contract and Grant income	3	(2)	314	41
Independent Utilities	JV Board Member is a non-executive Advisor	Internship payments	(2)	-	(68)	-

During the year, the University of Plymouth made a block grant payment of £1.709m (2014: £1.686m) to the University of Plymouth Students' Union. The Students' Union paid the University £372,947 (2014: £317,647) in respect of rent.

* These companies were related party interests in 2013/14 and not in 2014/15, however, 2014/15 transactions have been disclosed as comparatives to the prior year.

40 Access funds

	2015	2014
	£000	£000
Funding council grants	-	740
Disbursed to students	-	(740)
Balance unspent as at 31 July	-	-

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.

Notes to the financial statements

41 Pensions

The University participates in three main pension schemes, the Devon County Council Pension Fund (DCC), The Teachers' Pension Scheme (TPS) and The Universities' Superannuation Scheme (USS).

The total pension cost was:

	31 July 2015	31 July 2014
	£'000	£'000
Contributions to DCC	8,425	9,235
Contributions to TPS	6,074	6,166
Contributions to USS	748	708
Contributions to NHSS	451	532
Contributions to subsidiary defined contribution schemes	27	10
Total pension cost (note 6)	15,725	16,651

Devon County Council Pension Fund

The University participates in the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme based on final pensionable salary and administered in accordance with LGPS regulations 2013. It is contracted out of the state second pension. The most recent valuation was carried out as part of the triennial actuarial valuations as at 31 March 2013, and has been updated by independent actuaries to the Devon County Council Pension Fund (the Fund) to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 July 2015. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The contribution rates for the University and its subsidiaries are as below

	01/04/15- 31/03/16	01/04/14- 31/03/15	01/04/13- 31/03/14
	%	%	%
University of Plymouth	12.4	12.4	16.0
University Commercial Services Plymouth	12.4	12.4	16.0
Peninsula Dental and Social Enterprise	11.0	12.4	11.5

The major assumptions used in this valuation were:

	31 July 2015	31 July 2014	31 July 2013
	%pa	%pa	%pa
Discount rate	3.9	4.3	4.8
Rate of increase in salaries	2.5	2.5	4.8
Rate of increase in pensions	2.5	2.5	2.6
Rate of RPI increase	3.5	3.5	3.4
Rate of CPI increase	2.5	2.5	2.6

The current mortality assumptions have been projected to allow for observed and possible future improvements in longevity.

The assumed life expectations on retirement age 65 are:

	31 July 2015	31 July 2014
Retiring today		
Males	21.7	21.6
Females	25.2	25.1
Retiring in 20 years		
Males	23.9	23.8
Females	27.6	27.4

Notes to the financial statements

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with +/- 1 year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of total obligation	264,111	270,285	276,609
Projected service cost	9,634	9,903	10,180
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of total obligation	271,114	270,285	269,462
Projected service cost	9,903	9,903	9,903
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of total obligation	275,861	270,285	264,845
Projected service cost	10,183	9,903	9,630
Adjusted to mortality age rating assumption	+ 1 year	None	- 1 year
Present Value of total obligation	278,241	270,285	262,563
Projected service cost	10,156	9,903	9,656

Scheme assets

The return on the fund (on a bid value to bid value basis) for the year to 31 July 2015 is estimated to be 5%, however the annual return on fund assets over the year may be different. Based on the above the employer's share of the assets is approximately 6%.

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

	31 July 2015		31 July 2014	
	£m	%	£m	%
Gilts	8.93	5	9.62	5"
UK equities	48.15	25	45.60	26
Overseas equities	61.49	33	59.09	33
Property	19.60	10	17.38	10
Infrastructure	5.52	3	5.05	3
Target return portfolio	28.54	15	25.87	15
Cash	4.37	2	4.09	2
Other bonds	9.01	5	7.29	4
Alternative assets	3.41	2	3.29	2
	189.02	100	177.28	100

In accordance with Paragraph 77(o) of FRS 17 (as revised), the assets for the current period and previous period are measured at current bid price.

	31 July 2015	31 July 2014	31 July 2013	31 July 2012	31 July 2011
	£m	£m	£m	£m	£m
Fair value of scheme assets	189.02	177.28	167.77	140.55	133.71
Present value of funded liability	(270.28)	(234.73)	(238.89)	(229.12)	(187.50)
Net liability of the fund	(81.26)	(57.45)	(71.12)	(88.57)	(53.79)

Notes to the financial statements

The University of Plymouth employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected rate of return for each asset class over the actual asset allocation for the Fund as at 31 July 2015.

Actual return on assets	2015	2014
	£m	£m
Expected return on scheme assets	(10.93)	9.96
Actuarial loss on assets	(1.38)	(3.43)
Actual return on scheme assets	9.55	6.53

Analysis of the amount charged to income and expenditure account

	2015	2014
	£m	£m
Current service cost	8.22	8.98
Loss on curtailments and settlements	0.23	0.28
Total operating charge	8.45	9.26

Analysis of pension finance costs

	2015	2014
	£m	£m
Expected return on scheme assets	(10.93)	(9.96)
Interest on pension liability	10.21	11.62
Total pension finance costs	(0.72)	1.66

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015	2014
	£m	£m
Cumulative actuarial loss recognised in STRGL at 1 August	(25.43)	(44.06)
Actuarial (loss)/gain recognised in STRGL in the year	(21.27)	18.63
Cumulative actuarial loss recognised in STRGL at 31 July	(46.70)	(25.43)

Asset and liability reconciliation

Reconciliation of liabilities	2015	2014
	£m	£m
Liabilities at start of year	234.73	238.89
Current service cost	8.22	8.98
Interest cost	10.21	11.62
Employee contributions	2.69	2.53
Actuarial losses/(gains)	19.89	(22.06)
Benefits paid	(5.76)	(5.58)
Loss on curtailments and settlements	0.23	0.29
Liabilities extinguished on settlements	-	(0.06)
Contribution by other employees	0.08	0.12
Defined benefit liabilities at end of year	270.29	234.73

Reconciliation of assets

	2015	2014
	£m	£m
Assets at start of year	177.28	167.77
Expected return on assets	10.93	9.96
Actuarial loss	(1.38)	(3.43)
Employer contributions	5.18	5.95
Employee contributions	2.69	2.53
Contributions by other employees	0.08	0.12
Estimated benefits paid (net of transfers in)	(5.76)	(5.58)
Settlement prices paid	-	(0.04)
Fair value of scheme assets at end of year	189.02	177.28

Notes to the financial statements

History of experience gains and losses

	2015	2014	2012	2010	2009
	£m	£m	£m	£m	£m
Experience (losses)/gains on Scheme liabilities	(19.89)	6.11	6.23	(25.39)	5.05
Experience (losses)/gains on Scheme assets	(1.38)	(2.01)	16.14	(5.28)	4.87

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department for Education (DfE) and is governed by statutory regulations. The current regulations are the Teachers' Pensions Regulations. Membership of the scheme is voluntary and is open to members of the teaching profession in England and Wales who satisfy the membership criteria. Contributions to the Scheme by employers and employees are set at rates determined by the Scheme's Actuary and approved by the DfE.

The institution has 1,500 (2014: 1,520) active members participating in the scheme. The contribution rate payable by the institution was 14.1% of pensionable salaries (2014: 14.1%), this will increase to 16.4% from 1 September 2015 to 31 March 2019. The scheme is subject to a full actuarial valuation every four years with the most recent valuation being 31 March 2012. Key highlights from this report are as follows:

Funding position

	As at 31 March 2012 (£bn)	As at 31 March 2004 (£bn)
Aggregate scheme liabilities	191.5	117.6
Aggregate scheme assets	176.6	115.8
(shortfall)	(15.0)	(1.8)

Total Scheme liabilities for service to the effective date are £191.5bn and notional assets of £176.6bn giving a notional past service deficit of £15bn.

Universities' Superannuation Scheme (USS)

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

Male members' mortality S1NA ["light"] YoB tables – No age rating

Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.3	25.5
Females currently aged 45 (years)	28.6	27.6
Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Notes to the financial statements

National Health Service Pension Scheme (NHS)

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities and the scheme is therefore accounted for as if it were a defined contribution scheme. The cost to the NHS Body participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The institution has 90 (2014: 105) active members participating in the scheme. The contribution rate payable by the institution was 14% of pensionable salaries (2014: 14%), this will increase to 14.3% from 1 April 2015 to 31 March 2019. The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) with the most recent valuation being 31 March 2012 and an accounting valuation every year with the most recent being 31 March 2012. Key highlights from this report are as follows:

Funding position

	As at 31 March 2012 (£bn)	As at 31 March 2004 (£bn)
Aggregate scheme liabilities	240.4	127.0
Aggregate scheme assets	230.1	123.7
(shortfall)	(10.3)	(3.3)

Total Scheme liabilities for service to the effective date are at £240.4bn and notional assets of £230.1bn giving a notional past service deficit of £10.3bn.



Plymouth University
Drake Circus
Plymouth
Devon PL4 8AA
United Kingdom

Tel +44 (0)1752 600 600
www.plymouth.ac.uk

The University is committed to providing
information in accessible formats.
If you require information from this publication
in an alternative format, please contact:
+44 (0)1752 588100