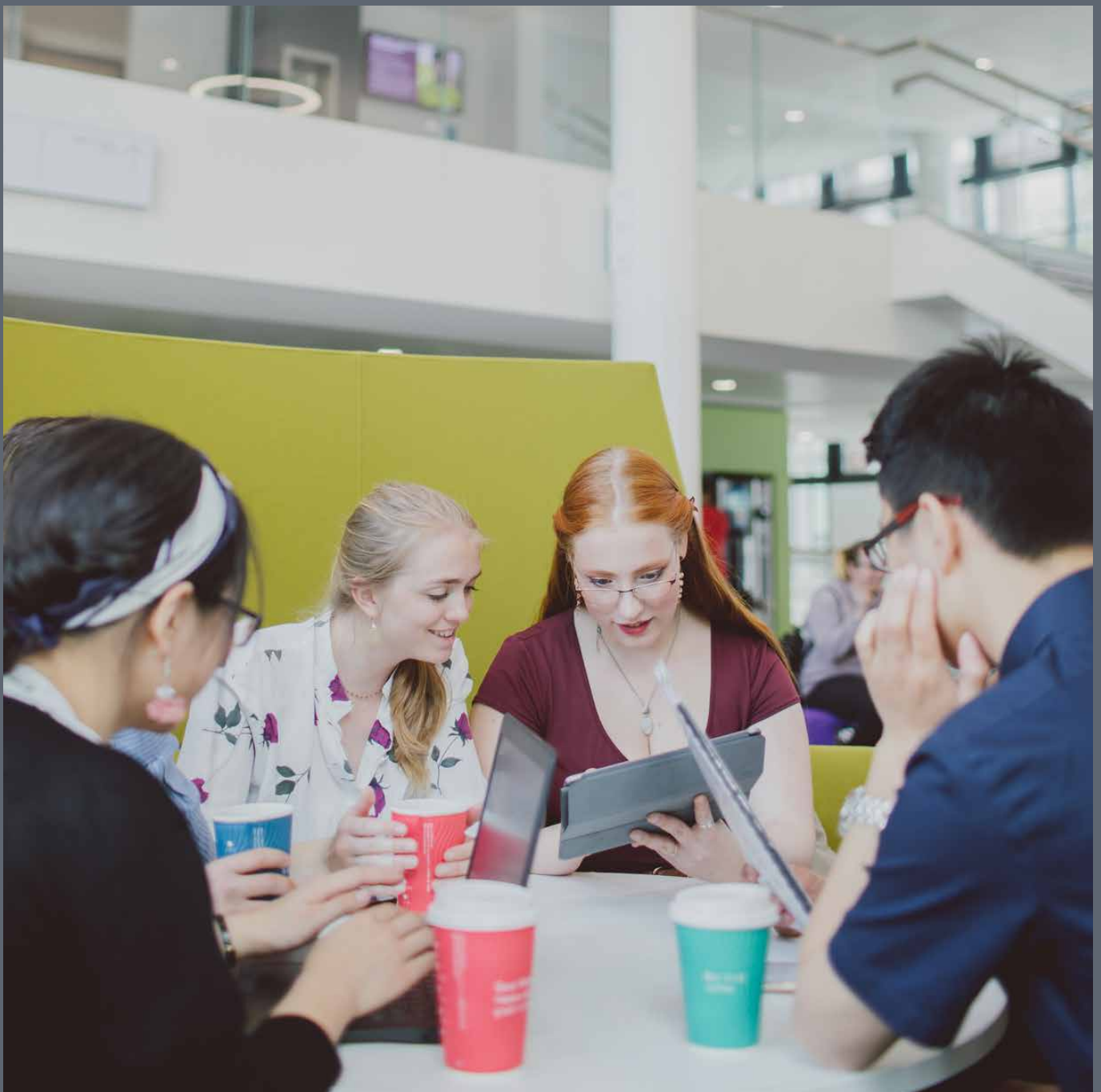


FINANCIAL STATEMENTS 2017/18



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Introduction: Highlights of the year from the Vice-Chancellor



The last year has presented a range of challenges and opportunities for the higher education sector, which continues to evolve at a rapid and often bewildering pace. During this time, Oxford Brookes has continued to achieve great things across each of its strategic objectives.

It is encouraging that the hard work and successes of the University have been recognised with numerous accolades over the past year.

For the second year in a row, Oxford Brookes was hailed as the UK's top university in the *QS Top 50 Under 50* ranking. The University also moved up to 40th in the world in June's rankings and is again the only UK institution to make the list.

In the same month, Oxford Brookes was also certified as the top UK university for both teaching and research in the *Times Higher Education Young University Rankings 2018*.

In May, Oxford Brookes climbed nine places in the *Guardian University Guide*. This was the second consecutive year the University has improved in the *Guardian's* rankings with five subject areas considered amongst the UK's top universities.

Oxford Brookes was also ranked in the top 20 institutions in the UK for ten subject areas in *The Complete University Guide 2019* in April. This is in addition to the University's international reputation for the quality of its courses being recognised in the *QS World University Rankings by Subject* which found Oxford Brookes to be "ranked amongst the world's top universities" in 14 individual subject areas.

As an example of specific disciplines receiving international recognition, in June the Oxford Brookes Business School improved on its top ten position in the latest ranking of the world's best online Master's in Business Administration (MBA). The announcement of the *QS World University Rankings: Distance Online MBA* marks the fifth straight year that Oxford Brookes' Global MBA has been ranked amongst the world's ten best institutions and now sits in seventh place.

In the past year, we saw further improvements to our campuses with the opening of the transformed Clerici building which is now the home to the Oxford Brookes Business School. We also opened the impressive Sir Kenneth Wheare Hall and the latest labs and teaching rooms in our Sinclair building which is home to the important work of our Faculty of Health and Life Sciences.

However, we are not stopping there and were recently granted planning permission for the replacement of our existing Helena Kennedy building. The new building will see the creation of important spaces for the University's Faculty of Technology, Design and Environment. The £25 million building will provide purpose-built space for a variety of practical teaching, research and knowledge exchange activities. It will bring together engineering, computing and a number of disciplines from the creative industries. Work on the new building started in autumn 2018 with an expected completion in summer 2020.

The student experience at the University remains key to everything we do and continued improvements were recognised with the publication of the National Student Survey (NSS) 2018 in July.

The results showed that the satisfaction of those studying at Oxford Brookes improved and saw the University outperforming the national average. Overall satisfaction of Oxford Brookes students is 85% which compares with an average across UK universities of 83%.

There has also been significant work to ensure that the staff experience is the best it can be. Our staff recognition scheme, the Brookes People Awards, returned for its third year and saw an overwhelming number of nominations with over 1,000 individuals and teams put forward. This is an indication of colleagues engaging with new initiatives to enhance the staff experience.

Staff engagement was also evidenced by the good response rate for the Staff Survey. The 2018 results show us that 84% of colleagues believe that the University is a good place to work. In 10 of the 14 broad question areas, the overall results showed an increase in satisfaction on the last survey from 2014, while in two areas the results were the same. There were notable improvements in areas prioritised in the 2014 survey action plan, such as publicly recognising the good work of colleagues and wellbeing.

Over the following pages you can read more about how our staff, students and partners are continuing to do great things across a range of important areas including research and knowledge exchange, various aspects of work which provide public benefit and our external activities as part of being a good neighbour to our local and wider community.

The last of these was exemplified by May's *Think Human* festival which showcased teaching and research from the Faculty of Humanities and Social Sciences. The festival presented a week of free activities, talks, debates and performances and took place both on campus and at venues across Oxford.

I look forward to further great examples of positive initiatives over the coming year as we continue to take pride in being one of the UK's top modern universities with a local, national and international reputation for teaching and research excellence.

PROFESSOR ALISTAIR FITT
VICE-CHANCELLOR

Financial highlights

During the year to 31 July 2018 (2017 figures) the University group*:

- achieved all financial targets and key performance indicators
- incurred an operating deficit of £12.0m (£6.0m surplus)
- excluding building impairments, actuarial pension adjustment and staff severance, generated an operating surplus of £7.0m (£13.4m)
- generated income of £199.6m (£198.1m)
- increased income by £1.5m or 0.7%
- increased expenditure by £18.8m or 9.8% (£2.0m relates to the actuarial pension adjustment, £4.9m to impairments and £3.7m to severance).

Financial strength

At the balance sheet date the University group had:

- generated a net inflow of cash from operating activities of £27.2m (£32.7m)
- cash and short-term deposits of £32.9m (£39.9m)
- net current assets of £8.4m (£14.9m)
- total net assets of £172.4m (£139.8m)
- pension scheme deficits of £99.9m (£134.3m).

Investments and borrowings

During the year the University group:

- invested £26.0m in fixed assets (£42.0m)
- raised £75m for investment in student residences (received post-year end on 2 August 2018).

*These financial statements represent the University Group, which consists of Oxford Brookes University and Oxford Brookes Enterprises Limited.



Committee members

Board of Governors (Trustees)

The membership of the Board of Governors, who are also Trustees, up to the date of signing the financial statements, were as follows:

Independent Members

Susan Howdle	Chair, Westminster College Oxford Trust Ltd
Martin Howell	Chairman, Oxford Health NHS Foundation Trust
Simon Jones	Fellow of the British Computer Society and engaged in a range of IT and leadership advisory roles
Robert Kirtland	Chairman, Critchleys Chartered Accountants, Oxford
Leslie Morphy (Chair)	Non-Executive Director, Home Group, Non-Executive Director, Surrey and Borders Partnership NHS Foundation Trust, various other trustee positions
Paul O'Connor	Director, Healthcare Leadership Solutions Ltd
Katherine Ryan	Headteacher, Matthew Arnold School, Oxford
Yasmin Sidhwa	Artistic Director, Mandala Theatre Company
Lucy Weston	Chair, Soha Housing, Associate Non-Executive Director, Oxford Health NHS Foundation Trust
Lyn Williams	Chairman of Trustees of Uniac Pension Fund (for Unilever)

Student and Staff Governors

Diko Blackings (until 30/06/18)	President of the Students' Union, Oxford Brookes University
Sean Keeley (from 01/07/18)	President of the Students' Union, Oxford Brookes University
Ricardo Assis Rosa (Teaching staff Governor, until 16/03/18)	Senior Lecturer in Architecture: Design, Oxford Brookes University
Dr Roger Dalrymple (Teaching staff Governor, from 1 August 2018)	Programme Lead in the Faculty of Humanities & Social Sciences, Oxford Brookes University
Drew Hardie (Non-teaching staff Governor) (until 01/08/18)	Space Planning Manager, Oxford Brookes University

Co-opted Committee Members

Jeremy Dawson	Partner, Dawson Partnerships
Sanjay Mistry	Interim Communications Director, Europe, McDonalds

Ex-Officio Member

Professor Alistair Fitt	Vice-Chancellor, Oxford Brookes University
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Finance and Resources Committee

Robert Kirtland (Chair)	Independent Governor
Leslie Morphy	Independent Governor
Simon Jones	Independent Governor
Lucy Weston	Independent Governor
Sanjay Mistry	Co-opted member

Audit Committee

Katherine Ryan (Chair)	Independent Governor
Martin Howell (Deputy Chair until September 2018 but remains on committee)	Independent Governor
Lyn Williams (Deputy Chair from September 2018)	Independent Governor
Paul O'Connor	Independent Governor
Jeremy Dawson	Co-opted member

Remuneration Committee

Martin Howell (Chair)	Independent Governor
Simon Jones	Independent Governor
Leslie Morphy	Independent Governor
Yasmin Sidhwa	Independent Governor

Nominations Committee

Leslie Morphy (Chair)	Independent Governor
Professor Alistair Fitt	Vice-Chancellor
Martin Howell	Independent Governor
Robert Kirtland	Independent Governor
Yasmin Sidhwa	Independent Governor

President of the Students' Union when considering the appointment of a Chancellor

Senior Management Team (Vice-Chancellor's Group from 01/08/17)

Professor Alistair Fitt	Vice-Chancellor
Chris Blackburn	Pro Vice-Chancellor and Dean of Business School
Cathy Burleigh	Director of Finance & Legal Services
Brendan Casey	Registrar and Chief Operating Officer
Alison Cross	Director of Human Resources
Professor Linda King	Pro Vice-Chancellor, Research and Global Partnerships
Professor Julie McLeod (until June 2018)	Pro Vice-Chancellor, Student Experience
Dr Astrid Schloerscheidt	Pro Vice-Chancellor and Dean of Faculty of Health and Life Sciences
Paul Inman	Pro Vice-Chancellor and Dean of Faculty of Technology, Design and Environment
Professor Anne-Marie Kilday	Pro Vice-Chancellor and Dean of Humanities and Social Sciences (until July 2018), Pro Vice-Chancellor Student and Staff Experience (from 1 August 2018)
Dr David Ellis (from 1 August 2018)	Interim Pro Vice-Chancellor and Dean of Humanities and Social Sciences

Advisors

Bankers

Barclays Bank plc
Public Sector Team
Level 27
1 Churchill Place
London
E14 5HP

External Auditors

Ernst & Young
1 Colmore Square
Birmingham
B4 6HQ

Internal Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street Snow Hill
Birmingham
B3 2DT

Legal Structure

Oxford Brookes University is a higher education corporation established under the Education Reform Act 1988 ("ERA"). The University's powers are defined in section 124 of the ERA, as amended by the Further and Higher Education Act 1992 and subject to any relevant regulations, orders or directions made by the Secretary of State or Privy Council, are principally to provide further and higher education, carry out research and to publish the results connected with that research.

The corporation has exempt charitable status as defined in the Charities Act 2011. The charitable purpose of the University is the advancement of education for the public benefit. As an exempt charity the University is regulated by the Office for Students. The Board of Governors, both collectively and individually as trustees, has complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission and in particular its supplementary public benefit guidance on the advancement of education. Further information on the delivery of the University's charitable objectives for the public benefit can be found in the Operating and Financial Review.



Strategic report

Strategy 2020

The Board of Governors of Oxford Brookes University presents its results, including those of its subsidiaries, for the year ended 31 July 2018. The University operates within the strategy developed to 2020 and approved by the Board. This was formulated in 2009/10, approved by the Board of Governors in February 2010 and is reviewed and updated periodically.

Oxford Brookes University's charitable purpose is the advancement of education. The key beneficiaries are our students. Through our students, as well as through knowledge exchange and other community engagement, wider society also benefits. We deliver this charitable purpose for the public benefit by delivering the University's Strategy 2020, set out below, and through specific public benefit initiatives set out later in this document.

Mission

Oxford Brookes University is committed to leading the intellectual, social and economic development of the communities it serves through teaching, research and creativity that achieve the highest standards.

Values

In the development and nurturing of intellectual and enterprising creativity we make our highest contribution to society. Social responsibility demands that all aspects of our activity should be sustainable. Equality, inclusivity and the celebration of diversity must be the foundation for all we do. We will never be content with anything other than a wholehearted commitment to the quality of the student experience. We will continue to enhance the value – and the perception of value – of our social as well as educational mission.

Vision

Oxford Brookes University will provide an exceptional, student-centred experience which is based on both internationally significant research and pedagogic best practice. We will build on a tradition of distinction in academic, professional and social engagement to enhance our reputation as a university which educates confident citizens characterised by their generosity of spirit.

Strategic goals

Student Experience

We will be a university that enables a student experience of the highest standard possible.

We will:

- ensure that learning and teaching are at the leading edge and relevant to contemporary contexts.
- provide an environment where students are proactively engaged in shaping their experience by influencing learning and extra-curricular policy, processes and outcomes.

Research and knowledge exchange

We will be a university that is committed to externally recognised world-leading research which is translated and disseminated for the benefit of our communities.

We will:

- focus on the areas of research which are, or have the potential to be, recognised as world leading and encourage multi and interdisciplinary research activity across the University.
- increase the exploitation and dissemination of the highest quality research and collaboration with other higher education institutions and the public, private and third sector.

Infrastructure and services

We will be a university characterised by its sector-leading, high quality, sustainable and cost-effective services, operating within a culture of continuous improvement.

We will:

- manage our activities to achieve self-sustaining and robust finances and a strong position relative to the HE sector.
- develop and enhance the quality and efficiency of the University's infrastructure and services.

External

We will be a university dedicated to improving the human condition in Oxfordshire and around the world.

We will:

- harness the enterprising creativity, knowledge, and commitment of the University's academics, staff and students to benefit urban and rural communities principally within Oxfordshire.
- further develop mutually beneficial partnerships to facilitate the application of the University's education, research, and knowledge transfer nationally and internationally and to prepare the University's graduates to be engaged global citizens.

Our guiding principles

Generosity of spirit

We believe people flourish in a culture of respect and support, where we celebrate difference and thrive on each other's success. Our students manifest a generosity of spirit as they progress in the world.

Enterprising creativity

We're adaptable and flexible, and consider a fresh approach in everything we do – because we know our sustainability depends on a pioneering spirit.

Confidence

We have confidence in our staff and students, and we know that we prepare our graduates well for a fulfilling and valuable life. Through their success, we continue to earn our outstanding reputation.

Connectedness

Our academic excellence is underpinned by a history of learning by doing. Our connections and our Oxford roots are fundamental to our students' experiences and our successful future.

Achieving our strategic commitments: Student experience

The satisfaction of those studying at Oxford Brookes improved in the National Student Survey (NSS) 2018 with the University outperforming the national average. Published on 27 July 2018, the results of the NSS show that overall satisfaction of Oxford Brookes students is 85% which compares with an average across UK universities of 83%.

In addition to outperforming the sector average for overall satisfaction, Oxford Brookes also performed strongly across the various key metrics of the NSS.

This includes improvements across the following key areas:

- the teaching on my course
- learning outcomes
- assessment and feedback
- academic support
- organisation and management
- learning resources
- student voice.

During 2018, Oxford Brookes began the implementation of its Academic Framework Review, an ambitious set of initiatives which will fundamentally refresh the structure and organisation of the University's programmes of study.

Several work streams support students' transition and progression into and through programmes of study, reduce complexity for staff and students, as well as revitalising existing practices around interdisciplinary and multidisciplinary learning. Changes to the Academic Framework will be incorporated into the implementation of the new Student Records System. The Academic Framework will allow the University to develop its portfolio offer, manage change more effectively, and innovate in teaching and learning.

The introduction of the Teaching Excellence Framework (TEF) has increased the emphasis on the quality of provision and student outcomes. Oxford Brookes received a silver award at an institutional level in June 2017 and has been working on reviewing the key metrics of student satisfaction, retention and employability in preparation for the introduction of the TEF at subject level.

The University continues to review the currency of its undergraduate and postgraduate provision in a very competitive market and in looking to the future needs of learners. This includes embracing new models of higher education learning; Oxford Brookes has validated several degree apprenticeships at both undergraduate and postgraduate levels.

Many student experience enhancement projects moved to business as usual during the year. New emphasis was given to making clear to students how their feedback, views and opinions about their experience have been acted upon through the University-wide *Your Voice, Your Brookes* campaign.

During 2018, the ongoing development of campuses as part of the University's estate investment plan further improved the student experience. Detail of this, including planning being granted for new buildings to further enhance the experience of those studying and working at Oxford Brookes over the coming years, can be found in the Infrastructure and Services section.



Achieving our strategic commitments: Research and knowledge exchange

Oxford Brookes continues to build on its strong reputation for high-quality research.

In 2017/18 the University had another year of record-breaking levels of research and knowledge exchange contracts, and intellectual property income, despite the highly competitive and challenging funding environment.

As part of Oxford Brookes' commitment to supporting research-active academics, the University introduced the Research Excellence Awards (REA) in 2016/17 and in the past year further members of the University's research community received funding. This included work to undertake pilot studies, in supporting funding bids, to prepare high-quality outputs for submission to the next Research Excellence Framework in 2020 or to develop research impact.

The REA initiative is not the only way that Oxford Brookes supports and invests in developing research excellence across the University. Evidence shows that outputs or impact of research is enhanced through collaboration, especially internationally, and so we have also introduced an International Collaboration and Travel Award scheme that enables researchers to establish or strengthen research collaboration overseas.

The government, through the newly formed UK Research & Innovation (UKRI), also recognises the value of international partnerships and has provided UK universities with core support through the Global Challenges Research Fund (GCRF). This enables researchers to work with colleagues in less developed countries to help develop solutions to challenges faced by people in these areas of the world. In the past year we were able to make eight GCRF awards as well as fund six GCRF Fellows to make short-term visits to Oxford Brookes.

The strategic commitment to developing staff was recognised when the University retained its HR Excellence in Research Award from the European Commission. The award demonstrates the University's support of the personal, professional and career development of its research-active staff.

Across each of the University's faculties, Oxford Brookes has continued to see excellent examples of research at Oxford Brookes in 2017/18.

In the Faculty of Technology, Design and Environment, work has begun on the 4.2m Euro Horizon 2020 project entitled Smart Autonomous Robotic Assistant Surgeon. It seeks to develop the next generation of surgical robotic systems that will allow a single surgeon to execute Robotic Minimally Invasive Surgery without the need of an expert assistant surgeon.

The Centre for Diversity Policy Research and Practice, part of the Oxford Brookes Business School, was awarded significant funding from the EPSRC and European Research Programme Horizon 2020 to improve equality, diversity and inclusion within engineering and the physical sciences. The project is focusing on increasing female representation among founders of university spinout companies and in achieving greater diversity in the ecosystem which drives innovation.

The Faculty of Health and Life Sciences continues to undertake life-changing work in its departments and centres with impacts regionally, nationally and internationally. For example, the Oxford School of Nursing and Midwifery, in partnership with Oxford University Hospitals and Oxford Health NHS Foundation Trusts, is developing evidence-based practice as well as equipping a new generation of healthcare professionals.

Within the Faculty of Humanities and Social Sciences, the primate conservation team co-authored two major overview papers on primate conservation in *Science Advances* and *PeerJ*. They continue to run three long-term field sites in Madagascar and Indonesia and described a new species of nocturnal primate (the Angolan dwarf galago *Galagoides kumbirensis*). Three postdoctoral researchers from China and Mexico joined the team strengthening the team's international collaborative network.

These are just a few examples of the strength of research at Oxford Brookes and help to demonstrate that the University is well placed to meet the challenges and opportunities anticipated over the coming years.



Achieving our strategic commitments: Infrastructure and services

The estate

Progress continues with the Estate Investment Plan with discussions continuing on the future plans for the Harcourt Hill Campus and works currently underway at Headington Campus.

In Headington, the Clerici building now houses the Oxford Brookes Business School alongside 31 teaching rooms, a collaborative lecture theatre, social learning spaces and a cafe. The Sir Kenneth Wheare Hall hosted its first series of graduation ceremonies providing a wonderful, celebratory venue for graduates and their guests.

Work has continued to progress in the Sinclair building with new teaching and research laboratories open on the first, second and third floors. The remaining ground and fourth floors are expected to be complete in summer 2019.

We are proud that the transformation of Clerici and Sinclair was Highly Commended in the 'Design Through Innovation' category in the annual Royal Institution of Chartered Surveyors regional awards.

On the Headington Hill site, work will soon begin on a new space for the University's Faculty of Technology, Design and Environment. The new building will bring together engineering, computing and a number of disciplines from the creative industries, providing purpose-built space for a variety of practical teaching, research and knowledge exchange activities.

The £26.5 million building will be located on the site of the Helena Kennedy Student Centre, which has been used as a temporary decant space since the opening of the award-winning John Henry Brookes Building in 2014.

The construction of the new building will facilitate the University's withdrawal from the Wheatley Campus and bring facilities on Headington Hill up to the standard seen on newer spaces elsewhere on campus.

We are also working to a Residential Investment Plan which includes updating our older student accommodation and increasing our student bed stock, including the proposed

redevelopment of Clive Booth Student Village. These plans will enable the University to offer quality accommodation at different price points, and to provide accommodation to a greater proportion of our students. This will help to reduce the number of students living in private rented housing, and facilitate the provision of appropriate pastoral care.

IT infrastructure and services

The University's IT strategy continues to align with the University's goals, specifically delivering IT platform and service excellence, enhancing educational technology services, and facilitating transformation and strategic information delivery.

The IT Programme Management Office has overseen the delivery of significant projects during 2017/18. These include University PC upgrades to Windows 10 and a new software delivery portal, brand new audio visual equipment in teaching rooms, improvements to the online enrolment experience and getting ready for the new General Data Protection Regulation.

Business as usual activity continues to enhance the student experience, support teaching and learning, and develop the University's infrastructure and services.

A short film reviewing IT Services programme activity for 2017/18 can be viewed at www.brookes.ac.uk/it/review-of-2017

The coming year will focus on the digital transformation programme. This includes identity and access management, connectivity, IT security management, as well as the integration of the new student records system, a new library services platform, a research impact system and online expenses.



Achieving our strategic commitments:

External

Oxford Brookes is dedicated to improving the human condition in Oxfordshire and around the world. This ongoing commitment was clearly demonstrated in 2017/18 with the launch of the University's new Social Responsibility Framework which has continued to be developed. Examples of Oxford Brookes' work in this area include:

Sharing knowledge

As an institution dedicated to learning, sharing our knowledge is core to our mission. Some of the ways in which we have done that this year include:

- the newly established Public Engagement Network (PEN) to share our research with our communities
- the Oxford Brookes Documentary Club, screening hot-topic films and high-profile speakers
- events and campaigns including the Curiosity Carnival, Black History Month, the Science Bazaar, LGBT History Month, the Oxford Human Rights Festival and Outburst.

Making a difference

This year colleagues were able to get involved with a staff volunteering pilot project which offered colleagues the opportunity to volunteer during their normal working hours, with a local group or charity.

The opportunities on offer saw 132 sign-ups from staff across the University who, between them, got stuck in at Oxford City Farm, helped out at Tiggywinkles Wildlife Hospital, made and served food with the Oxford Homeless Project, joined a collection run with the Oxford Food Bank and cleared land for The Children's Allotment in East Oxford.

Our students made a great difference in our communities through a range of projects and enterprises, including:

- Bee-Able – a tool that allows citizens to rate and review the accessibility of their city, informing businesses exactly how to improve whilst helping other travellers feel more comfortable in their city
- Tesito – a women's cooperative in the Gambia, equipping woman to make sauces, chutneys and jams
- UniCups – a reusable coffee cup loan scheme.

Inspiring young and old

Oxford Brookes aims to help individuals achieve their aspirations and support their attainment. In 2017/18, our Widening Participation Team ran a record number of events working with 118 schools and colleges and reaching 3,179 students.

Activities included the sustained outreach programmes Brookes Engage and Discover Brookes, a number of residential summer schools, our programme for mature learners Brookes Bridges and a programme of activity for primary school children.

The team also ran various visits both on and off campus for students from GCSE years and up. As a result of taking part in activity, students are more likely to go on to study at higher education than if they had not been involved.

Brookes in the community

We continually strive to enhance relationships with our neighbours and are proud of the contribution that Oxford Brookes makes to the local community. This is achieved through the various services and facilities the University provides that are available to members of the public.

Our campuses are open and we welcome visitors to use our facilities, such as our Centre for Sport, dentist, library, printing, shopping and banking, venue hire, eateries, including our award winning Brookes Restaurant. We also hold regular events through our series of open lectures which are free and open to everyone.

The University supports local events within the community and sponsors both the Cowley Road Carnival, which is the biggest community event in Oxford, and the Headington Festival. Working in partnership with local agencies and groups we have strong working relationships with the councils and police, including contributing to local campaigns such as the British Heart Foundation's Pack for Good, OxClean, the Christmas Lights, the Big Chalk and Pride.

We aim to align community need with student experience and expertise to promote volunteering within the community and there is a range of projects as well as funding available to students. Our Student Impact Fund, available via donations made by our alumni, has been extremely successful with students running their own projects to enhance the community alongside their studies.

Thinking global, acting local

This year we were chosen as one of the 12 universities involved in a pilot study to develop a new Fairtrade University Award.

We were granted Fairtrade status in May 2018 under the new award which recognises how we engage with Fairtrade and ethical justice.

This year's sustainable food efforts included hosting a Fairtrade lunch and learn event chaired by the Patron of the Fairtrade Foundation, Allegra McEvedy, and being awarded a 3* Sustainable Restaurant Association Award.

Oxford Brookes also joined partners across the city once again for the fifth Oxford Green Week, a city-wide initiative promoting and celebrating sustainability. Our contribution to this year's programme included two foraging courses which were well attended.

These are just a few examples of how the University has continued to contribute to society – locally, nationally and internationally.

Our staff

The overall staff full time equivalent (FTE) increased slightly from 1,944 to 1,951 (excluding hourly-paid staff) in the last year, with academic and senior staff making up 41% of the workforce.

There were a number of staffing changes at senior management level.

- David Bagshawe-Cope, formerly Director of Strategy and External Affairs at the Royal Botanical Gardens, Kew, joined as Director of Strategic Change and Planning.
- Professor Julie McLeod, Pro Vice-Chancellor (Student Experience) retired and was succeeded by Professor Anne-Marie Kilday, formerly Pro Vice-Chancellor and Dean of the Faculty of Humanities and Social Sciences, who also retains the portfolio for the staff experience.
- Professor Jackie Potter, formerly Head of Learning and Professional Development at the University of Keele, joined as Head of the Oxford Centre for Staff Learning and Development.
- Sue Holmes, Director of Estates and Facilities Management, retired in August 2018 and a successor is being recruited to lead the Estates Investment Plan.

Other developments

Enhancement of the staff experience is a key focus, which complements our strengths in delivering an outstanding student experience. Professor Anne-Marie Kilday, Pro Vice-Chancellor, retains the portfolio for the staff experience alongside enhancing the student experience and we believe will achieve significant synergies by combining these roles.

Early in 2018 we completed a staff survey, achieving a much greater response rate and a small increase in staff satisfaction (85%). Over the coming academic year, we will analyse the full results of the survey and develop action plans at both institutional and local levels. The results of the survey will also inform the planned development of an internal communications strategy which will be critical during a time of challenge and change.

We have continued to engage with external charter marks (Athena SWAN and Stonewall) to promote equality, diversity and inclusion. The University holds a bronze institutional award under the new, enhanced Athena SWAN charter, with

the Faculty of Technology, Design and Environment holding a bronze faculty award. The Faculty of Health and Life Sciences is awaiting the outcome of its application to renew its Silver award. The Faculty of Humanities and Social Science and the Oxford Brookes Business School are also engaging with Athena SWAN now that the charter has been extended beyond STEM subjects.

A steering group has been established to work towards the Race Equality Charter mark. A range of lively and engaging events were held to mark Black History Month, LGBT History Month and Disabled History Month. The University also successfully retained its accreditation under the HR Excellence in Research scheme.

In response to the increasingly competitive student recruitment environment, as well as the squeeze on student fee income, the University has undertaken a number of steps to achieve efficiencies, including a review of key administrative processes, central scrutiny of staff recruitment, and the implementation of a voluntary severance scheme.

The impact of the voluntary severance scheme will be reflected in next year's staff numbers as most departures took place on 31 July 2018. A number of major organisational changes are also underway, including the restructuring of the Oxford Brookes Business School - following its successful relocation to refurbished premises on the Headington campus - to provide greater integration across our undergraduate programmes and postgraduate programmes respectively.

The restructuring of marketing and communications activities, as well as Oxford Brookes International, will provide a sharper focus for student recruitment both UK and international.

The Oxford Centre for Staff and Learning Development, part of the Human Resources Directorate, is a large and well-regarded provider of staff and educational development in the higher education sector, and continues to play a leading role within the University in the implementation of the Strategy for Enhancing the Student Experience.

Following a significant period of change, we were pleased to be able to recognise and celebrate the contribution of our staff in the third Brookes People Awards event which took place in September in the new Sir Kenneth Wheare Hall.

Trade Union Facility Time Report

The Trade Union (Facility Time Publication Requirements) Regulations came into force on 1 April 2017. These regulations require relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Table 1 – Relevant Union Officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
42	39.93

Table 2 – Percentage of time spent on facility time

How many of your employees who were relevant trade union officials employed during the relevant time spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage time	Number of employees
0%	6
1-50%	36
51-99%	0
100%	0

Table 3 – Percentage of pay bill spent on facility time

	cost
Total cost of facility time	£92,223
Total pay bill	£105,603,000
Percentage of the total pay bill spent on facility time	0.09%

Table 4 – Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of the total paid facility time hours	32%
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Our students

Total student numbers (headcount) for 2017/18 have dropped by around 3% to 17,248 (compared to 17,803 in 2016/17). The composition of the student body at Oxford Brookes has continued to change.

Following the trend of recent years, the number of part-time students has continued to decline, most recently by 10% (3,310 in 2017/18 compared to 3,680 in 2016/17). Full-time numbers have remained relatively stable compared to previous years.

Undergraduate numbers have fallen from 13,689 in 2016/17 to 13,175 in 2017/18. Despite a slight drop, postgraduate numbers

have remained fairly constant at 4,073 (compared to 4,114 in 2016/17).

Figure 3 charts the full time equivalent (FTE) of international and home/EU students over time. This shows that the University's overall student FTE has remained stable compared to last year, which was the University's highest point for FTE since 2011/12.

The international student FTE has continued to decrease by a small margin over the last four years and is an area that the University is looking to grow in future years through its International Strategy.

Figure 1
Total student numbers (headcount)

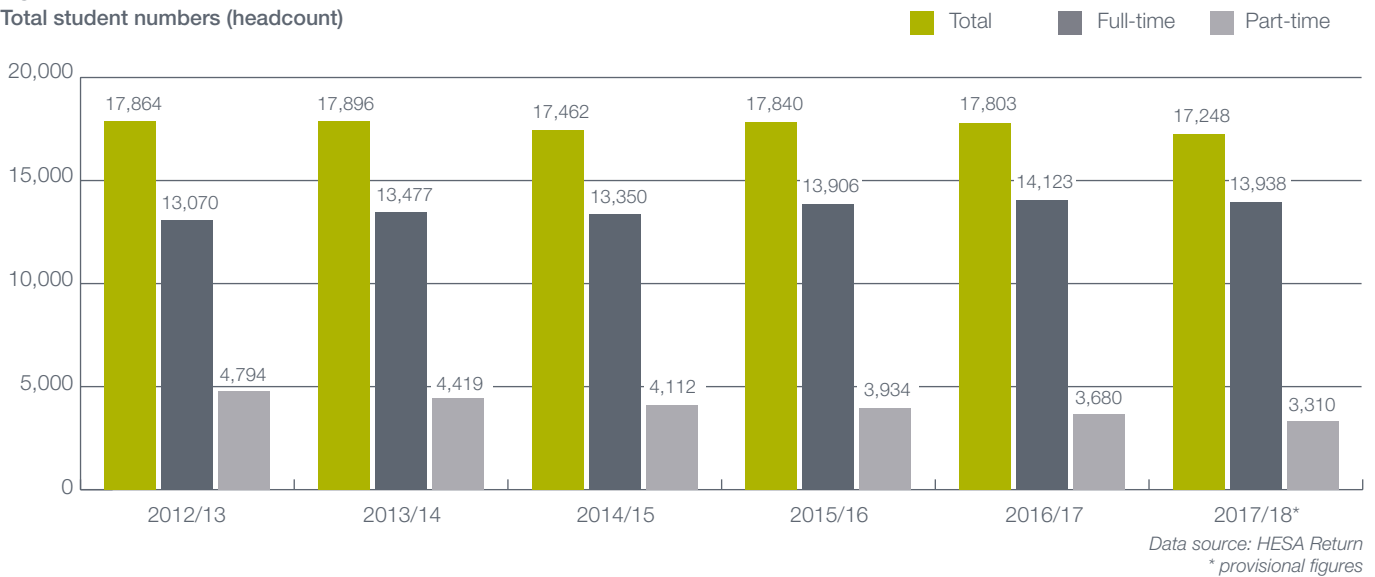


Figure 2
Undergraduate and postgraduate students (headcount)

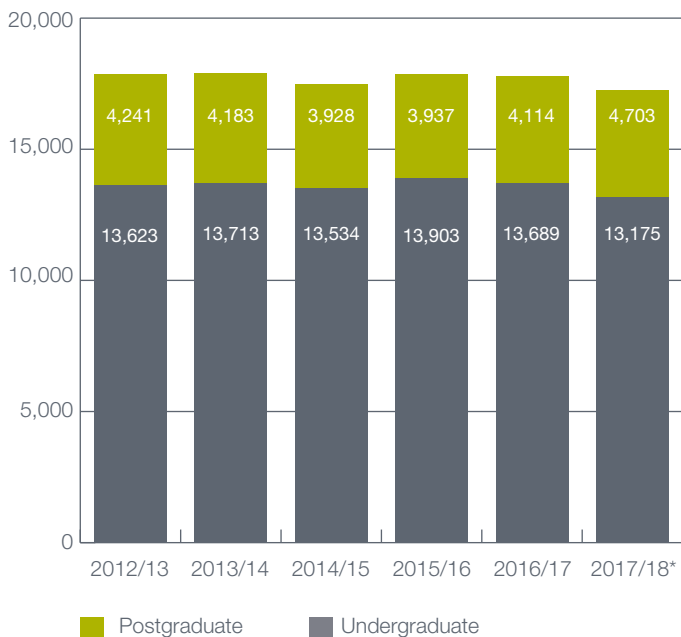
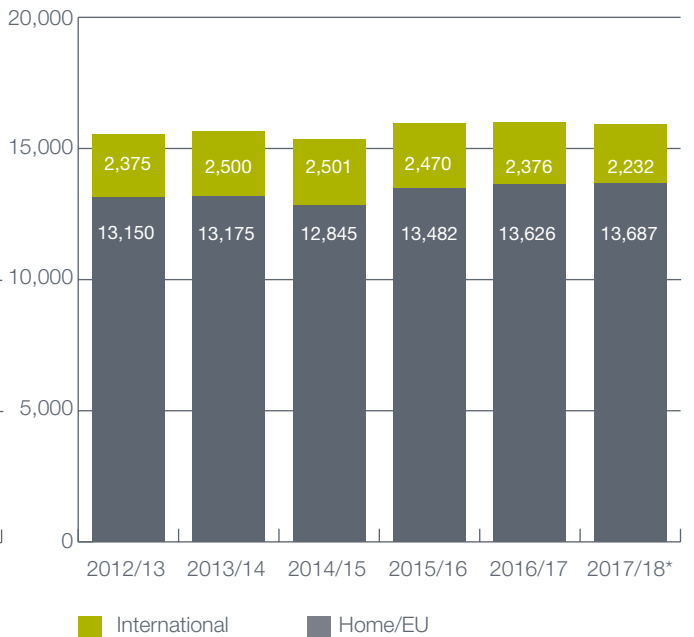


Figure 3
Home and international students (FTE)



Financial results

The University's specific targets are detailed annually in a set of key performance indicators (KPIs). The Vice-Chancellor's Group and Board of Governors monitor achievements in relation to the KPIs. Full details of these KPIs can be found in the Performance Report for Governors which is published annually in December. Financial sustainability has been maintained. Financial KPI targets in relation to financial sustainability are:

- to achieve a level of operating surplus that generates sufficient cash to resource agreed strategic investment (ie surpluses identified in the plans) – Achieved
- to contain staff costs to below 55% of turnover and aim for 50% – Achieved 54.1% (excluding severance costs)
- to maintain net current assets, ratio of 1:1, and aim for a ratio of current liabilities to current assets of 1:1.25 – Achieved 1:1.24
- to achieve all loan covenant ratios – Achieved

These demonstrate that all financial targets and bank covenants have been met.

The operating deficit for the year was £12.0m, which includes some one-off impairments and disposals of £5.5m relating to the Estates Investment plan of £5.1m, a voluntary severance scheme with a cost of £3.7m, and LGPS and USS pension actuarial cost of £9.8m in total expenditure (£2m higher than the previous year).

Risk management at both strategic and operational level is fully embedded, and Governors actively participate in the process. The University constantly strives to improve its environmental sustainability in the areas of travel, building energy use, ethical procurement, conservation and carbon reduction.



STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018

The University five-year financial forecasts show continued sustainable surpluses that reflect the latest student number forecasts, the Estates Investment Plan and IT Capital plan, and agreed efficiency targets across Faculties and Directorates.

Key Performance Indicator	2017/18	2016/17
Operating (Deficit) / Surplus	£(12.0)m	£5.7m
(Deficit) / Surplus excluding one off items, voluntary severance scheme and impairments	£(2.8)m	£5.7m
Surplus excluding one off items and pension actuarial adjustments	£7.0m	£13.4m
Total Income	£199.6m	£198.1m
EBITDA	£19.9m	£30.6m
EBITDA%	9.99%	15.42%
Total comprehensive income for the year	£32.22m	£4.35m
Operating (deficit) / surplus as a % of income	(6.01)%	2.86%
Unrestricted income and expenditure reserve excluding pension reserve as a % of income	84.09%	85.06%
External borrowings as a % of income	63.51%	65.49%
Gearing: borrowing as a % of reserves	73.79%	92.98%
Operating cash generation as a % of borrowing	21.50%	25.46%
Net cash flow from operating activities as a % of income	13.65%	16.48%
General funds as a % of income	34.06%	17.79%
Staff number average headcount *	3,521	3,362
Staff number average FTE **	1,971	1,937
Staff costs as a % of income	56.00%	51.83%
Staff costs as a % of income excluding severance	54.14%	51.83%

Undergraduate student satisfaction:

With teaching	85%	83%
With course overall	85%	85%

Postgraduate student satisfaction with course overall	84%	80%
Research projects awarded in year	£5.6m	£5.7m

* Staff number headcount includes Associate Lecturers

** Staff number FTE excludes Associate Lecturers

Financial outlook

The University's financial performance remained robust in a challenging year. Overall, the surplus was £7.0m, before accounting for extraordinary items and annual pension adjustment.

The market for undergraduates and postgraduates continues to be highly competitive. The in-year position for student tuition fees and education grants remained at the same level as the previous year £132m.

This underlined the competitiveness of the higher education market and the importance of maintaining student satisfaction ratings and league table positioning which is a University priority. Oxford Brookes has moved positively in the league tables and is now number one for teaching and research in the *Times Higher Education* Young University rankings and has improved by 21 places in *The Times and Sunday Times' Good University Guide*.

Overall income was c. £1.5m higher than the previous year. The final position is an outturn of £7.0m against a target surplus of £10m before extraordinary items, which shows a strong underlying performance. Operating cash achieved was £27.2m and end of year closing cash balance was c. £33m.

Looking at performance excluding extraordinary items, it can be seen there was a strong in year recovery and response to the fall in income.

The University remains ambitious but cautious in rebuilding its financial plans to return to a target surplus of a minimum £10m annually. The 2018/19 five-year plans were approved by Governors in July 2018. The five-year plans aim for income targets of £198.8m growing steadily to £208.5m by 2020-21, and continuing to climb thereafter to £224m. The plans build in the business decisions required to ensure that the future financial investment and infrastructure plans are sustainable. In the interim period from 2018/19 the plans are built up to achieve the KPI target of £10m surplus by 2021/22.

The higher education sector continues to face considerable uncertainty. This includes uncertainty around the future of fees as we await the outcome of the government review of

post-18 education and funding. The University is currently participating in a course costing exercise run by the Department for Education and supported by KPMG which could lead to a number of different outcomes.

In addition to this, there is once again pressure on pay budgets. The recognised trade unions are currently balloting on industrial action in relation to the final national pay offer of 2%. There are already a number of known pension pressures coming from the Universities Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS) where a potential increase of 7.2% in employer contributions has recently been proposed from September 2019.

The impact of Brexit is unknown. A fall in EU students is anticipated after 2019-20 and the UK economy could suffer a fall in sterling and property prices, an adverse impact on supply chains and a period of inflation.

The student fee freeze announced by the government in autumn 2017 meant known pressures of £1.6m, £3.5m and £6m in lost fee inflation for the period 2018/19 to 2020/21. Against the background of these constraints, the 2018/19 budget includes an expenditure efficiency target of 5% recurrent savings. This delivers £11m gross savings; £8.5m net of known funded pressures to ensure the budget is deliverable. The budget includes targeted investment of c. £1m on programme development, online course delivery, growing apprenticeships, and resources to improve procurement, marketing and communications and widening participation.

There is a continuous review of the cost base including the efficient and effective running of the campuses with a view to improving and rationalising our footprint. Flexibility is paramount in times of uncertainty and the strategy and five-year plans aim as far as possible to allow the University to respond nimbly to unforeseen changes.

In addition to efficiencies identified by faculties and directorates (bottom up), a change programme focused on delivering cost savings and income growth predominantly requiring a cross-University approach (top down) is in progress. A number of areas have been identified and a sponsor identified from the



Vice-Chancellor's Group (VCG) members and directors. A small number of these where there is greater certainty have been built in, or partially built in, to the new five-year plan with a view to expanding these from 2018/19.

The University's financial plans focus on diversifying and improving income streams: rebuilding income from student recruitment; increasing student residences and associated income; investment in new and innovative programmes (new online courses; new apprenticeships; jointly delivered courses and partnerships); and tendering for contracts to supply apprenticeship training to the local health trust.

The University responded quickly to early indications of a fall in student applications for 2018/19. It has run a very successful clearing campaign having taken account of the early warning indicators. The numbers of Home/EU undergraduate students provisionally appear to be slightly above target, international UG and PG are below target with Home/EU postgraduate on target. It is estimated that the final position will be below target but within the budgeted £1m student fee contingency. The position will be updated at the time of the census on 1 December. All University-available accommodation is filled.

The University is investing in its student residences following the drawdown of a £75m private placement issued in August 2018. This is in response to student feedback on price and quality, the need to support wellbeing, and to increase availability. The City Council wishes to reduce the number of students living in the city to the stated target. A key part of this will be met through the Clive Booth Student Village (CBSV) intensification project which builds 1077 rooms of which 615 are additional units. The new residences will be attractive town houses and a mixed accommodation development. A further 885 new rooms are being built and financed by a third-party supplier and will be available from September 2019.

The CBSV build is expected to commence in 2018/19 and complete in 2021/22. There will be a loss of income whilst some 462 existing rooms are demolished and rebuilt. The additional gross income to the University on completion is c. £4m annually and includes the ability to market the accommodation to the conference market in the summer recess. The University retains the flexibility to control the total number of rooms it supplies through careful monitoring and planning of its third-party providers.

Investment of £27m is included in the capital plans for the much needed investment in the refurbishment of the student residences – c. £100k was spent in year with £4m planned for 2018/19. An essential maintenance budget remains in place of £1,450k for compliance maintenance and £694k for reactive maintenance.

Marketing and communications activity has been restructured in order to streamline and ensure consistency in digital and non-digital messaging to prospective and current students, increasing efficiency, maximising impact and improving conversion rates. Potential new markets outside the usual reach of Oxford Brookes are being developed.

A new Director of International Student Recruitment has been appointed to increase numbers coming through as postgraduate international students and to strengthen and restore numbers of undergraduate international students, partly

in anticipation of a fall in EU students after 2019-20.

The ten-year Estates Investment Plan and Halls Investment Plan from 2018/19 to 2027/28 plans to invest £278m. The University continues to invest strongly in technology: £10m over the five years from 2018/19 to improve the student experience and to optimise efficiency.

There is continued focus on value for money (VFM). The annual VFM report was presented to the September 2018 meeting of the Audit Committee. Procurement enable access to more efficient and value for money contracts saving around £4m annually through increased use of frameworks and supporting the retendering of services. An additional target of £500k was delivered in 2017/18, through a range of different savings including new contracts for mobiles and landlines. There is a further £750k of procurement savings in the 2018/19 budget.

Treasury management has been managed in-house since 2016. The investment strategy has been updated to accommodate the additional £75m private placement raised to fund the CBSV intensification. Despite the 0.25% increase by the Bank of England in August the interest rates obtainable from the UK banks (A-AAA rated) remain depressed. The funds are invested until needed so that interest can be maximised to offset borrowing costs

The addition of the £75m private placement to the loan portfolio places the University into a more highly leveraged position. As part of the lender consent process with the other banks used by the University, bank covenants have been updated. A regular treasury management meeting is held to review cash flow and compliance with covenants in year and these internal indicators are reported to Finance and Resources Committee in the Management Accounts report which is forwarded onto the Board of Governors.

The five-year plans were risk assessed through a series of risk management workshops, where the risks were discussed, assessed and rated by senior management and attended by a participating governor. The risk assessment of the five-year plans is approved by the Board of Governors as an integral part of the approval process. Workshops on the strategic risks to the University have been revisited and updated in September 2018.

These are reported regularly to Audit Committee and the Board of Governors who receive reports throughout the year on the progress of the plans and emerging issues. A recent internal audit report on risk management found that the University had a well-established risk management process, from risk identification through to reporting and monitoring of risks at the relevant governance committees, and that compared to the wider sector, risk management is well embedded.

Public benefit

In making decisions on the University's activities, the Governors have given due regard to, and taken into account, the Charity Commission guidance on public benefit in exercising their powers and duties. As an exempt charity, providing higher education and research, Oxford Brookes University's charitable purpose is the advancement of education. The key beneficiaries are our students. Through our students, as well as through knowledge exchange and other community engagement, wider society also benefits.

A large number of the ways in which Oxford Brookes University meets its charitable purpose and objective are set out in the previous sections, relating to the delivery of the Strategy 2020. However, other areas of important activity in advancing education are set out below.

Encouraging progression to university for under-represented groups

Oxford Brookes continues to deliver a comprehensive programme of activity to raise awareness of higher education and to support students from under-represented groups, who have the academic ability and potential to succeed and progress to university.

In partnership with local schools and colleges in Oxfordshire, the outreach team worked with primary school students to make them aware of how university fits into their educational journey and to help them manage their transition to secondary school. Work with students in secondary school and further education colleges included a range of on-campus and in-school or college activities including talks, workshops, mentoring and residential summer schools.

One of our flagship programmes is Brookes Engage, an 18-month programme of monthly activities designed to help students in Years 12 and 13 make a successful transition to university.

We are the lead institution for the collaborative partnership Study Higher, one of the 29 consortia funded by the Office for Students as part of the National Collaborative Outreach Programme (NCOP).

Study Higher aims to increase the number of young people from disadvantaged backgrounds in higher education by delivering outreach events and activities in targeted schools and colleges. Since the NCOP started in 2017, we have worked with over 10,000 students across Berkshire, Buckinghamshire, Oxfordshire and Swindon through a range of collaborative projects.

A key strand of Study Higher's work is having dedicated staff working closely with schools and colleges assisting in the development of school outreach calendars and delivering regular mentoring or advice and guidance sessions to target students. In addition, the universities and further education colleges that make up Study Higher have delivered a wide-range of activities including summer schools and taster days.

Providing alternative ways to access Higher Education

Oxford Brookes works with local further education colleges through our Associate College Partnerships (ACP). This enables the University to provide a low cost route into higher education and offer opportunities to attain qualifications closer to home in an environment that students from under-represented groups often find more accessible.

Through the ACP, students can progress from a foundation to a bachelor's degree, either at the partner or at Oxford Brookes. We also offer an increasing range of employer-sponsored apprenticeships, both through our ACP partners and our main on-campus provision.

Financial support

Oxford Brookes University annually agrees the funding it will provide to support students requiring financial support during their studies with the Office for Fair Access (OFFA).

During the 2017/18 financial year, support from Oxford Brookes included:

- Oxford Brookes bursaries and scholarships – £4.12m to 2,325 students
- Additional financial aid:
 - International student fund – £47,599
 - Home student hardship fund (undergraduate) – £492,634
 - Home student hardship fund (postgraduate) – £49,273
 - Disability financial aid – £51,720
 - Disability support equipment funding – £12,300
 - Springhill – £31,094
 - Fee waivers – £75,700 to 38 students.

Sponsoring other educational establishments

The University continues to support the Oxford Academy in our role as sponsor and works closely with the school to deliver a programme of integrated support designed to raise attainment and increase progression to higher education. In addition to students participating in an established programme of outreach activity, the University also delivers an intensive programme of one-to-one support.

The school has continued to improve and received a good rating from Ofsted following an inspection in September 2016. The report also found that the school provides outstanding leadership in the local community.

Oxford Brookes also continued as partner of the University Technical College (UTC) in Swindon over 2017/18. The UTC, a specialist engineering academy for 14 to 19 year olds, opened in 2014 and aims to improve the secondary education offer in Swindon.

Corporate Governance and Internal Control

Introduction

The University is committed to best practice in all aspects of its corporate governance and has regard to the voluntary Governance Code of Practice contained in the Committee of University Chairmen's 'Guide for Members of Higher Education Governing Bodies in the UK', published in 2009 and revised as the 'Higher Education Code of Governance' in 2014.

The code identifies seven primary elements of governance that underpin the value and beliefs articulated in the 'Nolan Principles of public life' with the addition of eight aims and principles particular to the nature of higher education. The University is confident it has in place all of the primary elements and meets the requirements of the supporting 'must' statements that prescribe essential components within each element.

The summary below describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in 2016 in so far as they relate to universities. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Board of Governors

The Board of Governors, which meets formally five times a year, is responsible for the University's long-term objectives and for strategies in relation to the educational character and mission of the University and for providing overall financial and organisational control. The Board comprises nine (independent) Governors, the Chief Executive (the Vice-Chancellor), two Governors representing university staff teaching and non-teaching, and the President of the Students' Union. There is a clear separation of the role of the non-executive Chair from that of the Vice-Chancellor.

The Vice-Chancellor is the accountable officer responsible for satisfying the Board that all conditions of receiving and using grant aid from the Office for Students (OfS) have been met. The University's constitution places responsibility for the University's operations with the Vice-Chancellor who as the accountable officer, supported by the Vice-Chancellor's Group, implements the Board's policies and develops and manages the University's business.

A majority of the Board must, by law, be independent of the University, and they bring with them a wealth of expertise from their respective fields of business and professional activity. Board members are appointed in accordance with the requirements of the Education Reform Act 1988 and appointment processes and terms of office are laid out in the procedures for the appointment of Governors adopted by the Board. The normal term of appointment is four years, after which members may be eligible for reappointment.

No board member may serve for more than two consecutive terms of four years, other than the Vice-Chancellor and the student Governor, who may remain members as long as they hold the position of Vice-Chancellor and President of the Students' Union respectively. The Standing Orders of the Board make provision, by resolution, for the extension of a member's term of office beyond the normal limit of eight years where that is necessary to allow the member to serve a maximum term of four years as either Chair or Deputy Chair.

Vice-Chancellor's Group

The Vice-Chancellor's Group comprises the Vice-Chancellor, two Pro Vice-Chancellors (PVCs) with specific responsibility for, respectively, the student and staff experience and research and global partnerships, the Registrar and Chief Operating Officer, the four PVC Deans of Faculty, the Director of Finance and Legal Services and the Director of Human Resources. The team meets formally on a weekly basis.

It is constituted to advise the Vice-Chancellor and support decision-making and also serves as a body which can be used by the Vice-Chancellor for briefing, consultation and communication with senior managers and/or staff as a group.

Finance and Resources Committee

The Committee meets at least four times a year. Membership consists of four independent Governors and one co-opted member. The committee is responsible to the Board of Governors for:

- advising the Vice-Chancellor, on a recommendation to the Board, for the coming year's recurrent and capital budgets, and on the cash flow forecast and draft balance sheet arising
- recommending for approval by the Board, a rolling five-year strategic plan, including financial plans (both revenue and capital) projected five-year cash flow and balance sheets, taking account of the requirements of the Bank Lenders and of the OfS
- recommending the Estates Investment Plan to the Board, and monitoring and reviewing its application and implementation
- recommending the Human Resources Strategy to the Board, and monitoring and reviewing its application and implementation
- recommending the IT Strategy to the Board, and monitoring and reviewing its implementation
- reviewing changes to and the implementation of other key University strategies from time to time, as necessary
- reviewing and recommending to the Board borrowing or other financial vehicles necessary to fund the strategy, and the release of funds for specific projects
- recommending to the Board, the acquisition or disposal of lands and buildings.

These are the key areas but are not the full terms of reference.

Audit Committee

The Audit Committee meets at least four times a year. Membership consists of up to four Governors and three co-opted members. The committee is responsible for advising the Board on:

- the effectiveness of the internal audit service and ensuring that their recommendations are appropriately executed
- the effectiveness of internal control and risk management procedures

- the work of the external auditors and whether they are effectively carrying out their responsibilities to the Board of Governors by reporting that the University's financial statements present a true and fair view of the year's activities
- the existence of satisfactory arrangements to promote economy, efficiency and effectiveness
- the approval of the financial statements
- the systems and processes whereby assurance is obtained on the quality of all data returns.

Remuneration Committee

The Remuneration Committee meets as necessary to review the policy for the remuneration of the senior staff appointed by the Board of Governors. Membership consists of four independent Governors. The Vice-Chancellor attends at the request of the committee for specific matters. The Vice-Chancellor is excluded from matters concerning his own remuneration.

Nominations Committee

The Nominations Committee comprises five Governors including the Vice-Chancellor. It is responsible for advising the Board on the appointment of new Governors and co-opted Governors.

Academic Board

The Academic Board of the University is chaired by the Vice-Chancellor and comprises representatives of both the academic and related areas of the University, a proportion of whom are elected representatives. The Academic Board is responsible for:

- general issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students; the appointment and removal of internal and external examiners; policies and procedures for assessment and examination of the academic performance of students; the content of the curriculum; academic standards and the validation and review of courses; the procedures for the award of qualifications and honorary academic titles; and the procedures for the exclusion of students for academic reasons

- considering the development of the academic activities of the University and the resources needed to support them and for advising the Vice-Chancellor and the Board of Governors thereon
- advising on such other matters as the Board of Governors or the Vice-Chancellor may refer to the Academic Board.

Internal Control

The key elements of the University's systems of internal financial control, which are designed to discharge the responsibilities of the Board of Governors, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash-flow budgets
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and quarterly updates of the forecast outturn
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Finance and Resources Committee and the Board of Governors
- a professional internal audit team whose annual programme is approved by the Audit Committee.

Any systems of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.



Charitable status

The University is an Exempt Charity as defined by the Charities Act 2011. From June 2010, OfS is the principal regulator for exempt Charities, and these financial statements are prepared in accordance with the provisions of the OfS. Where activities undertaken by the University may fall outside the terms of its charitable status, these are undertaken through Oxford Brookes Enterprises Limited. The majority of the profits of that company are gift aided annually to the University. All the activities operated directly by the University are of a charitable nature and as such not liable to corporation tax.

Responsibilities of the University's Board of Governors in the Preparation of the Financial Statements

In accordance with the Education Reform Act 1988, the Board of Governors of Oxford Brookes University ('the Board') is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the 'carried forward' powers and duties of previous legislation (Education Reform Act 1988, Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students, the Terms and conditions of funding for higher education institutions issued by the Office for Students, the Terms and conditions of Research England Grant (and prior to April 2018, the Memorandum of Assurance and Accountability previously agreed with HEFCE), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, and applicable United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, as well as reflecting current best practice in public sector corporate governance. In addition, under the terms and conditions of funding for higher education institutions issued by the Office for Students (and prior to April 2018 the Memorandum of Assurance and Accountability agreed with HEFCE), the Board, through its designated office-holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the institutional surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board has to ensure that:

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

The Board has taken reasonable steps to ensure the University:

- has a robust and comprehensive system of risk management, control and corporate governance. This includes arrangements for the prevention and detection of corruption, fraud, bribery and irregularities.
- has regular, reliable, timely and adequate information to monitor performance and track the use of public funds.
- Plans and manages its activities to remain sustainable and financially viable.
- Informs the Office for Students of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the University and the Office for Students.
- Uses public funds for proper purposes and seeks to achieve value for money from public funds.
- Complies with the mandatory requirements relating to audit and financial reporting, set out in the Office for Students Audit Code of Practice and in the Office for Students annual accounts direction.

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



information and to establish that the University's auditors are aware of that information.

The Board of Governors are responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Disclosure of information to auditors

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

Risk Management

The University's strategic risk management process continues to provide effective systems for the identification of the major strategic and financial risks facing the University. During 2017/18 the VCG, Audit Committee and Board of Governors monitored the four highest level strategic risks whilst other risks continued to be managed as part of the established management arrangements.

The key financial risks which materialised in the year had been identified in the financial risk and contingency workshops held in May. No significant risks materialised that had not been identified through the risk management process. The key elements of the University's approach during the year, designed to discharge the responsibilities of the Board of Governors were:

- a review of the University's approach and attitude to risk. This included active participation from senior management and the Board of Governors
- two workshops to identify evaluate and categorise by severity, risks which impacted on the achievement of strategic objectives
- the production of a new risk register
- the development of risk improvement plans to address the highest categories of risk and the confirmation of the delegation of responsibility to manage the less significant risks
- regular monitoring by the VCG of the risk register and of the implementation of improvement plans for the four highest severity risks



Leslie Morphy
Chair of Governors
23 November 2018

- regular meetings of the Risk Management Working Group, a small group of senior managers, chaired by the Registrar and Chief Operating Officer, to review the output of the risk management process and to consider improvements and developments to the process itself and the development of additional risk management procedures at an operational level. The Group has no delegated authority itself but provides an effective forum to allow the Registrar and the Director of Finance and Legal Services to fulfil their responsibilities
- regular reports both to the Board and the Audit Committee on the development of the process, the most severe risks and progress with improvement plans
- high level involvement and support which included the Vice-Chancellor taking an active part in one of the risk workshops and chairing the VCG which considered the risk register and improvement plans and other reports on key aspects of the University's performance. Several members of the VCG and most Directors took an active part in at least one of the various workshops
- that the Internal Audit team based their plan of work on the University's risk analysis, modified by their assessment. In addition, the Internal Audit Team reviewed the University's system of risk management
- a workshop convened to specifically review the main risks to the University's financial plans, and to predetermine what actions might be taken if certain events occurred
- a series of workshops to produce new risk registers and improvement plans for each directorate.

Review of the effectiveness of internal control and risk management

At its meeting in November 2018 the Board of Governors consider the effectiveness of the arrangements for internal control and risk management that have been in place for the financial year to 31 July 2018 and up to the date of signing the annual financial statements. The Board of Governors came to a conclusion, based upon the Annual Report of the Audit Committee and other internal audit and management assurances, regarding whether the arrangements in place were satisfactory to provide effective internal control and risk management throughout this time. The conclusion reached at the meeting was one of adequate assurance.

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



Professor Alistair Fitt
Vice-Chancellor
23 November 2018

Independent Auditors' Report

Opinion

We have audited the financial statements of Oxford Brookes University ('the parent institution') and its subsidiary (the 'group') for the year ended 31 July 2018] which comprise the Consolidated Statement of Comprehensive Income and Expenditure Account, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance sheets, Consolidated Cash Flow Statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the group's and of the parent institution's affairs as at 31 July 2018, and of the Group's and parent institution's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report set out on pages 3 to 22 other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students Terms and conditions of funding for higher education institutions

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by Oxford Brookes University have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the applicable Terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors' Responsibilities set out on pages 21 to 22, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Board of Governors of Oxford Brookes University, as a body, in accordance with the Articles of Government of the University. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them 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 Oxford Brookes University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst and Young LLP
28/11/2018

**Ernst & Young LLP
Birmingham**

The maintenance and integrity of the Oxford Brookes University web site is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

Consolidated and University statement of comprehensive income and expenditure for the year ended 31 July 2018

	Note	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	132,457	132,455	132,228	132,228
Funding body grants	2	15,149	15,149	15,209	15,209
Research grants and contracts	3	4,791	4,773	4,054	4,017
Other income	4	46,327	44,498	45,855	44,036
Investment income	5	210	210	228	228
Donations and endowments	6	643	643	532	532
Total income		199,577	197,728	198,106	196,250
Expenditure					
Staff costs	7	111,765	111,201	102,686	102,032
Other operating expenses	10	67,881	66,613	64,865	63,679
Depreciation, amortisation and impairment	11,12	21,846	21,829	15,755	15,739
Interest and other finance costs	8	9,451	9,451	8,823	8,823
Total expenditure	9	210,943	209,094	192,129	190,273
(Deficit)/Surplus before other gains and losses		(11,366)	(11,366)	5,977	5,977
(Loss) on disposal of fixed assets	12	(623)	(623)	(310)	(310)
(Deficit)/Surplus before tax		(11,989)	(11,989)	5,667	5,667
Taxation		-	-	-	-
(Deficit)/Surplus for the year		(11,989)	(11,989)	5,667	5,667
Actuarial gain/(loss) in respect of pension schemes	29	44,211	44,211	(1,319)	(1,319)
Total comprehensive income/(expense) for the year		32,222	32,222	4,348	4,348
Represented by:					
Endowment comprehensive (expense) for the year		(94)	(94)	(105)	(105)
Restricted comprehensive income for the year		122	122	87	87
Unrestricted comprehensive income for the year		33,750	33,750	3,715	3,715
Revaluation reserve comprehensive income for the year		(1,556)	(1,556)	651	651
Attributable to the University		32,222	32,222	4,348	4,348
Attributable to the non-controlling interest		-	-	-	-
		32,222	32,222	4,348	4,348

All items of income and expenditure relate to continuing activities

Consolidated and University statement of change in reserves for the year ended 31 July 2018

Consolidated	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2016	1,704	722	29,863	103,542	135,831
Deficit from the income and expenditure statement	(105)	87	3,715	-	3,697
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	651	(651)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive (expense)/income for the year	(105)	87	4,366	(651)	3,697
Balance at 1 August 2017	1,599	809	34,229	102,891	139,528
Surplus/(deficit) from the income and expenditure statement	(94)	120	32,194	-	32,220
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	1,556	(1,556)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(94)	120	33,750	(1,556)	32,220
Balance at 31 July 2018	1,505	929	67,979	101,335	171,748

University	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2016	1,704	722	29,770	103,542	135,738
Deficit from the income and expenditure statement	(105)	87	3,715	-	3,697
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	651	(651)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	(105)	87	4,366	(651)	3,697
Balance at 1 August 2017	1,599	809	34,136	102,891	139,435
Deficit from the income and expenditure statement	(94)	122	32,194	-	32,222
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	1,556	(1,556)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive expense for the year	(94)	122	33,750	(1,556)	32,222
Balance at 31 July 2018	1,505	931	67,886	101,335	171,657

Consolidated and University balance sheets as at 31 July 2018

	Note	As at 31 July 2018		As at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	1,681	1,681	1,664	1,664
Fixed assets	12	413,607	413,083	410,302	409,762
Investments	14	104	554	104	554
		415,392	415,318	412,070	411,980
Current assets					
Stock	15	145	119	128	110
Trade and other receivables	16	10,148	11,491	9,840	10,724
Investments	17	5,000	5,000	15,000	15,000
Cash and cash equivalents	24	27,932	26,584	24,883	23,925
		43,225	43,194	49,851	49,759
Less: Creditors: amounts falling due within one year	18	(34,873)	(34,859)	(34,911)	(34,822)
Net current assets		8,352	8,335	14,940	14,937
Total assets less current liabilities		423,744	423,653	427,010	426,917
Creditors: amounts falling due after more than one year	19	(150,369)	(150,369)	(152,011)	(152,011)
Provisions					
Pension provisions	21	(99,850)	(99,850)	(134,271)	(134,271)
Other provisions	21	(1,777)	(1,777)	(1,200)	(1,200)
Total net assets		171,748	171,657	139,528	139,435
Restricted Reserves					
Income and expenditure reserve – endowment reserve	22	1,505	1,505	1,599	1,599
Income and expenditure reserve – restricted reserve	23	929	931	809	809
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		67,979	67,886	34,229	34,136
Revaluation reserve		101,335	101,335	102,891	102,891
Total Reserves		171,748	171,657	139,528	139,435

The financial statements on pages 25 to 51 were approved by the Board of Directors on 23 November 2018 and signed on its behalf by:



Leslie Morphy
Chair of Governors



Professor Alistair Fitt
Vice-Chancellor

Consolidated cash flow statement for the year ended 31 July 2018

	Note	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		(11,989)	5,667
Adjustment for non-cash items			
Depreciation	12	15,896	14,429
Amortisation of intangibles	11	1,100	1,326
Impairment of fixed assets	12	4,850	-
Loss on disposal of fixed assets	12	623	310
Loss on disposal of investment	14	-	11
Release revaluation reserve		-	(651)
Service concession lease premium	13	(125)	(125)
Decrease/(increase) in stock	15	(17)	17
(Increase) in debtors		(306)	(1,413)
Increase in creditors		3,191	587
Increase in pension provision	21	9,790	7,668
Increase in general provision	21	577	1,200
Adjustment for investing or financing activities			
Investment income	5	(210)	(228)
Interest payable	8	5,723	5,754
Endowment income		(87)	(160)
Release capital grant		(1,771)	(1,742)
Net cash inflow from operating activities		<u>27,245</u>	<u>32,650</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	1,074
Capital grants receipts		1,610	1,412
Investment income		212	257
Payments made to acquire fixed assets		(22,192)	(35,437)
Payments made to acquire intangible assets		(3,763)	(3,077)
Withdrawal of deposits		10,000	-
Net cash outflow from investing activities		<u>(14,133)</u>	<u>(35,771)</u>
Cash flows from financing activities			
Interest paid		(5,568)	(5,614)
Interest element of finance lease and service concession payments		(154)	(144)
Endowment cash received		87	160
Repayments of amounts borrowed		(1,501)	(1,214)
Capital element of finance lease and service concession payments	13	(2,927)	(2,822)
Net cash outflow from financing activities		<u>(10,063)</u>	<u>(9,634)</u>
Decrease in cash and cash equivalents in the year		<u>(3,049)</u>	<u>(12,755)</u>
Cash and cash equivalents at beginning of the year	24	24,883	37,638
Cash and cash equivalents at end of the year	24	27,932	24,883

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

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

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

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

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

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

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

Donations and endowments

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

released to general reserves through a reserve transfer.

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

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

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

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

Capital grants

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

Accounting for retirement benefits

Retirement benefits to employees of the University are provided by defined benefit schemes that are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme (TPS), the Universities' Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) administered by Oxfordshire County Council. These are all independently administered schemes. Pension costs are assessed on the latest actuarial valuations of the scheme and are accounted for on the basis of charging the cost of providing pensions over the year during which the University benefits from the employees' services.

The TPS is a multi-employer pension scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as defined contribution schemes and the contributions are recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from the employee service in the year is charged to staff costs and the interest on the liabilities is charged to interest and other finance costs to the operating surplus in The Consolidated Statement of Comprehensive Income and Expenditure. Actuarial gains and losses are also recognised in The Consolidated Statement of Comprehensive Income and Expenditure.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that

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

Employment benefits

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

Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Operating leases

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

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses with the following exceptions:

1. Freehold land had been revalued to fair value on the date of transition to the 2015 FE HE SORP. Going forward the land is measured on the basis of deemed cost, being the revalued amount at the date (31 July 2014) of the revaluation.
2. Freehold and leasehold properties vested in the University under the Education Reform Act 1988, at valuation. The valuation as at 1 April 1991 was carried out by an independent firm of chartered surveyors and rating consultants on the basis of depreciated replacement cost in the case of buildings, except where a market value was more appropriate, and current use market value in the case of land. Going forward the valuation on conversion is treated as deemed cost in the financial statements.

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

All assets are regularly reviewed for indications of impairment. Where there is impairment the difference between the assessed recoverable value of the building and its written down cost is charged to the Consolidated Statement of Comprehensive Income and Expenditure.

Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Freehold buildings	10 to 50 years
Long Leasehold property	The lower of the length of the lease, the life of the building, or 50 years

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than £10,000 is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Equipment	3 to 10 years
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Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Intangible assets

Intangible assets are amortised over 3-20 years representing the remaining estimated economic life of the assets.

Impairment

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

Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a new basis, or to realise the asset and settle the liability simultaneously.

The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS102 Section 11.8. All financial assets and liabilities are initially recognised at the transaction price plus any additional directly attributable transaction costs. They are subsequently measured as follows:

- *Investments*
Investments are measured at cost less impairment.
- *Short-term debtors and creditors*
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.
- *Loans*
Loans which are basic financial instruments are initially recorded at transaction price, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

Investment in subsidiary

Investments in subsidiaries are carried at cost in the University's Financial Statements.

Stock

Goods held for resale are included at the lower of cost and net realisable value. Library books and other consumable stocks held by academic departments are excluded.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

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

Taxation

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

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation. The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added tax charged by suppliers to the University.

Reserves

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

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

Unrestricted reserves are balances where there is no restriction on the use of funds.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Defined benefit pension schemes (note 28)

The University has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, in liaison with the actuarial valuer, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The USS deficit has been calculated based in the 2014 actuarial valuation, the 2017 valuation has not formally been completed, but it is expected will result in significant increases in contributions to the scheme. This is discussed in more detail in note 28c.

Service Concession (note 13)

The University has one service concession arrangement; judgement has been used in the determining when the infrastructure and related liability should be recognised. The contract is until 2050, but Oxford Brookes is able to nominate rooms yearly, with the option of nominating 0-100%, there is the following clause in the agreement.

If Oxford Brookes University does not reserve 100% of the 750 rooms, then Oxford Brookes University cannot provide accommodation for more than 46% of the student population in each academic year, over the term of the contract.

The University has made the decision to include a one year asset and associated liability rather than an asset and liability over the life of the contract as it nominates rooms one year at a time and could provide accommodation for the students via third parties if necessary.

Revaluation of Land

In the 2016/17 financial statements the University performed a one off revaluation of its land on transition to FRS 102. The District Valuation office carried out the revaluation on the basis of Fair Value which is defined as:

The amount for which an asset could be exchanged, a liability settled, or equity instrument granted, between knowledgeable, willing parties in an arms length transaction.

The valuations were prepared on an appropriate basis in accordance with the RICS valuation – Professional Standards 2014 and are suitable for financial statements purposes.

Where land is associated with a building the valuer has apportioned the land on a basis of overall value of the property. The valuer has described that the apportionment between land value and buildings value should be 40%:60%. For campus assets the valuer applied depreciated cost methodology. For student residences assets, the valuer applied fair value methodology by reference to market value.

Notes to the financial statements

1 Tuition fees and education contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Full-time home and EU undergraduate students	84,957	84,957	78,992	78,992
Part-time home and EU undergraduate students	999	999	1,583	1,583
Full-time home and EU postgraduate students	6,702	6,702	5,901	5,901
Part-time home and EU postgraduate students	3,965	3,966	3,497	3,497
International students	22,110	22,110	24,189	24,189
Health Authorities	10,614	10,614	14,839	14,839
Other course fees	1,366	1,363	1,197	1,197
Research student tuition fees	1,741	1,741	1,954	1,954
Support Grants	3	3	76	76
	132,457	132,455	132,228	132,228

Full time undergraduate students charged home fees are shown net of fee waivers relating to the £9k fee package of £76k (2016-17: £345k), given the change to bursaries from fee waivers. Fee waivers were available to students starting their course in 2012 and 2013.

2 Funding body grants

Recurrent grant

Higher Education Funding Council	10,173	10,173	10,713	10,713
Skills Funding Agency	374	374	409	409
National College for Teaching and Leadership	56	56	84	84

Specific grants

Higher Education Funding Council	1,754	1,754	810	810
Higher Education Innovation Fund	818	818	804	804
Release of Capital grant	1,771	1,771	1,742	1,742
Other	203	203	647	647
	15,149	15,149	15,209	15,209

3 Research grants and contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research Councils	1,235	1,235	878	878
UK-based charities	1,290	1,290	1,157	1,157
UK Central Government, Local Authorities	787	769	511	474
UK Industry, commerce, Public Corporations	419	419	276	276
European Commission	779	779	1,002	1,002
EU other	146	146	70	70
Other overseas	135	135	118	118
Other sources	-	-	42	42
	4,791	4,773	4,054	4,017

4 Other income

Residences, catering and conferences	29,340	28,956	29,336	29,170
Other income	16,987	15,542	16,519	14,866
	46,327	44,498	45,855	44,036

5 Investment income

Investment income on endowments	8	8	12	12
Investment income on restricted reserves	-	-	1	1
Other investment income	202	202	215	215
	210	210	228	228

6 Donations and endowments

New endowments	87	87	160	160
Donations with restrictions	460	460	311	311
Unrestricted donations	96	96	61	61
	643	643	532	532

7 Staff costs

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff Costs :	£'000	£'000	£'000	£'000
Salaries	80,226	79,663	77,167	76,515
Social security costs	8,517	8,516	7,939	7,938
Severance payments	3,713	3,713	422	422
Movement on USS provision	108	108	(62)	(62)
Movement on LGPS provision	5,986	5,986	4,664	4,664
Other pension costs	13,215	13,215	12,556	12,555
Total	111,765	111,201	102,686	102,032

In 2018 140 (2017 31) members of staff received severance payments

	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Emoluments of the Vice-Chancellor:		
Salary		
Professor Alistair Fitt	233,300	233,300
Pension contributions to USS		
Professor Alistair Fitt	4,899	4,899
	238,199	238,199

In addition to the salary paid to the Vice Chancellor the University pays his subscription to the Athenaeum Club, Pall Mall, £2,575 (2017 £2,490)

Justification of Vice-Chancellor's salary

In determining the remuneration of the Vice-Chancellor, the practice of the Remuneration Committee has been to position the Vice-Chancellor's salary at or around the median basic pay for all HE institutions with a similar turnover and subject to the factors below

- proportionate pay and the general level of pay rises in the university sector
- comparability with staff in other universities based on comparative information (such as CUC and UCEA surveys);
- the performance in post of the Vice-Chancellor as reported by the Chair of Governors based on a review against the year's objectives, and the report of the Vice Chancellor on the performance of other posts;
- the need to recruit and retain well qualified staff;
- the views of the senior staff and, if requested, by those staff, their representatives; and
- the University's charitable purposes and, in particular, the Good Pay Guide for Charities and Social Enterprises issued by the Association of Chief Executives of Voluntary Organisations.

The Vice-Chancellor declined to accept the recommended salary increase to £244,000pa in July 2017.

Median Pay Ratios

- Basic pay ratio 8.1:1
- Total pay ratio 8.4:1

The pay ratios include atypical workers. The University has opted to exclude agency workers due to the required information not being readily available.

7 Staff costs continued

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

	Year ended 31 July 2018	Year ended 31 July 2017
	No.	No.
£100,000 to £104,999	-	1
£105,000 to £109,999	2	2
£110,000 to £114,999	2	-
£115,000 to £119,999	-	-
£120,000 to £124,999	2	2
£125,000 to £129,999	1	5
£130,000 to £134,999	4	-
£135,000 to £139,999	1	-
£140,000 to £144,999	-	1
£155,000 to £159,999	1	-
£235,000 to £239,999	1	1
	<u>14</u>	<u>12</u>

Average staff numbers by major category :

	No.	No.
Teaching and research including management	936	879
Associate lecturers	878	855
Support	1,707	1,629
	<u>3,521</u>	<u>3,363</u>

£93k compensation paid (2017:£107k) for loss of office payable to a senior post-holder:

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

Key management personnel at Oxford Brookes University are members of the Vice Chancellor's Group

	Year ended 31 July 2018	Year ended 31 July 2017
	£'000	£'000
Key management personnel compensation	1,392	1,547

Emoluments of Governors

- The remuneration received by Governors, who are members of staff of the University, is wholly in respect of their duties as members of staff
- The non-staff Governors received only directly reimbursable expenses arising out of the performance of their duties. These amounted to £2,166 (2017: £1,491).

Related Party Transactions

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

Professor Alistair Fitt
Vice-Chancellor of Oxford Brookes University:
Employed by Oxford Brookes University.

Brendan Casey
Registrar and Chief Operating Officer,
Senior Management Team
Trustee of Oxford Brookes Student Union.

During the year the Institution made awards of £1,090k (2017:£1,047k) to the Students' Union.

Purchase transactions of £98k (2017:£78k) during the year and no amount outstanding at 31st July 2018 (2017:nil).

Sales transactions of £720k (2017:£649k) during the year, £0.7k were outstanding at 31st July 2018 (2017:nil).

Director of Southern Universities Management Services

Purchase transactions of £52k (2017:£54k) during the year and no amount outstanding at 31st July 2018 (2017:nil).

Martin Howell, Independent Governor
Chairman of Oxford Health NHS Foundation Trust

Purchase transactions of £42k (2017:£82k) during the year, and no amount were outstanding at 31st July 2018 (2017:nil).

Sales transactions of £79k (2017:£53k) with Oxford Health NHS foundation Trust during the year and £11k were outstanding at 31st July 2018 (2017:£17k).

Katherine Ryan, Governor
Head teacher Mathew Arnold School Oxford

Purchase transactions of £1.5k (2016:nil) during the year and £1.2k were outstanding at 31st July 2018 (2017:nil).

Sales of £24k (2017:£7k) during the year, and no amount were outstanding at 31st July 2018 (2017:£2k).

Susan Howdle, Co-opted Member
Chair of the Westminster College Oxford Trust Ltd

Purchase transactions with Westminster College Oxford Trust Ltd of £420k (2017: £420k) during the year. No amount outstanding at 31st July 2018 (2017: nil)

Simon Jones, Governor
Trustee Director at Eduserv

Purchase transactions of £112k (2017:£96k) during the year, and no amount were outstanding at 31st July 2018 (2017:nil).

There were no sales transactions during the year.

Lucy Weston, Governor
Associate Non-Executive Director, Oxford Health NHS Foundation Trust

Purchase transactions of £42k (2017: £82k) during the year, and no amount were outstanding at 31st July 2018 (2017: nil).

Sales transactions of £79k (2017: £53k) with Oxford Health NHS Foundation Trust during the year and £11k were outstanding at 31st July 2018 (2017: £17k).

Swindon UTC Ltd

Oxford Brookes University holds 50% of the voting rights in Swindon UTC Ltd, but does not receive any economic benefit. There was a purchase transaction of £0.8k with no outstanding amount and there were no sales transactions during the year.

8 Interest and other finance costs

Notes	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	5,569	5,569	5,610	5,610
Finance lease interest (including service concession finance charge)	13 154	154	144	144
Net charge on pension scheme	29 3,728	3,728	3,069	3,069
	9,451	9,451	8,823	8,823

9 Analysis of total expenditure by activity

Academic and related expenditure	83,848	83,388	79,880	79,564
Administration and central services	69,556	69,215	60,729	60,424
Premises (including service concession cost)	28,586	28,559	20,108	20,067
Residences, catering and conferences	21,879	21,764	23,100	22,974
Research grants and contracts	4,793	3,991	6,266	5,302
Other expenses	2,281	2,177	2,046	1,942
	210,943	209,094	192,129	190,273

10 Other operating expenses

Premises related:

Maintenance	10,952	10,907	10,329	10,297
Rent	4,631	4,594	4,143	4,111
Books, publications and periodicals	291	290	404	404
Information technology related equipment; supplies and consumables	3,477	3,473	3,103	3,099
Other equipment supplies and consumables	2,029	2,013	2,398	2,345
Food and catering supplies and services	3,870	3,865	3,540	3,436
Stationery, photocopying and printing	1,494	1,334	1,496	1,526
Temporary staff, professional services and consultants	9,473	8,896	6,634	6,059
Other hired and contracted services	8,474	8,474	9,167	9,167
Examiners' fees	76	71	172	172
Communications and marketing	519	472	609	521
Placements, teaching practice and educational visits	324	324	602	602
Conferences, training and tuition fees	1,464	1,437	1,091	1,075
Subscriptions and copyright fees	4,218	4,210	4,275	4,263
Transport and travel related	3,197	3,056	3,025	2,934
Student Union grant	1,090	1,090	1,047	1,047
External auditors' remuneration in respect of audit services	89	86	76	74
External auditors' remuneration in respect of other services	3	-	-	-
Internal auditors' remuneration	103	103	111	111
Insurance	449	449	427	427
Bursaries, scholarships and other financial support to student	7,432	7,432	7,369	7,369
Other costs	4,226	4,037	4,847	4,640
	67,881	66,613	64,865	63,679

11 Intangible assets: Software

	Consolidated	University
	£'000	£'000
Cost or valuation		
At 1 August 2017	6,428	6,387
Transfers	655	655
Additions in the year	462	462
Disposals	-	-
At 31 July 2018	<u>7,545</u>	<u>7,504</u>
Accumulated amortisation		
At 1 August 2017	4,764	4,723
Charge for the year	1,100	1,100
Disposals	-	-
At 31 July 2018	<u>5,864</u>	<u>5,823</u>
Net book value		
At 31 July 2018	<u>1,681</u>	<u>1,681</u>
At 31 July 2017	<u>1,664</u>	<u>1,664</u>

The additions during the year relates to the purchase of software intangible assets. The amortisation period is between 3-20 years.

12 Fixed assets

Consolidated

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Service concession arrangement Land and Buildings (Note 14) £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation						
At 1 August 2017	411,753	45,666	2,927	28,838	42,618	531,802
Additions	9,324	(251)	3,028	3,659	9,569	25,329
Transfers	37,880	-	-	693	(39,228)	(655)
Impairments	(8,932)	(3,077)	-	-	-	(12,009)
Disposals	(3,815)	(85)	(2,927)	(5,374)	(74)	(12,275)
At 31 July 2018	446,210	42,253	3,028	27,816	12,885	532,192
Consisting of valuation as at:						
31 July 2014	78,676	-	-	-	-	78,676
Cost	367,534	42,253	3,028	27,816	12,885	453,516
	446,210	42,253	3,028	27,816	12,885	532,192
Depreciation						
At 1 August 2017	84,187	14,489	-	22,824	-	121,500
Charge for the year	8,870	1,353	2,927	2,746	-	15,896
Impairments	(5,830)	(1,329)	-	-	-	(7,159)
Disposals	(3,293)	(85)	(2,927)	(5,347)	-	(11,652)
At 31 July 2018	83,934	14,428	-	20,223	-	118,585
Net book value						
At 31 July 2018	362,275	27,825	3,028	7,593	12,885	413,607
At 31 July 2017	372,566	31,177	2,927	6,014	42,618	410,302
University						
Cost and valuation						
At 1 August 2017	410,935	45,666	2,927	28,462	42,618	530,608
Additions	9,324	(251)	3,028	3,659	9,569	25,329
Transfers	37,880	-	-	693	(39,228)	(655)
Impairments	(8,932)	(3,077)	-	-	-	(12,009)
Disposals	(3,815)	(85)	(2,927)	(5,348)	(74)	(12,249)
At 31 July 2018	445,392	42,253	3,028	27,466	12,885	531,024
Consisting of valuation as at:						
31 July 2014	78,676	-	-	-	-	78,676
Cost	366,716	42,253	3,028	27,466	12,885	452,348
	445,392	42,253	3,028	27,466	12,885	531,024
Depreciation						
At 1 August 2017	83,909	14,489	-	22,448	-	120,846
Charge for the year	8,854	1,353	2,297	2,746	-	15,880
Impairments	(5,830)	(1,329)	-	-	-	(7,159)
Disposals	(3,293)	(85)	(2,927)	(5,321)	-	(11,626)
At 31 July 2018	83,640	14,428	-	19,873	-	117,941
Net book value						
At 31 July 2018	361,751	27,825	3,028	7,593	12,885	413,083
At 31 July 2017	327,026	31,177	2,927	6,014	42,618	409,762

At 31 July 2018, freehold land and buildings included £108,823k (2017 £108,823k) in respect of freehold land and is not depreciated. It is the University's policy not to capitalise loan interest.

Leased assets included above:

Net Book Value:

At 31 July 2017	-	31,177	2,927	150	-	34,254
At 31 July 2018	-	27,825	3,028	-	-	30,853

12 Fixed assets continued

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	Year Ended 2018 £'000	Year Ended 2017 £'000
Cost	600	600
Accumulated depreciation	(450)	(300)
Charge for year	(150)	(150)
Net book value	-	150

The following impairments occurred during the year

£3,103k relating to buildings at the Clive Booth Hall of residence which are due to be demolished in order to improve the quality and quantity of the residences.

£1,747k relating to the Helena Kennedy building which is due to be demolished and replaced with a new facility to enable the relocation of part of the Faculty of Technology, Design and Environment from the Wheatley Campus.

12 Fixed assets continued

Revaluations

- As a result of the Education Reform Act 1988, freehold and leasehold properties occupied by the University together with the equipment contained therein were vested in the University with effect from 1st April 1989. A professional valuation was carried out in 1991 on the inherited buildings. The valuation, which was at 1st April 1991, was on the basis of depreciated replacement costs in the case of buildings except where a market value was more appropriate and current use market value in the case of land. The total valuation amounted to £64,380k.
- On transition to the FE HE SORP the University has performed a one-off revaluation of its freehold land to fair value as at 31 July 2014. This revaluation increased the value of the land by a net £73,565k (revaluation of £79,034k less impairment of £5,469k) from £33,119k to £106,684k.

The following land areas were revalued.

	£'000
Student accommodation	38,586
Headington, Gipsy Lane site	7,215
Wheatley campus	27,764
Total	73,565

Depreciation, amortisation and impairments

	£'000
Fixed assets accumulated depreciation charge for the year	15,896
Intangible assets (software) accumulated amortisation charge for the year	1,100
Impairments	4,850
Total depreciation, amortisation and impairments	21,846

13 Service Concession Arrangements

The University has one on Balance Sheet arrangement where service delivery has commenced.

In 2001 the University entered into a 32 year contract with a third party provider for the provision and maintenance of Cheney Hall of residence, providing accommodation to 750 students. On 31 July 2009 the lease was extended by 17 years to 31 July 2050.

The University received a lease premium of £5.2m, which is amortised over the remaining life of the lease.

The University nominates the number of rooms it requires on a yearly basis; it has the option to reserve all or none of the rooms

The assets and liabilities relating to one year of this scheme are therefore recognised on the University's Balance Sheet.

Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31 July 2018 is £3,028k (2017: £2,927k).

Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2018 were £3,028k (2017: £2,927k). The sum of £2,927k was repaid during the year.

Future commitments

The following table analyses the University's future commitments in relation to service concession arrangements.

	Payable in 1 year £'000
Liability repayments	3,028
Finance Charge	159
Service Charge	1,496
Total	4,683

Lease Premium

The value of the remaining unamortised lease premium in long term liabilities as at 31 July 2018 was £3,875k (2017: £4,000k). £125k was released in the year to 31st July 2018 (2017: £125k)

14 Non-Current Investments

Consolidated	Subsidiary companies £'000	Other fixed assets investments £'000	Total £'000
At 1 August 2017	-	104	104
At 31 July 2018	-	104	104
	£'000	£'000	£'000
University			
At 1 August 2017	450	104	554
At 31 July 2018	450	104	554
Other non-current investments consist of :			Consolidated and University
Oxford Expression Technologies			70
CVCP Properties plc			34
			<u>104</u>

15 Stock

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Goods held for resale	145	119	128	110
	145	119	<u>128</u>	<u>110</u>

16 Trade and other receivables

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	797	797	452	434
Other trade receivables	3,243	3,020	4,052	3,650
Other receivables	2,041	2,006	2,196	2,152
Prepayments and accrued income	4,068	4,051	3,140	3,129
Amounts due from subsidiary companies	-	1,617	-	1,359
	10,148	11,491	9,840	10,724

17 Current investments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	5,000	5,000	15,000	15,000
	5,000	5,000	15,000	15,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2018 the weighted average interest rate of these fixed rate deposits was 0.6% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 95 days. The fair value of these deposits was not materially different from the book value.

18 Creditors: amounts falling due within one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	1,523	1,523	1,500	1,500
Obligations under finance leases	-	-	150	150
Service concession arrangements (note 13)	3,028	3,028	2,927	2,927
Trade payables	1,999	1,890	1,877	1,844
Social security and other taxation payable	2,518	2,469	2,145	2,188
Accruals and deferred income	21,533	21,677	21,568	21,489
Other creditors	4,272	4,272	4,744	4,724
	34,873	34,859	34,911	34,822

19 Creditors: amounts falling due after more than one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	21,275	21,275	21,268	21,268
Lease premium	3,875	3,875	4,000	4,000
Unsecured loans	125,219	125,219	126,743	126,743
	150,369	150,369	152,011	152,011

Analysis of unsecured loans:

Due within one year or on demand (Note 19)	1,523	1,523	1,500	1,500
Due between one and two years	3,145	3,145	3,056	3,056
Due between two and five years	5,124	5,124	4,946	4,946
Due in five years or more	116,950	116,950	117,241	117,241
Due after more than one year	125,219	125,219	126,743	126,743
Total unsecured loans	126,742	126,742	128,243	128,243

The University's long-term loans are currently held with Barclays, Lloyds, Santander and private placements with Babson, PRICOA and Allianz. The University also has a revolving credit facility for £25,000k, this was undrawn at the 31 July 2018.

The loans are unsecured, of the bank loans outstanding £6,000k is fixed at a rate of 5.3% until 1st August 2022, when it reverts back to 4.99%, £6.100k is fixed at 5.97%, £6,100k is fixed at 5.91%, £6,100k at 5.8%, £12,500k is fixed at 5.66% until 1st August 2022 when it reverts back to 5.34%, £6,300k is an RPI inflation linked loan, £9,000k is fixed at 3.99%, £11,000k is fixed at 4.06% and £12,500k is fixed at 5.02%.

The private placements outstanding, £10,000k is fixed at 3.53% for 15 years, £15,000k is fixed at 3.76% for 20 years, £25,000k is fixed at 3.91% for 25 years and £10,000k is fixed at 3.94% for 30 years.

20 Financial instruments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets				
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
Other investments	104	104	104	104
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade and other receivables	7,178	8,538	7,732	8,628
	7,282	8,642	7,836	8,732
Financial liabilities measured at amortised cost				
Loans	126,742	126,742	128,243	128,243
Trade and other payables	18,136	18,381	17,746	17,789
	144,878	145,123	145,989	146,032

21 Pension and other provisions

Consolidated	Obligation to fund deficit on USS Pension	Pension scheme provision under FRS102 (note 29b)	Total Pensions Provisions	HESA Provision	Total Other
	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	1,252	133,019	134,271	1,200	1,200
Utilised in year	(75)	(34,529)	(34,604)	(1,200)	(1,200)
Additions in 2017/18	183	-	183	1,777	1,777
At 31 July 2018	1,360	98,490	99,850	1,777	1,777

University	Obligation to fund deficit on USS Pension	Pension scheme provision under FRS102 (note 29b)	Total Pensions Provisions	HESA Provision	Total Other
	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	1,252	133,019	134,271	1,200	1,200
Utilised in year	(75)	(34,529)	(34,604)	(1,200)	(1,200)
Additions in 2017/18	183	-	183	1,777	1,777
At 31 July 2018	1,360	98,490	99,850	1,777	1,777

USS deficit

The obligation to fund the past deficit on the University's' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

HESA Provision

The provision relates to a potential clawback of funding based on an overstatement of student numbers in the 16/17 and 17/18 HESA return.

22 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Expendable endowments	
	2018	2017
	Total	Total
	£'000	£'000
Balance at 1 August 2017	1,599	1,704
New endowments	87	160
Investment income	8	7
Expenditure	(189)	(272)
Total endowment comprehensive income for the year	(94)	(105)
At 31 July 2018	1,505	1,599
Analysis by asset		
Cash & cash equivalents	1,505	1,599
	1,505	1,599

23 Restricted Reserves

Reserves with restrictions are as follows:

	Donations	
	2018	2017
	Total	Total
	£'000	£'000
Balances at 1 August 2017	809	722
New donations	460	312
Expenditure	(338)	(225)
Total restricted comprehensive income for the year	87	87
At 31 July 2018	931	809

24 Cash and cash equivalents

	At 1 August 2017	Cash Flows	At 31 July 2018
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	24,883	3,049	27,932
	24,883	3,049	27,932

25 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Authorised and contracted	6,679	6,679	4,013	4,013
Authorised but not contracted	18,069	18,069	33,593	33,593
	24,748	24,748	37,606	37,606

26 Lease obligations

Total rentals payable under operating leases:

	2018			Total	2017
	Land and Buildings	Plant and Machinery	Other leases		
	£'000	£'000	£'000	£'000	£'000
Payable during the year	3,946	-	3,855	7,801	7,034
Future minimum lease payments due:					
Not later than 1 year	4,030	-	3,855	7,885	4,692
Later than 1 year and not later than 5 years	3,596	-	1,765	5,361	7,625
Later than 5 years	14,542	-	-	14,542	11,657
Total lease payments due	22,168	-	5,620	27,788	23,974

27 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status	Note
Oxford Brookes Enterprises Ltd	Consultancy and Management of conference and related commercial facilities	100% owned	16
Oxford Brookes Services Ltd	Dormant	100% owned	

28 Events after the reporting date

Additional borrowing

On 2nd August 2018 the University received £75m of Private Placement Finance for investment in student residences; this was at a rate of 3.08%. During the year the bank covenants were reset to accommodate the additional borrowing.

USS deficit

Following an update from Universities UK, it is highly unlikely that there will any decision around the level of deficit contributions before the end of 2018. This is because consultation around the level of deficit contributions is not time-tabled in until December 2018. It is acknowledged that this is an ever-changing picture and therefore the narrative around the level of deficit in both financial statements notes and strategic report may need refreshing over the Autumn prior to finalising the financial statements. However, neither an adjusting post balance sheet event nor a non-adjusting post balance sheet event are anticipated in view of the fact that the deficit contributions will not be finalised before the end of 2018.

The back-stop date is February 2019 when USS is required to make a submission to the Pensions Regulator with details of the contributions they will be implementing. This is likely to be the time when the level of the USS deficit will need to be recalculated, thereby impacting an HEI's results for 2018/19.

Guaranteed minimum pensions

As a result of a High Court decision on 26 October 2018, pension schemes which have members with Guaranteed Minimum Pensions (GMPs) must take action to address inequalities in those GMPs if they were contracted-out of the State scheme between 1978 and 1997. The University considers it is likely that this ruling will impact all of the defined benefit schemes in which it is a participating employer and may result in the recognition of additional liabilities. As a consequence of this ruling, trustees of pension schemes will need to consider the integrity of their pension scheme data, the adjustments to benefits that may be necessary and any implications for scheme liabilities and funding. The High Court ruling on 26 October 2018 creates an obligation on that date for the Trustees to amend the scheme rules to reflect the consequences of the ruling. Therefore it is considered to be a non-adjusting event after the reporting period. The calculation of any additional liabilities will be a complex and lengthy process and as such the financial effect of any adjustment that may arise cannot be estimated at this stage. Any adjustment will be reflected in the Financial Statements for the year ended 31 July 2019.

29 Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Teachers' Pension Scheme England and Wales (TPS), for academic and related staff
- Local Government Pension Scheme (LGPS), for non-teaching staff
- Universities' Superannuation Scheme (USS), for staff who are already in the USS scheme when they join Oxford Brookes University

All schemes are defined-benefit schemes, the assets of which are held in separate trustee administered funds.

	Year Ended 31 July 18 £'000	Year Ended 31 July 17 £'000
TPS: contributions paid	5,124	4,864
LGPS:		
– contributions paid	7,354	6,820
– FRS102 Charge	5,986	4,664
USS		
– contributions paid	911	843
– FRS102	108	(62)
	19,483	17,129

29a Teachers' Pension Scheme (TPS)

A formal actuarial review of the TPS is undertaken by the Government Actuary not less than every four years. Contributions are paid by the University at the rate specified. The scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by Parliament. As from 1st January 2007, and as part of the cost sharing agreement, the contribution rate was assessed at 20.5% which translates to an employee contribution of 6.4% and an employer contribution of 14.1% payable.

Following the latest actuarial valuation that was carried out as at 31 March 2012, the valuation results specify the rate of employer contribution payable for the four year period from 1st April 2015 and the employer cost cap, both of which are to be set in regulations. The employer contribution rate payable from April 2015 has been set at 16.4% of pensionable pay, with an average employee contribution rate of 9.6%, giving a total contribution rate of 26%. Following agreement between the Department for Education and HM Treasury, the employer contribution rate was implemented on 1st September 2015. The employer contribution rate is based on the implementation period specified in the Directions and has not been adjusted for later implementation. In isolation, this will result in a small deficit at the next valuation.

The employer contribution rate is expected to be reassessed at the actuarial valuation to be carried out as at 31 March 2016 (and each subsequent four yearly valuation). The next revision to the employer contribution rate is expected to take effect from 1st April 2019. The financial position relative to the employer cost cap will also be reconsidered at each four yearly valuation.

Under the definitions set out in Section 28 of FRS 102, the TPS is a multi-employer defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds. As the University is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the statement of consolidated income in the year to which they relate. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of anticipated contribution rates.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest Actuarial Valuation	31 March 2014
Gross rate of return	5.06%
Real rate of return	3.00%
Long term salary growth	4.75% pa, 2.75% pa in excess of assumed CPI
Aggregated scheme assets	£176.6bn
Aggregated scheme liabilities	(£191.5bn)
During the year all employers paid the same contribution rate	16.48%
During the year all employee's' contribution varied dependent on time equivalent salary	between 7.4% and 11.7% members full

The value of pension payments made in year to the Teachers' Pension Scheme was £5,124k (2017: £4,864k).

29b Local Government Pension Scheme (Retirement Benefits) Disclosure for the accounting year ending 31 July 2018 Local Government Pension Scheme

Non-academic employees of the University can participate in the LGPS, a defined benefit scheme, with the assets held in separate trustee-administered funds.

The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2016 by a professionally qualified actuary.

During the accounting period, the University paid contributions to the pension scheme at the rate of 14.4% of pensionable salaries, plus a yearly deficiency charge of £1,733k from 1st April 2017 and £1,775k from 1st April 2018.

The employee rate was between 5.5 and 7.5% of pensionable salaries.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2018 by a qualified independent actuary.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2018	At 31 July 2017
	%pa	%pa
Price Inflation (RPI)	3.4	3.6
Price Inflation (CPI)	2.4	2.7
Rate of increase in salaries	3.5	3.9
Rate of increase of pensions in payment for LGPS members	2.4	2.7
Discount rate	2.8	2.7

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Pensioner Male	Non-pensioner Male (currently aged 45)	Pensioner Female	Non-pensioner Female (currently aged 45)
At 31 July 2017	23.4	25.6	25.5	27.8
At 31 July 2018	23.4	25.6	25.5	27.8

29b Local Government Pension Scheme continued

Scheme assets and expected rate of return for LGPS

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost have been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate.

The assets in the scheme were:

	Year ended 31 July 18 £'000	Year ended 31 July 17 £'000
Equities	70%	69%
Bonds	18%	20%
Property	7%	7%
Cash	5%	4%
Total	<u>258,066</u>	<u>229,501</u>

	31 July 18 % pa	31 July 17 % pa
Expected return	2.8	2.7
Total return on fund assets	22,870	32,068

	Year Ended 31 July 18 £'000	Year Ended 31 July 17 £'000
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Analysis of the amount shown in the balance sheet for LGPS:

Scheme assets	258,066	229,501
Scheme liabilities	<u>(356,556)</u>	<u>(362,520)</u>
Deficit in the scheme – net pension liability recorded within pension provisions (Note 21)	(98,490)	(133,019)

Current service cost	15,478	11,660
Total operating charge:	<u>15,478</u>	<u>11,660</u>

Analysis of the amount charged to interest payable/credited to other finance income for LGPS

Interest cost	9,945	7,848
Expected return on assets	<u>(6,249)</u>	<u>(4,835)</u>
Net charge to other finance income	3,696	3,013
Administration expenses	-	29
Total profit and loss charge before deduction for tax	<u>19,174</u>	<u>14,702</u>

The current service costs includes a transfer of £2,081k from Berkshire Pension fund in relation to employees transferred from Westminster College when the University took it over in 2000.

Cumulative actuarial loss recognised as other comprehensive income for LGPS

	At 31 July 2018 £'000	At 31 July 2017 £'000
Cumulative actuarial losses recognised at the start of the year	132,931	123,905
Cumulative actuarial losses recognised at the end of the year	98,439	132,931

29b Local Government Pension Scheme continued

Analysis of movement in the present value of LGPS liabilities

	Year to 31 July 18 £'000	Year to 31 July 17 £'000
Present value of LGPS liabilities at the start of the year	362,520	314,948
Current service cost (net of member contributions)	15,478	11,660
Interest cost	9,945	7,848
Actual member contributions (including notional contributions)	2,734	2,694
Actuarial loss/(gain)	(27,555)	28,795
Change in demographic assumptions	-	(228)
Actual benefit payments	(6,531)	(4,756)
Experience (gain)/loss on defined benefit obligation	(35)	1,559
Present value of LGPS liabilities at the end of the year	356,556	362,520

Analysis of movement in the fair value of scheme assets

	Year to 31 July 18 £'000	Year to 31 July 17 £'000
Fair value of assets at the start of the year	229,501	190,954
Return on assets less interest	16,621	27,233
Interest on assets	6,249	4,835
Other actuarial gains	-	1,574
Administration expenses	-	(29)
Actual contributions paid by University	9,492	6,996
Actual member contributions (including notional contributions)	2,734	2,694
Actual benefit payments	(6,531)	(4,756)
Fair value of scheme assets at the end of the year	258,066	229,501

LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

Remeasurements in other comprehensive income

	Year to 31 July 18 £'000	Year to 31 July 17 £'000
Return on fund assets in excess of interest	16,621	27,233
Other actuarial gains on assets	-	1,574
Change in financial assumptions	27,555	(28,795)
Change in demographic assumptions	-	228
Experience gain on defined benefit obligation	35	(1,559)
Remeasurement of the defined liability	44,211	(1,319)

29c The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to the University and members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. Throughout the current and preceding years, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and

liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of consolidated Income. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Pension costs

The total cost charged to the Statement of Consolidated Income is £825k (2017:£743k), which is made up of the following entries:

	2018	2017
	£'000	£'000
Employer contributions paid	894	781
Interest Payable – Unwinding of discount	31	24
Element of employer contributions allocated against the deficit	(106)	(94)
Difference between actual contributions and past expectations	183	32
Total amount charged to Statement of Comprehensive Income	1,002	743
Brought Forward Pension Provision	1,252	1,290
Movement	214	56
Cash payments made to USS	(106)	(94)
Carried forward Pension Provision (Note 21)	1,360	1,252

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole. 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 £41.6billion and the value of the scheme's technical provisions was £46.9billion indicating a shortfall of £5.3billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. These figures will be revised once the 2017 Scheme Valuation is complete.

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

	2018	2017
Discount rate	2.64%	2.57%
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The Mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<p>Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p>Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.</p>	<p>98% of SAPS S1NA "light" YOB unadjusted for males.</p> <p>99% of SAPS S1NA "light" YOB with a 1-year adjustment for females.</p>
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS102 total scheme deficit	£8.4bn	£17.5bn
FRS102 total funding level	88%	77%

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 1.85% as at 31 July 2018, are included in note 28c to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risks that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year. Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £1,360k (assuming the same discount rate of 1.85%):

- The impact of a 1% increase will result increase the liability by £648k
- The impact of an increase to 6% i.e. an increase of 3.9%, will increase the liability by £2,527k
- The impact of an increase in the deficit recovery period by 3 years would increase the liability by £435k

