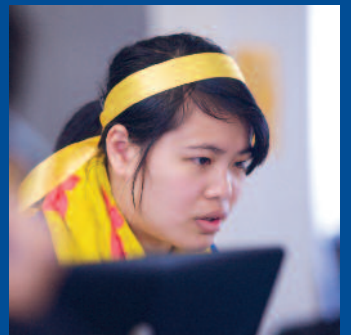
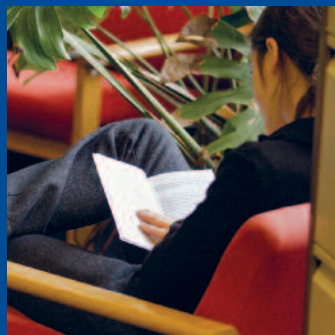


ANNUAL ACCOUNTS 2008/09

OXFORD
BROOKES
UNIVERSITY



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Financial highlights

Results

During the year to 31 July 2009 (2008 figures) the university group:

- Generated turnover of £158.3 million (£146.9 million)
- Generated an operating surplus of £11.3 million (£6.8 million)
- Generated an historical cost surplus of £13.6 million (£7.5 million)
- Increased income by £11.4 million, or 8% (£13.3 million)
- Increased expenditure by £11.0 million, or 8% (£11.3 million)
- Generated a net inflow of cash from operating activities of £18.8 million (£14.9 million)

Financial strength

At the balance sheet date the university group had:

- Cash and short-term deposits of £33.5 million (£25.9 million)
- Net current assets of £14.5 million (£9.7 million)
- Total net assets of £59.5 million (£77.3 million)

Investments and borrowings

During the year the university group:

- Invested £22.0 million in tangible fixed assets (£13.1 million)

Staff and students

During the year the university group:

- Employed 2,783 members of staff (2,632)
- Taught higher education students, directly or through collaborative provision and distance learning. Analysed as follows:

| | Full-time | Other | 2008-09 Total | 2007-08 Total | Increase / (Decrease) |
|----------------------------------|---------------|--------------|------------------|------------------|--------------------------|
| Home/EU | | | | | |
| Undergraduate | 9,974 | 2,737 | 12,711 | 12,851 | (1%) |
| Postgraduate | 953 | 2,457 | 3,410 | 3,204 | 6% |
| International | | | | | |
| Undergraduate | 1,056 | 216 | 1,272 | 1,243 | 2% |
| Postgraduate | 656 | 118 | 774 | 751 | 3% |
| 2008-09 Total HE students | 12,639 | 5,528 | 18,167 | 18,049 | 1% |
| 2007-08 Totals | 12,770 | 5,279 | 18,049 | | |
| Increase / (Decrease) | (1)% | 5% | 1% | | |

Board of Governors

The membership of the board for the year ended 31 July 2009 and incorporating any changes in membership up to and including 26 November 2009 was as follows:

Independent Members

| | |
|--|--|
| Lorna Beckford | International diversity consultant |
| Alyson Coates (from 14.05.09) | Vice Chair and Audit Committee Chair at NHS South Central |
| Geoff Donnelly | Various directorships and self-employed management consultant |
| John Guy (from 14.05.09) | Principal of Farnborough Sixth Form College |
| Jill Judson | Headteacher, Cherwell School |
| David Laskow-Pooley (to 19.05.09) | Chief Executive Officer, Surface Therapeutics Ltd |
| Glen McFarlane (to 19.05.09) | Chief Executive of Angell Security & Surveillance Ltd |
| Michael O'Regan | Chair of Hamilton Trust, Co-Founder of PEEP, non-executive director of the four Oxford Technology VCTs |
| Susan Purves (Vice-Chair) | Retired Vice President, Human Resources, Astra Zeneca plc |
| Joanna Simons (Chair) | Chief Executive, Oxfordshire County Council |
| Alan White | Director of Lenborough Consultants |
| Martin Wilkinson (to 07.07.09) | Self-employed financial and management consultant |

Co-opted Members

| | |
|--------------------------------------|--|
| Jock Coats | Office Systems Analyst, Oxford Brookes University |
| Susan Howdle (from 01.08.09) | Chair of the Westminster College Oxford Trust Ltd |
| Shereen Karmali (to 22.03.09) | Director of Fahamu |
| Lina Mughal (to 30.06.09) | President of Oxford Brookes Students' Union |
| Abeiku Sarbah (from 01.07.09) | President of Oxford Brookes Students' Union |
| Mitchell Sedgwick | Senior Lecturer in Anthropology, Oxford Brookes University |
| Frances Young (to 31.07.09) | Chair of the Westminster Trust & retired professor, University of Birmingham |

Ex-Officio Member

| | |
|-----------------------------|--|
| Professor Janet Beer | Vice-Chancellor, Oxford Brookes University |
|-----------------------------|--|

Finance and Resources Committee

| | |
|---|---------------------------------------|
| Jock Coats (from 12.02.09) | Co-opted member of Board of Governors |
| Geoff Donnelly (Chair) (from 08.07.09) | Governor |
| Jill Judson | Governor |
| David Laskow-Pooley (to 19.05.09) | Governor |
| Susan Purves (from 14.11.08) | Governor |
| Joanna Simon | Governor |
| Alan White | Governor |
| Martin Wilkinson (Chair) (to 07.07.09) | Governor |

Audit Committee

| | |
|--|---|
| Lorna Beckford (from 26.06.09) | Governor |
| Alyson Coates | Governor |
| Geoff Donnelly (Chair) (to 07.07.09) | Governor |
| John Guy (from 09.11.09) | Governor |
| Shereen Karmali (to 22.03.09) | Governor |
| Robert Kirtland | Partner, Critchleys Chartered Accountants, Oxford |
| Glen McFarlane (to 19.05.09) | Governor |
| Michael O'Regan (Chair) (from 08.07.09) | Governor |
| Rebecca Scott | Accountant, Mazars |

Remuneration Committee

| | |
|------------------------------|------------------------------|
| Susan Purves | Governor |
| Joanna Simons (Chair) | Governor |
| Professor Janet Beer | Vice-Chancellor and Governor |
| Frances Young | Governor |

Nominations Committee

| | |
|------------------------------------|------------------------|
| Lorna Beckford | Governor |
| Jock Coats | Governor |
| Jill Judson | Governor |
| Joanna Simons (Chair) | Governor |
| Professor Janet Beer | Governor |
| Dr Petra Wend (to 31.08.09) | Senior Management Team |

Senior Management Team

| | |
|---|---|
| Professor Janet Beer | Vice-Chancellor |
| Rex Knight (to 11.09.09) | Deputy Vice-Chancellor and Registrar |
| Paul Large (from 14.09.09) | Registrar (Acting) |
| Professor Diana Woodhouse | Pro Vice-Chancellor, Research |
| Professor John Raftery | Pro Vice-Chancellor, Student Experience |
| Professor Craig Klafter (from 1.09.09) | Pro Vice-Chancellor, External Relations |
| Dr Petra Wend (to 31.08.09) | Deputy Vice-Chancellor (Academic) |

Advisors

Bankers

Barclays Bank plc
Oxford Corporate Banking Centre
Apex Plaza
Forbury Road
Reading RG1 1AX

External Auditors

Tenon Group
Clifton House
Bunnian Place
Basingstoke
Hampshire RG21 7JE

Internal Auditors

KPMG
2 Cornwall Street
Birmingham B3 2DL

Report of the Board of Governors for the year ended 31 July 2009

Scope and period of accounts

The Board of Governors of Oxford Brookes University presents its results, including the results of its subsidiaries and associated companies, for the year ended 31 July 2009.

Strategic and operational review

The university operates within the strategy developed and approved by the board. This strategy was formulated in 2002 and set its direction until 2010, and the report below reflects this context. Following her appointment as Vice-Chancellor in 2007, Janet Beer has prioritised the development of a new Strategic Framework for the university. This has involved widespread consultation with governors, staff and students and will take effect in 2010. The key drivers will be to place the Student Experience and Research Excellence at the heart of the strategy and this broad framework is designed to be in place until 2020.

The university's **mission** is *to contribute to the intellectual, social and economic development of the communities it serves through teaching, research and enterprise of the highest standards.*

Oxford Brookes' mission is expressed through three **aims**: *that by serving regional, national and international communities, the university will by 2010 be:*

1. *A premier learning and teaching institution that is student centred*
2. *A research community that equally values research and knowledge transfer*
3. *A responsive higher education partner playing a leading role in the socio-economic development of our regional community*

The university upholds the following **values**:

1. *Excellence – delivering the highest standards and rewarding excellence.*
2. *Innovation – developing and incorporating new ideas and ways of operating.*
3. *Enterprise – being resourceful and nurturing talent.*
4. *Equality – promoting inclusivity and valuing diversity.*
5. *Social responsibility – ensuring the understanding and care of people and stewardship of environmental and public resources.*

The university's mission and three aims are underpinned by eight **objectives**, which are to:

1. *Deliver a distinctive and sustainable academic portfolio of the highest quality.*
2. *Develop research excellence in all academic schools.*
3. *Increase the range and volume of knowledge transfer from the university's research activities and expertise.*
4. *Secure a leading role in the social, economic and cultural development of our region.*
5. *Increase the diversity of the student body to represent a wider range of backgrounds, cultures and countries.*
6. *Develop the quality and increase the diversity of staff.*
7. *Be financially self-sustaining.*
8. *Increase the quality and effective use of the university facilities.*

The university's specific targets in relation to the eight objectives are set out annually in 28 key performance indicators (KPIs) against which targets or aspirations are set, and 16 monitoring indicators. The university's Executive Board and Board of Governors monitor achievements in relation to the KPIs. Achievements against target are assessed by the use of a 'traffic light' system. In December 2008 the majority of the core KPIs were either green or amber, this indicated that the university is on or above target (Green) or where falling short of this target, the shortfall is generally not greater than 10% (Amber). More significant shortfalls indicated by a red traffic light where the shortfall is generally greater than 10% were evident in just two core indicators. Full details of these KPIs can be found in the Performance Report for Governors which is published annually in December.

The university is implementing actions to improve performance on its KPIs by:

- Reorganising its Senior Management Team to better reflect current and future strategic priorities with two new Pro Vice-Chancellor (PVC) positions being created for the key areas of Student Experience and External Affairs to add to the existing PVC Research post.
- Reviewing its strategic approach to widening participation (WP), which has coincided with the need to submit a strategic assessment to HEFCE. A more streamlined committee structure has been introduced to ensure that WP activities are better aligned to university priorities and objectives have been set to measure performance in this area.
- Using the focus of the student experience, which has been central to the university's masterplan for the development of the estate, to improve the quality of the facilities available and the efficient use of resources to deliver a better academic and support experience for future students.

Six KPIs relate directly to the university's financial performance; of these, five are rated green and one is rated amber.

Objective 7: To be financially self-sustaining

Achieve £2 million historical cost surplus rising to £4.5m in 2009¹
 Contain staff costs below 65% income and aim for 60%²
 Generate at least £3.5 million cash each year rising to £5m in 2008
 Generate at least £12 million from assets sales by 2010
 Maintain net current asset ratio and aim for 1: .25
 Cash cover for loan repayments at least 1.3 times

| 2007 | 2008 | 2009 | Status 2007 | Status 2008 | Status 2009 |
|----------------------|--------|--------|----------------|----------------|----------------|
| £6.1m | £7.5m | £9.2m | Green | Green | Green |
| 62.5% | 64.5% | 63.8% | Amber | Amber | Amber |
| £13.8 m | £12.8m | £17.3m | Green | Green | Green |
| Now achieved in full | | | Green | Green | Green |
| 1: 1.17 | 1:1.38 | 1:1.54 | Amber | Green | Green |
| 4.4 | 5.4 | 5.8 | Green | Green | Green |

Notes:

1. Excludes exceptional items

2. The definition of staff costs and income used here excludes residences, catering and conferences

Public benefit

As an exempt charity there are a number of ways that the university provides benefits both to the wider public good and to groups including those which might otherwise be excluded from Higher Education because of financial circumstances. In addition to its contribution to individual and wider society through its teaching, learning and specific research projects, in 2009 it:

- Provided means tested bursaries totalling over £3.3m to 2,500 students;
- Promoted positive role models in state secondary schools and further education colleges in the region through the awarding of Community Scholarships totalling £47,000 to 47 students;
- The university launched its Corporate Responsibility Programme in May 2008. The programme aims to map all the corporate responsibility activity taking place around the university and, through consultation with staff, set the corporate responsibility strategy for the next five years. The corporate responsibility programme aims to evaluate the net impact of the university's activity, and this year a mapping of the university's corporate responsibility activity has revealed over 100 distinct projects which contribute towards the positive impact of Oxford Brookes University.
- Supported the raising of aspirations of those living in areas of under representation in higher education through the innovative Learning Communities Initiative – working with partners, including Oxfordshire County Council, the South East England Development Agency and voluntary organisations, delivering an education experience in the community – during the year over 300 students studied on a wide variety of higher education courses and activities delivered in centres in the community. This initiative continues to be enhanced through the activities of the Economic Challenge Initiative Fund and is being aligned with aspects of the city and council regeneration framework plans.
- Ran a year-long collaborative project with the Thames Valley Police involving 25 students, staff, local community members and the police in a neighbourhood policing project in the wards of Marston and Northway which engaged with issues of local concern and explored the ways in which the police can enhance their consultation and public engagement processes. This project will in 2009-10 include Headington and focus on issues around community, social cohesion and policing in the east of the city and will directly explore the experiences of new immigrant communities in these wards.
- Supported, through the Brookes Youth Summer University, state school students in Oxfordshire and partner London boroughs in realising the opportunities provided by higher education – with 169 participants in 2009 which represented 78% of those saying they would attend.
- Supported 830 current students in financial hardship during the year with the allocation of £548,456 in grants in addition to the government-funded Access to Learning Fund. Of this, 314 students with specific disability-related costs who were unable to obtain assistance elsewhere were granted a total of £198,668.
- Promoted the exploration and communication of knowledge through its annual public lecture series that is open to all at no cost. During the year there were 17 public lectures attended by nearly 3,000 people.
- Encouraged its staff to participate fully in public service through providing up to 12 days paid time off for staff to take up voluntary public duties such as lay magistrates, school and college governors, local councillors and members of public bodies. In addition, the university supports staff who participate as members of the non-regular forces.
- Funding from the Economic Challenge Investment Fund enabled the extension of an e-guidance service provided by the Oxford Brookes Careers Centre to Oxfordshire residents, the provision of courses to the disadvantaged in city and rural areas, and leadership skills development programme for final year students – the Brookes Future Leaders Certificate. Unemployed graduates from any institution who live in the area can utilise the careers support and guidance.

Key events in the year

Professor Janet Beer has continued to lead the consultation process on developing the institution's strategy to 2020. The new strategy will come into effect during 2010.

The results of the Research Assessment Exercise were released in December 2008. Three quarters of submitted research was assessed as of international standing and one third as internationally excellent/world leading. This represented a marked improvement on its 2001 RAE result, moving 13 places up the *Times Higher Education* league tables.

During the year the university embarked on a major employer engagement initiative part funded by HEFCE. The university is developing innovative ways to address the skills requirements of employers and current plans are to deliver between 800 and 1200 co-funded full time equivalent students, collaborating with around 50 employers, by 2011/12.

The university won funding from HEFCE's Economic Investment Challenge Fund and will be providing a range of additional support programmes to businesses, individuals and the community including subsidised training and consultancy, careers advice and extra financial support for Knowledge Transfer Partnerships.

A major university event was hosted in Parliament in March – the Oxford Brookes Changing People & Places showcase. A House of Lords reception was attended by 340 guests, including 46 political guests, that highlighted many of the significant projects currently being managed and promoted by the university. The event was a crucial part of the Platform for Transformation programme, aimed at promoting Oxford Brookes through events and activities designed to showcase the university in line with its emerging new strategic direction.

During the year Oxford Brookes International (OBI) was established to better co-ordinate and manage the recruitment, teaching, pastoral care and progression of international students on pre-undergraduate and pre-postgraduate courses. The international marketing function has now been incorporated within OBI.

In November 2008 the university gained Investors in People (IIP) accreditation, recognising our institutional commitment to good practice in managing people. The Investors in People Standard is designed to advance an organisation's performance through the leadership, management and development of its people. To gain the coveted recognition an organisation must comply with 39 indicators concerned with management practices and staff experiences.

Financial review

Recruitment of undergraduate students from the UK/EU largely met funding body targets. This year's intake of undergraduate students means that all UK/EU undergraduate students are now paying the variable fee, which resulted in around £4 million additional income in the year. The university was pleased to be able to enhance its income related bursary, already one of the most generous in the sector, so that those in the greatest need could get a maximum of £1,800, up from £1,500 in 2008, pushing the average bursary in the year to over £1,300 per beneficiary. The university continues to support the Students' Union to provide staffing for financial counselling.

Tuition fees from international students are a significant and important source of income for the university. The international student markets remained highly competitive and the university continued to maintain its income from this source and invested heavily in marketing and recruitment activity to achieve its aspirations for 2010. The establishment of Oxford Brookes International should greatly assist this process. The university views the postgraduate market (within the EU and internationally) as the key area for development and growth over the next five years and is reviewing and refreshing its offer to achieve its potential.

During the year the university used its restructuring fund to continue the restructuring, which commenced in 2007, of the School of Technology. In addition, the university bore the cost of severances in the reshaping of the Students' Union. Severance payments in the year totalled £0.8 million (2008: £1.8 million).

The board considers the performance for the year compared to the original budget to be highly satisfactory. The key financial target for the university's core accounts (£4.5 million surplus) was achieved and in addition a significant additional surplus was generated by devolved budget centres – under the university's scheme of delegation a proportion of these funds can be spent by the budget centre generating them, after meeting certain conditions.

| | 2009 Budget | 2009 Actual | Variance |
|-------------------------------|----------------|----------------|----------|
| | £000 | £000 | £000 |
| Income | 154,563 | 158,294 | 3,731 |
| Expenditure | 150,600 | 151,407 | (807) |
| Surplus (after depreciation) | 3,963 | 6,887 | 2,924 |
| Historical cost surplus | 4,838 | 13,595 | 8,757 |

The historical cost surplus is the largest made by the university since its incorporation as an independent body in 1989 both in absolute terms and as a percentage of total income (8.6%). However, £4.4 million of this year's surplus arises from the premium received for the extension of lease on Cheney Halls. Excluding this, the surplus was £9.2 million, equating to 5.8% of income (2008: 5.2%). This result is likely to once more place the university in the upper quartile of higher education institutions for financial performance. In line with many universities, many staff are members of the Local Government Pension Scheme (LGPS) and the scheme deficit has to be reported on the balance sheet. This year our portion of the scheme's liabilities increased by nearly £32 million to £76 million, having increased last year by nearly £18 million. Consequently the university's net assets fell by £17 million in the year, despite the strong performance on the Income and Expenditure account.

Financial performance in 2009 compared to prior years

The university's performance in 2009 is also considered highly satisfactory when compared to performance in previous years and continues the upward trend of recent years:

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Income | 116,787 | 124,711 | 133,625 | 146,948 | 158,294 |
| Expenditure | 118,469 | 121,660 | 128,952 | 140,380 | 151,407 |
| Operating surplus / (deficit) | (1,682) | 3,051 | 4,129 | 6,771 | 6,887 |
| Exceptional gain | 921 | 279 | - | - | 4,410 |
| Historical cost surplus | 1,212 | 4,299 | 6,129 | 7,499 | 13,595 |

The university's income grew by £11.4 million (7.7%) of which around £4 million was the increase in UK/EU undergraduate tuition fees. Costs also increased by £11 million (7.9%) of which £1.9 million was the additional grant of bursaries. Costs also increased due to a sharp rise in depreciation costs of £2 million though as this related mainly to impairment of inherited assets £1.5m were offset by an additional release from the Revaluation Reserve.

Overall:

- There was a marginal increase in income from funding councils - teaching and research grants from HEFCE increased around 1.5% after provision for claw back and funding from the TDA fell again this year. However this source of income continues to fall as a proportion of total income.
- Academic fees from UK/EU students increased in line with the third and final cohort of variable fees students while international fees showed strong growth of over £2 million compared with 2008.
- The value of research grants and contracts work completed increased by £491,000 over 2008 following the sharp fall in 2007, but remains at disappointing levels relative to a few years ago. This will need to be addressed going forward.
- Residences, catering and conferences showed 5.7% growth, continuing the strong performance (8.9%) of the previous year.
- Interest receivable decreased due to the economic downturn and its impact on interest rates, even though the university has built up significant cash reserves in advance of major capital investment for the masterplan implementation. The university's Treasury Management Policy places priority on retaining the university's capital intact rather than attempting to pursuing the highest possible returns.
- Wages and salaries costs increased 6% in the year while pension costs (excluding FRS17 adjustments) increased by 11% (2008: 6%).
- Other operating expenses increased by 4.2% if the impact of the bursary scheme and the one-off charge for the university's contribution to the Headington Road improvements is excluded.

Financial outlook for 2010 and beyond

The future is uncertain. There will undoubtedly be pressures on income because of the competition for international students and the state of public finances putting downward pressure on public funding. Costs, in particular pension costs, will continue to rise due to demographic pressures and poor market returns. The UK is now experiencing severe recession and a large public sector deficit and the impact of this will undoubtedly be felt by the HE sector. The board is determined, whatever the uncertainty, to ensure that the university achieves the level of financial performance necessary to ensure that it can fund the planned level of investment in its estate, infrastructure and staff. To this end, a process of efficiency savings has been instigated with the aim of removing around £14.5 million, or 12% of costs, by 2013-14. We believe that this will be necessary to class the university as truly financially self sustaining. Though there are difficult times ahead, the board, staff, students and other stakeholders can look forward to an exciting period of investment, development and achievement. We face the future with enthusiasm and confidence.

The forecasts to be submitted to HEFCE in November 2009 are as follows:

| | 2010 | 2011 | 2012 | 2013 |
|-------------------------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 |
| Income | 164,119 | 168,347 | 170,107 | 175,761 |
| Expenditure | 161,115 | 165,150 | 166,910 | 172,564 |
| Operating surplus | 3,004 | 3,197 | 3,197 | 3,197 |
| Historical cost surplus | 3,807 | 4,000 | 4,000 | 4,000 |

Risk

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 2008-09 the university's Executive Board and Board of Governors proactively managed the three 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 workshop in June 2008. No significant risks materialised that had not been identified through the risk management process.

Capital programme

The university has a major capital programme with the masterplan programme, and increased and improved student accommodation, at its centre. Expenditure of at least £200 million in the six years 2008-2013 is planned. The university is in the process of preliminary discussion with funders to enable this investment to be made, and indications of willingness to lend are evident. The governors, Finance & Resources, and Audit committees will be fully involved in the assessment of the funding options available to the university.

Three major projects were subject to post implementation review during the year (The School of Technology building, the Healthcare Research building and the ASKe building). The resulting reports were circulated to all those involved in the projects and will be used to inform future project plans and personal development reviews.

The university's estate

The university's estate currently falls below the median for the sector in terms both of condition and the suitability for current use. The estates strategy was agreed in 2003 and work to address the implementation of the strategy has commenced. During 2008 the university commenced the implementation of its masterplan for its Headington campus and made significant progress with the development of a redesign for the Wheatley campus and a development plan for the Harcourt Hill campus. Implementing these masterplans will see the gradual replacement of a large portion of the current estate over the next 20 years.

The university invested in some large scale high-specification temporary teaching accommodation during the year. This was a result of the loss of teaching space resulting from the initiation of the masterplan programme, and was aimed at ensuring the best level of teaching facilities possible during the redevelopment period.

The university is developing its plans to improve the quality and further increase the amount of accommodation it can offer students, whether by developing directly or entering into partnerships with others.

Diversity

The university's commitment to equality of opportunity is expressed in one of its core values: *promoting inclusivity and valuing diversity*. The university has committed itself to providing a supportive environment where respect is shown to all, and where all staff and students, regardless of their gender, race, ethnic background, culture, (dis)ability, age, faith or any other factor are encouraged to perform to their potential.

The diversity team produced a report covering the period 2008-09 which included the following achievements and actions:

- The university gained Investors in People accreditation
- The introduction of a new structure for equality and diversity management within HR that recognises the importance of ensuring that the management and delivery of equal opportunities policy, practice and strategy are embedded in, rather than peripheral to, the day to day work of the department
- New research projects being undertaken in the Centre for Diversity Policy Research and Practice
- The organisation and delivery of a diversity month
- The introduction of mediation as a mechanism for dispute resolution within the university
- The expansion of the student disability groups remit to cover staff (becoming the university Disability Group)
- The introduction of a mentoring scheme for students with Asperger's syndrome, and for those with mental health difficulties.
- The renewal of the university's status as a 'two-ticks' employer
- Oxford Brookes participation in an Equality Challenge Unit project designed to identify activities and ways of working that will help to increase staff disclosure of disability and improve other data monitoring.
- The launch of the Oxford Disability Directory developed by Oxford City Council and Oxford Brookes University.
- The revision of the university's race equality policy and action plan to become a Race Equality Scheme.
- Introduction of revised equal opportunities monitoring categories for all staff. Greater detail is being sought on disability, and sexual orientation and religion/belief have been introduced as equality categories.
- The development of an equality impact assessment (EIA) screening template to enable all new policies and practices to be screened at the development and consultation stage and the embedding of the requirement to undertake EIAs in the university's project management tool.
- A range of training and awareness raising workshops. The university continues to recognise its social duty to promote equality of opportunity and treatment in race, disability and gender, and recognises its current and already enacted future statutory responsibilities.

The report also highlighted a wide range of actions and reviews to be undertaken and set out plans for training as well as rolling out a university-wide equality impact assessment methodology for implementation – initially focusing on policies and practices around staff and student recruitment.

Communication with staff

The university is conscious of the need to keep employees informed of the progress and future plans of the university and of the mutual benefit that is engendered by good internal communications. This is achieved through staff representation on the Board of Governors and the Academic Board. In addition, the Joint Committee of Management and Staff provides a valuable channel for communication and consultation on all matters. Employees are also informed of major developments by a variety of means including direct distribution of papers, consultation exercises and reports in the staff newsletter.

Health and safety

The university has agreed a Health and Safety Policy to meet its obligations as a corporate body. A Health and Safety Committee exists to ensure that the policy is followed and that issues of concern are investigated and resolved. The university has a Health and Safety Officer and Occupational Health Nurse who produce an annual health and safety report for consideration by the committee. In 2009 the report focused on:

- analysing details of accidents reported on university premises
- the university's reporting responsibilities to the Health and Safety Executive
- annual reports on health and safety from each school and directorate
- occupational health activities
- provision of induction training on health and safety issues to new staff and other training courses and assessments.

Sustainability Issues

The university has reflected how seriously it takes sustainability issues by increasing the capacity of the Sustainability Team. Based in the directorate of Estates and Facilities Management and led by the Sustainability Manager Harriet Waters, the team now comprises five people.

In June 2008, the university was awarded 3rd place in the People and Planet Green League which compares all UK universities on their environmental performance.

The university was awarded Salix funding from their 'Revolving Green Fund' to the tune of £250,000. This funding is to be used on carbon reduction projects which meet the Salix criteria; the savings from these projects are to be ring-fenced and spent on further carbon reduction projects. To help facilitate this, an Energy and Carbon Reduction Manager was appointed in 2009.

The Brookes Bus contract was awarded to Oxford Bus Company in September 2008, with the company taking over the contract in July 2009. The buses used on the Brookes Bus routes are the most fuel efficient available in the UK and achieve a 28% reduction in carbon emissions. The university now has a Sustainable Travel Co-ordinator.

Through the Ecocampus scheme, within which the university is a pilot institution, an environmental management system has been implemented at the Wheatley Campus. The system was accredited as having reached the gold standard in August 2009, making Oxford Brookes the first university to reach this stage of accreditation. A target has been set to achieve platinum within the next year and roll out this level of environmental management system (which is equivalent to ISO14001) to all sites by 2012.

The university was also part of a pilot called 'Universities that Count', a benchmarking tool assessing the university's corporate responsibility performance.

Insurance of governors

The university maintains insurance for its governors in respect of their duties as governors of the university.

Creditor payment policy

The university generally pays creditors 30 days from invoice date unless specified otherwise in the terms of the contract. Group creditor days at 31 July 2009 amounted to 6 days. (2008: 13 days).

Charitable status

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, thereby minimising corporation tax on the profits generated. All the activities operated directly by the university are of a charitable nature and as such not liable to corporation tax.

Statement of Board of Governors' responsibilities

In accordance with the Education Reform Act 1988 the board is responsible for the overall administration and management of the affairs of the university, including ensuring an effective system of internal control, 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 enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the requirements of HEFCE and the Statement of Recommended Practice on accounting in HE institutions and other relevant accounting standards. In addition, within the terms and conditions of a financial memorandum 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 surplus or deficit and cash flows for that year.

In preparing the financial statements, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the university will continue in operation.

The board has taken reasonable steps to:

- ensure that funds from HEFCE, the Learning and Skills Council (LSC) and the Training and Development Agency for schools (TDA), are used only for the purposes for which they have been given and in accordance with the financial memorandum with HEFCE and the funding agreements with the LSC and TDA, and any other conditions that the funding councils or agency may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the university and to prevent and detect fraud
- secure the economical, efficient and effective management of the university's resources and expenditure.

Disclosure of information to auditors

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

Corporate governance

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 November 2004. The summary below describes the manner in which the university has applied the principles set out in the Combined Code on Corporate Governance issued by the Committee of Corporate Governance in July 2003. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Board of Governors and Senior Management Team

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 eleven non-executive governors, the Chief Executive (the Vice-Chancellor), two governors representing university staff and a further three co-opted members and there is a clear separation of the role of the non-executive Chair from that of the Vice-Chancellor. The board has determined that the Vice-Chancellor shall be the person designated as responsible for satisfying the board that all conditions of receiving and using grant aid from HEFCE have been met. The board has also delegated the responsibility for the university's operations to the Vice-Chancellor who, supported by the Senior Management Team, 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.

Finance and Resources Committee

On 31 July 2008 the Employment Committee was disbanded and its business was absorbed with the Finance and Resources Committee. The purpose of the committee is to advise the board on the following matters (these are the key areas but are not the full terms of reference):

- 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 therefrom
- considering for approval by the board a rolling five-year strategic plan, including financial plans (both revenue and capital) projected cash flow and balance sheets, taking account of the requirements of the Funding Councils
- recommending an estates strategy to the board
- reviewing and recommending to the board borrowing or other financial vehicles necessary to fund the strategy, and the release of funds for specific projects
- approving the acquisition or disposal of land and buildings
- advising the board in their consideration of budget monitoring statements
- To review and monitor the implementation of the Human Resources Strategy and to review it and recommend necessary changes to the board at least every five years.

Audit Committee

The Audit Committee meets at least three times a year and is currently chaired by Michael O'Regan, a non-executive governor of the university. A further two non-executive governors, plus three co-opted members, comprise the current committee. 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 the 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 committee is also responsible for recommending the approval of the annual accounts.

Remuneration Committee

The Remuneration Committee, chaired by the Chair of the Board of Governors, and comprising two other non-executive governors and the Vice-Chancellor, meets as necessary to review the policy for the remuneration of the senior staff appointed by the Board of Governors. The Vice-Chancellor is excluded from matters concerning her own remuneration.

Nominations Committee

The Nominations Committee is chaired by the Chair of the Board of Governors and comprises four non-executive and one executive governor. It is responsible for advising the board on the appointment of new governors and members of the University Court.

Senior Management Team and Executive Board

During the financial year the Senior Management Team of the university comprised the Vice-Chancellor, who has overall managerial responsibility, two Deputy Vice-Chancellors, each with a specific area of responsibility, which when combined cover all the activities of the university, and two Pro Vice-Chancellors with specific responsibility for, respectively, external relations and research. The Team meets formally on a fortnightly basis. On alternate weeks the team meets with the Deans of School and Directors, and is constituted as the Executive Board. The Executive Board's role derives from the executive powers of the Vice-Chancellor. It is constituted in order to focus on decision making and also serves as a body which can be used by the Vice-Chancellor for briefing, consultation and communication with senior managers as a group. The objective of the Executive Board is to ensure that an appropriate level of consideration is given to strategic decisions, that there is accountability for those decisions and improved communication with the wider senior management group is achieved. Specifically, the Executive Board determines:

- strategic and operational plans
- the annual budget and financial forecasts for the Vice-Chancellor to propose to the Board of Governors for approval
- the implementation of policies as necessary and monitoring of the university's performance against plans
- determination and oversight of the processes by which strategic and operational planning are undertaken, resources allocated and targets, including student numbers, are achieved
- implementation and monitoring of the university's risk management strategy
- consideration of reports on value for money
- day-to-day 'business as usual' matters concerning the management of the university.

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 validations 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 updates of forecast outturns
- 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 Audit 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 mis-statement or loss.

Risk management

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.
- Two workshops to identify, evaluate and categorise by severity risks which impacted on the achievement of strategic objectives.
- The production of an updated risk register.
- The development of risk improvement plans to address the two highest categories of risk and the confirmation of the delegation of responsibility to manage the less significant risks.
- Regular monitoring by the Executive Board of the risk register and of the implementation of improvement plans for the risks in the highest category of severity.
- Regular meetings of the Risk Management Working Group, a small group of senior managers, chaired by the Deputy Vice-Chancellor and Registrar, to review both the output of the risk management process but also to consider improvements and developments to the process itself and the development of additional risk management procedures at an operational level. The group assisted the Executive Board by evaluating the adequacy of responses to the most severe risks and directly monitoring the second highest category of risks. The group also advised on the reports to the Board of Governors and Audit Committee, and reviewed the university's risk management policy. The Group has no delegated authority itself but provides an effective forum to allow the Deputy Vice-Chancellor and 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.
- Training courses on project risk management, as part of the regular provision offered by the university's dedicated training unit, the Oxford Centre for Staff Learning and Development.
- High level involvement and support which included the Vice-Chancellor taking an active part in one of the risk workshops and chairing the Executive Board which considered the risk register and improvement plans and other reports on key aspects of the university's performance. Most members of Executive Board 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.
- That the university implemented a plan of improvement and refinement of its system of risk management for 2008-09 based upon the evaluation of the effectiveness of the system in operation for 2007-08.
- 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.

Review of the effectiveness of internal control and risk management

At its meeting in November 2009 the board considered the effectiveness of the arrangements for internal control and risk management that had been in place for the financial year to 31 July 2009. The board concluded, based upon the report from the Vice-Chancellor, endorsed by Executive Board and the Annual Report of the Audit Committee, that the arrangements in place were satisfactory to provide effective internal control and risk management throughout the year.

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 accounts.

Joanna Simons
Chair of Governors
26 November 2009

Professor Janet Beer
Vice-Chancellor
26 November 2009

Independent auditors' report

We have audited the financial statements on pages 18 to 33, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 16 and 17.

This report is made solely to the university's Board of Governors, as a body in accordance with our statutory requirements. Our audit work has been undertaken so that we might state to the university's Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditors

The Board of Governors is responsible for preparing the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Audit Code of Practice issued by the Higher Education Funding Council for England (HEFCE), and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the university have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with HEFCE and with the Funding Agreement with the Training and Development Agency for schools (TDA).

We also report to you if, in our opinion, the Governors' report is not consistent with the financial statements, if the university has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Governors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

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

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

Opinion

In our opinion;

- The financial statements give a true and fair view of the state of the affairs of the university and the group as at 31 July 2009 and of the surplus and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;
- In all material respects income from HEFCE and TDA, grants and income for specific purposes and from other restricted funds administered by the university have been applied for the purposes for which they were received;
- In all material respects income has been applied in accordance with the university's Articles of Government and, where appropriate, with the Financial Memoranda dated July 2006 with HEFCE, and with the Funding Agreement with the TDA covering 1 August 2008 to 31 July 2009.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Basingstoke
26 November 2009

Statement of principal accounting policies and estimation techniques

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of inherited land and buildings at valuation and in accordance with both the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions and applicable Accounting Standards.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the university and its subsidiaries and joint venture companies. The university's interests in joint ventures have been accounted for under the equity method.

The consolidated financial statements do not include those of the Oxford Brookes University Students' Union as it is an entity in which the university has no financial interest and no control or significant influence over policy decisions.

Recognition of income

Recurrent grant income from HEFCE, TDA and the LSC represents the support receivable towards the education, training and research activities of the university and is credited direct to the income and expenditure account.

Income from research, other services rendered and specific donations has been included in the financial statements to the extent of related expenditure incurred during the period, including any contribution towards overhead costs. HEFCE research income is credited direct to the income and expenditure account.

Grants receivable for capital purposes are credited to the deferred capital grants account and released to match the related depreciation charges. Grants due but not received for expenditure incurred on tangible fixed assets are shown as other debtors and grants received but not yet utilised are shown as payments received on account.

All tuition fee income is presented on an accruals basis.

Income from short term deposits is credited to the income and expenditure account in the period in which its earned.

Tangible fixed assets

Assets are shown at cost, or, in the case of 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.

The university has adopted the transitional arrangements under FRS 15 (Tangible Fixed Assets). Those assets presented in the accounts based on valuation at 1 April 1991 will be retained at that valuation and will not be revalued in future years.

All buildings 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 Income and Expenditure Account.

Equipment costing less than £5,000 is written off in the year of acquisition. All other equipment is capitalised. Depreciation is provided on all capitalised tangible fixed assets, other than freehold land, at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|---------------------------------------|--|
| Freehold buildings | 10 to 50 years |
| Leasehold property | The lower of the length of the lease or 50 years |
| Building alterations and improvements | 5 to 20 years |
| Educational equipment | 3 to 10 years |
| Fixtures and fittings | 5 to 10 years |
| Computer equipment | 3 to 5 years |
| Motor vehicles | 3 to 5 years |

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

Stocks and work in progress

Catering, building maintenance, trading and other bulk stock holdings are included at the lower of cost and net realisable value. Work in progress is valued at actual cost. Library books and other consumable stocks held by academic departments are excluded. Research projects are valued at cost or net book value, whichever is the lower.

Taxation status

The university is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the university is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The university is registered for value-added tax (VAT) but is unable to recover input tax on the majority of its purchases, education and research being exempt activities under VAT legislation.

Maintenance of premises

The cost of maintenance is charged to the income and expenditure account as incurred.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income and expenditure account.

Pension schemes

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, the Universities' Superannuation Scheme and the Local Government Pension Scheme administered by Oxfordshire County Council. These are all independently administered schemes. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the university benefits from the employees' services.

The university has adopted FRS 17 (Retirement Benefits), in the financial statements.

The TPS and USS are multi employer pension schemes 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 and USS are 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 a 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 period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in the pension finance costs. Actuarial gains and losses are recognised in the statement of recognised gains and losses

Revaluation reserve

The revaluation reserve represents the net book value at the balance sheet date of the tangible fixed assets to which the university acquired unrestricted title on 1 April 1989 as a result of the Education Reform Act 1988. A sum equal to the depreciation charge on these assets is transferred from the revaluation reserve to the income and expenditure account each year. The assets were revalued in 1991.

Operating leases

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

Finance leases

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the purchase price of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over the lease term to give a constant rate of charge on the remaining balance of obligations.

Investments

Both short-term and long-term investments are included in the balance sheet at the lower of cost and net realisable value.

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body or other body, where the university is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure.

Consolidated income and expenditure account for the year ended 31 July 2009

| | Notes | 2009 £000 | 2008 £000 |
|---|-------|----------------|----------------|
| INCOME | | | |
| Funding Council grants | 1 | 49,104 | 49,067 |
| Academic fees and support grants | 2 | 64,576 | 54,864 |
| Research grants and support contracts | 3 | 5,148 | 4,657 |
| Other operating income | 4 | 38,091 | 36,583 |
| Interest receivable | 5 | 1,375 | 1,777 |
| Total income | | 158,294 | 146,948 |
| EXPENDITURE | | | |
| Staff costs | 6 | 85,713 | 81,927 |
| Depreciation | 11 | 9,335 | 7,328 |
| Other operating expenses | 8 | 51,688 | 47,598 |
| Interest payable | 9 | 4,671 | 3,527 |
| Total expenditure | 10 | 151,407 | 140,380 |
| Surplus after depreciation of assets at valuation | | 6,887 | 6,568 |
| Share of profit of joint ventures | | - | 203 |
| Surplus before exceptional items | | 6,887 | 6,771 |
| Exceptional items - disposal of fixed assets | 13 | 4,410 | - |
| Operating surplus after depreciation of assets at valuation | | 11,297 | 6,771 |

Note of historical cost surpluses and deficits

| | Notes | 2009 £000 | 2008 £000 |
|--|-------|---------------|--------------|
| Operating surplus after depreciation of assets at valuation | | 11,297 | 6,771 |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 20 | 803 | 728 |
| Impairment of buildings | 20 | 1,495 | - |
| Historical surplus after depreciation of assets at valuation | | 13,595 | 7,499 |

Statement of consolidated total recognised gains and losses

| | 2009 £000 | 2008 £000 |
|---|-----------------|--------------|
| Operating surplus after depreciation of assets at valuation and tax | 11,297 | 6,771 |
| Actuarial loss in respect of pension scheme | (31,610) | (17,820) |
| Total losses recognised since last report | (20,313) | (11,049) |

Balance sheets

| | Notes | 2009 Consolidated £000 | 2009 Corporation £000 | 2008 Consolidated £000 | 2008 Corporation £000 |
|---|-------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | 171,472 | 170,644 | 158,847 | 157,984 |
| Investments | 12 | 112 | 1,113 | 34 | 1,035 |
| | | 171,584 | 171,757 | 158,881 | 159,019 |
| Current assets | | | | | |
| Stocks and work in progress | 14 | 1,494 | 1,287 | 1,429 | 1,292 |
| Debtors - amounts falling due after one year | 15 | - | - | 759 | 759 |
| Debtors - amounts falling due before one year | 15 | 6,036 | 7,201 | 6,809 | 6,988 |
| Current asset investments | 16 | 32,496 | 32,144 | 24,745 | 25,041 |
| Cash at bank and in hand | 26 | 1,028 | - | 1,152 | - |
| | | 41,054 | 40,632 | 34,894 | 34,080 |
| Creditors - amounts falling due within one year | 17 | (26,585) | (25,525) | (25,240) | (23,989) |
| Net current assets | | 14,469 | 15,107 | 9,654 | 10,091 |
| Total assets less current liabilities | | | | | |
| | | 186,053 | 186,864 | 168,535 | 169,110 |
| Creditors: amounts falling due after more than one year | 18 | (50,662) | (50,662) | (48,347) | (48,347) |
| Net assets excluding pension liability | | 135,391 | 136,202 | 120,188 | 120,763 |
| Pension liability | 28 | (75,860) | (75,860) | (42,900) | (42,900) |
| Net assets including pension liability | | 59,531 | 60,342 | 77,288 | 77,863 |
| Deferred capital grants | | | | | |
| | 19 | 27,158 | 27,158 | 24,601 | 24,601 |
| Reserves | | | | | |
| Revaluation reserve | 20 | 31,985 | 31,985 | 34,284 | 34,284 |
| General reserves including pension reserve | 21 | 388 | 1,199 | 18,403 | 18,978 |
| Total funds | | 59,531 | 60,342 | 77,288 | 77,863 |

These financial statements were approved by the board on 26 November 2009 and signed on its behalf by:

Joanna Simons
Chair of Governors

Professor Janet Beer
Vice-Chancellor

Consolidated cash flow statement

| | Notes | 2009 £000 | 2008 £000 |
|--|-------|-----------------|--------------|
| Net cash inflow from operating activities | 23 | 18,797 | 14,887 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 1,375 | 1,777 |
| Interest paid | | (2,341) | (3,337) |
| Total cash outflow after investment return and servicing of finance | | (966) | (1,560) |
| Corporation tax paid | | - | (303) |
| Capital expenditure and financial investment | | | |
| Tangible fixed assets acquired | | (22,036) | (13,060) |
| Net proceeds from sale of fixed assets | | 5,169 | 12 |
| Deferred capital grants received | | 4,590 | 5,243 |
| Net cash outflow from investing activities | | (12,277) | (7,805) |
| Cash inflow before use of liquid resources and financing | | 5,554 | 5,219 |
| Management of liquid resources | 26 | (7,751) | (4,641) |
| Financing | | | |
| New loans drawn | 25 | 9,000 | 42,708 |
| Loans repaid | 25 | - | (41,659) |
| Capital element of leases | 25 | (6,404) | (422) |
| Scheduled loan repayments | 25 | (523) | (565) |
| Net cash inflow from financing | | 2,073 | 62 |
| (Decrease) / increase in cash | | (124) | 640 |

The principles of FRS1 (Cash Flow Statements) have been adopted in presenting the cash flow statement. Cash at bank and in hand includes cash in hand and bank deposits repayable within 24 hours without penalty. All other bank deposits are included in liquid resources.

Notes to the financial statements

1 – Funding Council grants

| | Note | 2009 £000 | 2008 £000 |
|---|------|---------------|---------------|
| Recurrent grants | | | |
| Teaching: HEFCE | | 35,168 | 34,647 |
| Teaching: TDA | | 4,508 | 4,697 |
| Teaching: LSC | | 368 | 279 |
| Research: HEFCE | | 2,741 | 2,708 |
| Specific grants | | | |
| Special initiatives | | 4,574 | 4,314 |
| Deferred grants released in year | 19 | | |
| HEFCE | | 1,745 | 2,422 |
| | | 49,104 | 49,067 |

2 – Academic fees and support grants

| | 2009 £000 | 2008 £000 |
|--|---------------|---------------|
| Full time undergraduate students charged home fees | 22,509 | 18,668 |
| Full time postgraduate students charged home fees | 5,451 | 3,645 |
| Part time undergraduate students charged home fees | 760 | 826 |
| Part time postgraduate students charged home fees | 4,032 | 3,059 |
| Non EU domicile students | 18,810 | 16,543 |
| Health Authorities | 10,678 | 9,924 |
| Research student tuition fees | 995 | 911 |
| Non credit bearing course fees | 1,107 | 999 |
| Research training grants | 234 | 289 |
| | 64,576 | 54,864 |

3 – Research grants and support contracts

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Research Councils | 2,091 | 1,800 |
| UK-based charities | 1,057 | 929 |
| UK Central Government, Local Authorities | 628 | 734 |
| UK Industry, commerce, Public Corporations | 778 | 649 |
| European Commission | 237 | 304 |
| EU other | 225 | 160 |
| Other overseas | 99 | 42 |
| Other sources | 33 | 39 |
| | 5,148 | 4,657 |

4 – Other operating income

| | Note | 2009 £000 | 2008 £000 |
|---------------------------------------|------|---------------|---------------|
| Residences, catering and conferences | | 20,397 | 19,295 |
| Other services rendered | | 6,975 | 5,838 |
| Released from deferred capital grants | 19 | 491 | 553 |
| Other income | | 10,228 | 10,897 |
| | | <u>38,091</u> | <u>36,583</u> |

5 – Interest receivable

| | 2009 £000 | 2008 £000 |
|---------------|--------------|--------------|
| Bank interest | <u>1,375</u> | <u>1,777</u> |

6 – Staff

| | 2009 £000 | 2008 £000 |
|---|---------------|---------------|
| a) Employment costs | | |
| Wages and salaries | 70,009 | 64,812 |
| Social security costs | 5,546 | 5,175 |
| Other pension costs (including FRS17 adjustments) | 8,994 | 9,798 |
| Severance payments | 810 | 1,823 |
| Recruitment costs etc | 354 | 319 |
| | <u>85,713</u> | <u>81,927</u> |

(b) Number of staff

The average number of employees during the year was made up as follows:
(Headcount basis used)

| | Number | Number |
|--|--------------|--------------|
| Teaching and research including management | 857 | 849 |
| Part time lecturers | 612 | 522 |
| Support | 1,314 | 1,261 |
| | <u>2,783</u> | <u>2,632</u> |

(c) Remuneration of higher paid staff (excluding employers' pension contributions)

| | Number | Number |
|---------------------|--------|--------|
| £100,001 - £110,000 | - | 1 |
| £110,001 - £120,000 | 2 | 3 |
| £120,001 - £130,000 | 4 | 2 |
| £190,001 - £200,000 | - | 1 |
| £200,001 - £210,000 | 1 | 1 |

7 – Emoluments of Governors

- (a) The remuneration received by Governors of the university is wholly in respect of their duties as members of staff.
- (b) The other Governors received only directly reimbursable expenses arising out of the performance of their duties. These amounted to £2,822 (2008: £1,300).
- (c) The emoluments of the Chair and highest paid Governor were:

| | 2009 | 2008 |
|--|-------------|-------------|
| | £000 | £000 |
| Chair: Joanna Simons | - | - |
| Highest paid Governor (Vice-Chancellor): Professor Janet Beer: | | |
| salary | 200 | 177 |
| employers' pension contribution | 28 | 25 |
| | 228 | 202 |
| Highest paid governor (Vice-Chancellor): Professor Graham Upton: | | |
| salary | - | 16 |
| employers' pension contribution | - | 2 |
| | - | 18 |

Note: The salary of the Vice-Chancellor for 2008 represents 11 months as the previous V-C was still in post for the month of August 2007.

- (d) Governors are eligible to join the pension scheme applicable to their post in the university. Details of these schemes are set out in Note 28.

8 – Other operating expenses

| | 2009 | 2008 |
|--|---------------|-------------|
| | £000 | £000 |
| Premises related: | | |
| Maintenance | 9,354 | 8,211 |
| Rent | 5,062 | 4,329 |
| Books, publications and periodicals | 1,837 | 1,805 |
| Information technology related equipment; supplies and consumables | 2,423 | 2,027 |
| Other equipment supplies and consumables | 874 | 820 |
| Food and catering supplies and services | 2,294 | 1,821 |
| Stationery, photocopying and printing | 1,491 | 1,424 |
| Temporary staff, professional services and consultants | 6,014 | 5,407 |
| Other hired and contracted services | 3,349 | 3,719 |
| Examiners fees | 420 | 223 |
| Communications and marketing | 954 | 970 |
| Placements, teaching practice and educational visits | 701 | 791 |
| Conferences, training and tuition fees | 1,285 | 1,090 |
| Subscriptions and copyright fees | 874 | 848 |
| Transport and travel related | 2,692 | 2,539 |
| Students' Union grant | 932 | 851 |
| External auditors' remuneration in respect of audit services | 64 | 56 |
| External auditors' remuneration in respect of other services | - | 19 |
| Equipment operating lease rentals | 1,529 | 1,382 |
| Insurance | 510 | 533 |
| Bursaries, scholarships and other financial support to students | 6,240 | 4,347 |
| Other costs | 2,789 | 4,386 |
| | 51,688 | 47,598 |

9 – Interest payable

| | 2009 | 2008 |
|---|--------------|--------------|
| | £000 | £000 |
| Bank loans (repayable wholly or partly in more than five years) | 2,212 | 2,294 |
| Loan breakage costs | - | 774 |
| Pension finance costs | 2,330 | 190 |
| Lease | 129 | 269 |
| | <u>4,671</u> | <u>3,527</u> |

10 – Analysis of expenditure by activity

| | Staff costs | Other | Depreciation | Interest | Net |
|--------------------------------------|--------------------|------------------|---------------------|-----------------|----------------|
| | £000 | operating | £000 | payable | £000 |
| | £000 | £000 | £000 | £000 | £000 |
| Academic departments | 50,461 | 13,065 | 904 | - | 64,430 |
| Academic services | 6,710 | 3,912 | 383 | - | 11,005 |
| Administration and central services | 14,508 | 12,244 | 155 | (139) | 26,768 |
| Residences, catering and conferences | 4,070 | 10,256 | 996 | 2,480 | 17,802 |
| Premises | 4,131 | 6,810 | 6,848 | - | 17,789 |
| Research | 3,077 | 1,612 | 49 | - | 4,738 |
| Other costs | 2,756 | 3,789 | - | 2,330 | 8,875 |
| | <u>85,713</u> | <u>51,688</u> | <u>9,335</u> | <u>4,671</u> | <u>151,407</u> |

The depreciation charge has been funded by:

| | 2009 | 2008 |
|----------------------------------|-------------|--------------|
| | £000 | £000 |
| | | |
| | Note | |
| Deferred capital grants released | 19 | 2,236 |
| Revaluation reserve released | 20 | 728 |
| General Income | | 4,087 |
| | | <u>9,335</u> |
| | | <u>7,328</u> |

11 – Tangible fixed assets

| Group | Assets in course of construction | Freehold land and buildings | Long leasehold property | Equipment | Total |
|--------------------------|--|-----------------------------------|-------------------------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation | | | | | |
| At 1 August 2008 | 3,219 | 173,138 | 22,674 | 32,905 | 231,936 |
| Reclassifications | (798) | 798 | - | - | - |
| Additions | 12,219 | 7,100 | 560 | 2,081 | 21,960 |
| Impairments | - | (1,495) | - | - | (1,495) |
| Disposals | - | - | - | (8) | (8) |
| At 31 July 2009 | 14,640 | 179,541 | 23,234 | 34,978 | 252,393 |
| Depreciation | | | | | |
| At 1 August 2008 | - | (37,811) | (8,312) | (26,966) | (73,089) |
| Charge for the year | - | (6,606) | (984) | (1,745) | (9,335) |
| Impairments | - | 1,495 | - | - | 1,495 |
| Disposals | - | - | - | 8 | 8 |
| At 31 July 2009 | - | (42,922) | (9,296) | (28,703) | (80,921) |
| Net book value | | | | | |
| At 31 July 2009 | 14,640 | 136,619 | 13,938 | 6,275 | 171,472 |
| At 31 July 2008 | 3,219 | 135,327 | 14,362 | 5,939 | 158,847 |
| Corporation | | | | | |
| Cost or valuation | | | | | |
| At 1 August 2008 | 3,219 | 172,112 | 22,509 | 31,233 | 229,073 |
| Reclassifications | (798) | 798 | - | - | - |
| Additions | 12,219 | 7,100 | 560 | 2,051 | 21,930 |
| Impairments | - | (1,495) | - | - | (1,495) |
| Disposals | - | - | - | (8) | (8) |
| At 31 July 2009 | 14,640 | 178,515 | 23,069 | 33,276 | 249,500 |
| Depreciation | | | | | |
| At 1 August 2008 | - | (37,524) | (8,146) | (25,419) | (71,089) |
| Charge for the year | - | (6,589) | (984) | (1,697) | (9,270) |
| Impairments | - | 1,495 | - | - | 1,495 |
| Disposals | - | - | - | 8 | 8 |
| At 31 July 2009 | - | (42,618) | (9,130) | (27,108) | (78,856) |
| Net book value | | | | | |
| At 31 July 2009 | 14,640 | 135,897 | 13,939 | 6,168 | 170,644 |
| At 31 July 2008 | 3,219 | 134,588 | 14,363 | 5,814 | 157,984 |

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 1 April 1989. A professional valuation was carried out in 1991 on the inherited buildings. The valuation, which was as at 1 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 £64,380,000.

A Private Finance Initiative relating to the construction and management of Cheney halls of residence on land owned by the university was undertaken in 2001. The design and construction of the accommodation was undertaken by a private sector provider who also operates the halls over a thirty year period. The construction costs totalled £18.2 million. Under the agreement the university has the right to reserve all or part of the accommodation each year. At the end of the thirty year agreement the legal ownership of the property will revert to the university at no cost. During the year ended 31 July 2009 the reversionary interest was sold for net proceeds of £5,169,000 resulting in a profit on disposal of £4,410,000.

The risks and rewards have been assessed in accordance with FRS5 (Substance of Transactions). The Governors consider that the substantial risks and rewards associated with the accommodation project have been transferred to the private sector provider. The accounts do not therefore include the Cheney halls of residence as a tangible asset of the university.

12 – Investments

| | 2009 | | 2008 | |
|-----------------------|---------------|---------------------|---------------|---------------------|
| | Group £000 | Corporation £000 | Group £000 | Corporation £000 |
| At 1 August | 34 | 1,035 | 34 | 1,035 |
| Investment in OET | 70 | 70 | - | - |
| Investment in Wildkey | 8 | 8 | - | - |
| At 31 July | 112 | 1,113 | 34 | 1,035 |

Investments include £34,000 for 34,093 ordinary shares in CVCP Properties plc and £250 for 250 ordinary shares in Wildkey Limited. The remaining investment of the corporation represents 1,000,100 £1 shares in Oxford Brookes Enterprises Limited, a wholly owned subsidiary.

During 2009 the university invested circa £70,000 in Oxford Expression Technologies and a further £8,000 in Wildkey Limited.

13 – Exceptional gain on Cheney Halls of Residence lease extension.

The exceptional gain has arisen on the disposal of the reversionary interest in Chaney Halls of Residence in consideration for a lease premium of £5.25 million which extends the lease from 2034 to 2050.

14 – Stocks

| | 2009 | | 2008 | |
|-------------------------------|---------------|---------------------|---------------|---------------------|
| | Group £000 | Corporation £000 | Group £000 | Corporation £000 |
| Raw materials and consumables | 395 | 321 | 398 | 319 |
| Research work-in-progress | 1,099 | 967 | 1,031 | 973 |
| | 1,494 | 1,287 | 1,429 | 1,292 |

15 – Debtors

| | 2009 | | 2008 | |
|---|---------------|---------------------|---------------|---------------------|
| | Group £000 | Corporation £000 | Group £000 | Corporation £000 |
| Amounts falling due after more than one year | | | | |
| Cheney Hall residual value | - | - | 759 | 759 |
| | - | - | 759 | 759 |
| Amount falling due within one year | | | | |
| Trade debtors | 4,496 | 3,571 | 4,737 | 3,647 |
| Amount due from subsidiary companies | - | 2,168 | - | 1,220 |
| Amount due from joint ventures | - | - | 37 | 179 |
| Prepayments and accrued income | 474 | 432 | 724 | 643 |
| Other debtors | 1,066 | 1,030 | 1,311 | 1,299 |
| | 6,036 | 7,201 | 6,809 | 6,988 |

16 – Current asset investments

| | Group £000 | Corporation £000 | Group £000 | Corporation £000 |
|---------------------|---------------|---------------------|---------------|---------------------|
| Short term deposits | 32,496 | 32,144 | 24,745 | 25,041 |

17 – Creditors: amounts falling due within one year

| | 2009 | | 2008 | |
|--------------------------------|---------------|---------------|--------|-------------|
| | Group | Corporation | Group | Corporation |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdraft | 523 | 523 | 523 | 523 |
| Finance leases and other loans | - | - | 241 | 241 |
| Payments received in advance | 9,521 | 9,271 | 8,388 | 8,262 |
| Trade creditors | 1,580 | 1,543 | 2,206 | 2,204 |
| Social security costs | 1,997 | 1,997 | 1,993 | 1,993 |
| Accruals | 9,460 | 9,144 | 7,724 | 6,935 |
| Other creditors | 3,504 | 3,047 | 4,165 | 3,831 |
| | 26,585 | 25,525 | 25,240 | 23,989 |

18 – Creditors: amounts falling due after more than one year

| | 2009 | | 2008 | |
|--------------------------|---------------|---------------|--------|-------------|
| | Group | Corporation | Group | Corporation |
| | £000 | £000 | £000 | £000 |
| Long-term bank loans (a) | 50,662 | 50,662 | 42,185 | 42,185 |
| Lease (b) | - | - | 6,162 | 6,162 |
| | 50,662 | 50,662 | 48,347 | 48,347 |

(a) The university's long-term loans are currently held with Barclays, Lloyds and Abbey National (Santander). These loans are repayable in 2037, 2042, and 2037 respectively. The loans are unsecured. Of the loans outstanding £6m is fixed at a rate of 4.8%, £6.1m is fixed at 5.05%, £6.1m is fixed at 5.16%, £6.1m is fixed at 5.215%, £12.5m is fixed at 5.34%, £6.3m is an RPI inflation linked loan, and £9m is fixed at 3.99%.

(b) In May 1999 the university granted a lease on a hall of residence for ten years, extendable for a further 20 years by the university, to CITYTWOINC, a wholly owned subsidiary of a finance company, in exchange for a lease premium. In return CITYTWOINC granted a reciprocal lease to the university for a similar period for the payment of an annual lease that increases each year at the rate of 3%. During the year the university exercised its option to acquire the shares of CITYTWOINC at an agreed price of £6.4 million that ensured the return of any remaining net investment to the finance company. The lease was subsequently cancelled and the investment in the share capital of CITYTWOINC is considered to have no value and the company will be dissolved after the year end.

Maturity analysis of financial liabilities

The maturity profile of the carrying amount of the group's financial liabilities, other than short-term creditors and accruals at 31 July 2009, was as follows:

| | 2009 | | 2008 | |
|------------------------------------|---------------|---------------|--------|-------------|
| | Group | Corporation | Group | Corporation |
| | £000 | £000 | £000 | £000 |
| Due between one and two years | 523 | 523 | 764 | 764 |
| Between two and five years | 1,881 | 1,881 | 2,326 | 2,326 |
| Over five years by instalments | 48,258 | 48,258 | 40,061 | 40,061 |
| Over five years not by instalments | - | - | 5,196 | 5,196 |
| | 50,662 | 50,662 | 48,347 | 48,347 |

19 – Deferred capital grants – group and corporation

| | HEFCE £000 | Other grants £000 | Total £000 |
|--|----------------|-------------------------|----------------|
| At 1 August 2008 | | | |
| Buildings | 19,195 | 3,844 | 23,039 |
| Equipment | 757 | 805 | 1,562 |
| Total | 19,952 | 4,649 | 24,601 |
| Due within one year (transferred from short term creditors) | | | |
| Buildings | 53 | 63 | 116 |
| Equipment | 87 | 0 | 87 |
| | 140 | 63 | 203 |
| Receivable | | | |
| Buildings | 0 | 24 | 24 |
| Equipment | 4,533 | 33 | 4,566 |
| Total | 4,533 | 57 | 4,590 |
| Released to Income and Expenditure | | | |
| Buildings | (1,241) | (176) | (1,417) |
| Equipment | (504) | (315) | (819) |
| Total | (1,745) | (491) | (2,236) |
| At 31 July 2009 | | | |
| Due in over one year | | | |
| Buildings | 18,007 | 3,755 | 21,762 |
| Equipment | 4,873 | 523 | 5,396 |
| Total | 22,880 | 4,278 | 27,158 |

20 – Revaluation reserve – group and corporation

This reserve relates to fixed assets transferred from Oxfordshire County Council at valuation.

| | 2009 £000 | 2008 £000 |
|---|---------------|---------------|
| At 1 August | 34,283 | 35,012 |
| Transfer from income and expenditure account in respect of depreciation | (803) | (729) |
| Impairment of buildings | (1,495) | - |
| At 31 July | 31,985 | 34,283 |

21 – General reserves including pension reserve

| | 2009 | | 2008 | |
|---|---------------|---------------------|---------------|---------------------|
| | Group £000 | Corporation £000 | Group £000 | Corporation £000 |
| Balance at 1 August as previously stated | 18,403 | 18,978 | 28,724 | 28,918 |
| Surplus after tax and exceptional items | 11,297 | 11,533 | 6,771 | 7,152 |
| Depreciation on revalued assets | 2,298 | 2,298 | 728 | 728 |
| Actuarial loss | (31,610) | (31,610) | (17,820) | (17,820) |
| At 31 July | 388 | 1,199 | 18,403 | 18,978 |
| Balance represented by : | | | | |
| Pension reserve | (75,860) | (75,860) | (42,900) | (42,900) |
| Income and expenditure reserve excluding pension reserve | 76,248 | 77,059 | 61,303 | 61,878 |
| Total | 388 | 1,199 | 18,403 | 18,978 |

22 – Financial commitments – group and corporation

| (a) Capital commitments | 2009 | 2008 |
|-----------------------------------|-------------|-------------|
| | £000 | £000 |
| Contracted for | 47,063 | 25,240 |
| Authorised but not contracted for | 10,735 | 38,508 |

(b) Operating leases

At 31 July 2009 the group had annual commitments under operating leases as follows:

| | 2009 | 2009 | 2008 | 2008 |
|------------------------------------|------------------|--------------|------------------|--------------|
| | Land and | Other | Land and | Other |
| | buildings | £000 | buildings | £000 |
| | £000 | | £000 | |
| Expiring within one year | 1,162 | - | 1,180 | - |
| Expiring within two and five years | 61 | - | 59 | - |
| Expiring after five years | 3,508 | - | 3,465 | - |
| | 4,731 | - | 4,704 | - |

(c) Lease commitments

The university has entered into a contract with a private sector provider to build, operate and service halls of residence. In accordance with the provisions of FRS 5 these halls are not shown as assets in the balance sheet and no associated financing has been recognised. Under the agreement the university can commit to renting the accommodation on an annual basis and the lease expires in 2050. The amount committed is £3,508,000 in 2010 (2009: £3,465,000).

23 – Reconciliation of consolidated operating surplus / (deficit) to net cash inflow from operating activities

| | Notes | 2009 | 2008 |
|---|--------------|---------------|---------------|
| | | £000 | £000 |
| Operating surplus after depreciation of assets at valuation | | 11,297 | 6,771 |
| Share of surplus of joint venture companies | | - | (203) |
| Interest receivable | 5 | (1,375) | (1,777) |
| Interest payable | 9 | 4,671 | 3,527 |
| Release of capital grant | 19 | (2,236) | (2,513) |
| Depreciation | 11 | 9,335 | 7,328 |
| Profit on disposal of fixed assets | | (4,410) | (12) |
| Pension costs less contributions payable | | (980) | 750 |
| (Increase) / decrease in stocks and work in progress | | (65) | 251 |
| Decrease in debtors | | 773 | 812 |
| Decrease / (increase) in creditors | | 1,787 | (47) |
| Net cash inflow from operating activities | | 18,797 | 14,887 |

24 – Reconciliation of net cash flow to movements in net debt

| | Notes | 2009 £000 | 2008 £000 |
|---|-------|-----------------|-----------------|
| (Decrease) / increase in cash in the year | | (124) | 640 |
| Increase in short-term deposits | | 7,751 | 4,641 |
| Repayment of debt | 25 | <u>(2,073)</u> | <u>(62)</u> |
| Change in net debt | | 5,554 | 5,219 |
| Net debt at 1 August | 26 | (23,215) | (28,434) |
| Net debt at 31 July | 26 | <u>(17,661)</u> | <u>(23,215)</u> |

25 – Analysis of changes in consolidated financing during the year

| | Property finance leases £000 | Bank loans £000 | Total £000 |
|------------------|---------------------------------------|--------------------|---------------|
| At 1 August 2008 | 6,404 | 42,708 | 49,112 |
| Repayments | (6,404) | (523) | (6,927) |
| New loans drawn | - | 9,000 | 9,000 |
| At 31 July 2009 | <u>-</u> | <u>51,185</u> | <u>51,185</u> |

26 – Analysis of changes in net debt

| | 2009 £000 | Cash flows £000 | 2008 £000 |
|--------------------------|-----------------|--------------------|-----------------|
| Cash at bank and in hand | 1,028 | (124) | 1,152 |
| Short-term deposits | 32,496 | 7,751 | 24,745 |
| Debt due within one year | (523) | 241 | (764) |
| Debt due after one year | <u>(50,662)</u> | <u>(2,314)</u> | <u>(48,348)</u> |
| | <u>(17,661)</u> | <u>5,554</u> | <u>(23,215)</u> |

27 – Interests in group undertakings

Listed below are the university's interests in subsidiaries and joint ventures consolidated in the financial statements. All companies are registered in England and have a financial year-end of 31 July unless otherwise stated.

| Name of company | Nature of Business | Percentage of voting rights held by university |
|------------------------------------|---|---|
| Subsidiaries | | |
| Oxford Brookes Enterprises Limited | Trading activities, including consultancy, library and print services | 100 |
| Oxford Brookes Services Limited | Provision of nurse training | 100 |
| CityTwoInc | Dormant | 100 |

28 – Pension and similar obligations

The university's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Oxfordshire County Council. Both are defined-benefit schemes.

| Total pension cost for the year | 2009 £000 | 2008 £000 |
|--|----------------------|----------------------|
| Teachers Pension Scheme: contributions paid | 3,933 | 3,589 |
| Local Government Pension Scheme: | | |
| - contributions paid | 5,600 | 5,100 |
| - FRS 17 (credits) / charge | (980) | 750 |
| Charge to the Income and Expenditure Account (staff costs) | 4,620 | 5,850 |
| Contributions to USS and other schemes | 441 | 358 |
| Total Pension Cost for Year | 8,994 | 9,797 |

Contributions amounting to £1,192,625 (2008: £1,182,251) were payable to the above schemes at 31st July and are included within creditors.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

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

| | |
|---|----------------------|
| Latest actuarial valuation (under the new provisions) | 31 March 2004 |
| Actuarial method | Prospective benefits |
| Investment returns per annum | 6.5%pa |
| Salary scale increases per annum | 5.0% pa |
| Notional value of assets at date of last valuation | £162,650 million |
| | |
| Proportion of members' accrued benefits covered by the notional value of the assets | 98.88% |

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2008 to 31 July 2009 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The university is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the university has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The university has set out above the information available on the scheme and the implications for the university in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2009 was £7,461,415, of which employer's contributions totalled £5,460,000 and employees' contributions totalled £2,001,415. The agreed contribution rates for future years are 18.5 per cent for employers and between 5.5 and 7.5 per cent for employees.

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary.

| Principal actuarial assumptions | At 31 July 2009 %pa | At 31 July 2008 %pa |
|--|--------------------------------|--------------------------------|
| Rate of increase in salaries | 5.3 | 5.3 |
| Rate of increase for pensions in payment / inflation | 3.8 | 3.8 |
| Discount rate for scheme liabilities | 6.0 | 6.5 |
| Inflation rate | 3.8 | 3.8 |
| Expected return on assets | 7.2 | 7.2 |

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

| | At 31 July 2009 | At 31 July 2008 |
|-----------------------------|-----------------|-----------------|
| <i>Retiring today</i> | | |
| Males | 23.1 | 22.1 |
| Females | 25.0 | 24.1 |
| <i>Retiring in 20 years</i> | | |
| Males | 25.4 | 24.0 |
| Females | 27.3 | 25.3 |

The assets and liabilities in the scheme and the expected rates of return were:

| | Long-term rate of return expected at 31 July 2009 %pa | Value at 31 July 2009 £000 | Long-term rate of return expected at 31 July 2008 %pa | Value at 31 July 2008 £000 |
|--|---|----------------------------------|---|----------------------------------|
| Equities | 8.0 | 49,033 | 7.8 | 47,583 |
| Bonds | 5.9 | 14,142 | 6.8 | 17,810 |
| Property | 7.0 | 2,513 | 6.5 | 3,919 |
| Cash | 0.9 | 6,102 | 5.9 | 5,887 |
| Total market value of assets | | <u>71,790</u> | | <u>75,199</u> |
| Present value of scheme liabilities | | | | |
| - funded | | | | |
| - unfunded | | (147,650) | | (118,110) |
| Related deferred tax liability | | | | |
| Surplus/(deficit) in the scheme | | <u>(75,860)</u> | | <u>(42,900)</u> |

Analysis of the amount charged to income and expenditure account

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Employer service cost (net of employee contributions) | 4,550 | 4,670 |
| Past service cost | 70 | 1,180 |
| Total operating charge | <u>4,620</u> | <u>5,850</u> |

Analysis of pension finance income / (costs)

| | | |
|--|--------------|------------|
| Expected return on pension scheme assets | (5,480) | (5,810) |
| Interest on pension liabilities | 7,810 | 6,000 |
| Pension finance income / (costs) | <u>2,330</u> | <u>190</u> |

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

| | 2009 £000 | 2008 £000 |
|--|------------------------|------------------------|
| Actuarial gains / (losses) on pension scheme assets | (31,390) | (13,380) |
| Actuarial gains / (losses) on pension scheme liabilities | (220) | (4,440) |
| Actuarial gain/(loss) recognised in STRGL | <u>(31,610)</u> | <u>(17,820)</u> |

Movement in surplus / (deficit) during year

| | 2009 £000 | 2008 £000 |
|---|------------------------|------------------------|
| Surplus/(deficit) in scheme at 1 August | (42,900) | (24,140) |
| Movement in year: | | |
| Employer service cost (net of employee contributions) | (4,620) | (5,850) |
| Employer contributions | 5,600 | 5,100 |
| Net interest/return on assets | (2,330) | (190) |
| Actuarial gain or loss | (31,610) | (17,820) |
| Surplus/(deficit) in scheme at 31 July | <u>(75,860)</u> | <u>(42,900)</u> |

| Asset and Liability Reconciliation | 2009 | 2008 |
|---|----------------|----------------|
| | £000 | £000 |
| Reconciliation of liabilities | | |
| Liabilities at start of period | 118,110 | 103,200 |
| Service cost | 4,550 | 4,670 |
| Interest cost | 7,810 | 6,000 |
| Employee contributions | 2,140 | 1,830 |
| Actuarial (gain) / loss | 17,610 | 4,080 |
| Benefits paid | (2,640) | (2,850) |
| Past service cost | 70 | 1,180 |
| Liabilities at end of period | 147,650 | 118,110 |
| Reconciliation of Assets | | |
| Assets at start of period | 75,210 | 78,700 |
| Expected return on assets | 5,480 | 5,810 |
| Actuarial gain / (loss) | (14,000) | (13,380) |
| Employer contributions | 5,600 | 5,100 |
| Employee contributions | 2,140 | 1,819 |
| Benefits paid | (2,640) | (2,850) |
| Assets at end of period | 71,790 | 71,199 |

History of experience gains and losses

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-------------|-------------|-------------|-------------|-------------|
| Difference between the expected and actual return on assets: | | | | | |
| Amount £000 | (14,000) | (13,380) | 2,880 | 3,690 | 6,350 |
| percentage of scheme assets | -19.5% | -17.8% | 3.7% | 5.5% | 11.5% |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount £000 | - | - | (100) | (130) | (1,200) |
| percentage of scheme liabilities | - | - | - | - | -1% |
| Total amount recognised in STRGL: | | | | | |
| Amount £000 | (31,610) | (17,820) | 8,230 | 100 | 660 |
| | -21.4% | -14.8% | 8.0% | 0.1% | 0.8% |

29 – Amounts dispersed as agents: Access to Learning funds

The university received and distributed HEFCE access to learning funds as follows:

| | 2009 | 2008 |
|-------------------------|-------------|-------------|
| | £000 | £000 |
| At 1 August | 11 | 12 |
| Grant received | 388 | 508 |
| Interest accrued | - | 1 |
| Distributed to students | (399) | (510) |
| At 31 July | - | 11 |

Access to learning funds are available solely for students: the university acts only as paying agent. The grants and related disbursements are, therefore, excluded from the income and expenditure account.

30 – Amounts dispersed as agents: TDA bursary funds

The university received and distributed TDA bursary funds as follows:

| | 2009 | 2008 |
|-----------------------|-------------|-------------|
| | £000 | £000 |
| As at 1 August | 113 | 293 |
| Income | 2,084 | 2,725 |
| Payments to students | (2,269) | (2,905) |
| Balance as at 31 July | (72) | 113 |

TDA bursary funds are available solely for students: the university acts only as paying agent. The grants and related disbursements are, therefore, excluded from the income and expenditure account.

31 – Related party transactions

Due to the nature of the university's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. A register of Governors' interests is maintained by the university. All transactions involving organisations in which a member of the board may have an interest are conducted at arm's length and in accordance with the university's financial regulations and normal procedures.