

# ANNUAL ACCOUNTS 2010/2011



**OXFORD  
BROOKES  
UNIVERSITY**

**Financial Statements**

**Year ended 31 July 2011**

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# Financial highlights

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## Results

During the year to 31 July 2011 (2010 figures) the University group:

- Generated turnover of £170.6 million (£168.2 million)
- Generated an operating surplus of £15.3 million (£10.2 million)
- Generated an historical cost surplus of £17.4 million (£10.9 million)
- Increased income by £2.4 million, or 1.4% (£9.9 million)
- Increased expenditure by £3.9 million, or 2.5% (£6.6 million)
- Generated a net inflow of cash from operating activities of £19.5 million (£20.5 million)

## Financial strength

At the balance sheet date the University group had:

- Cash and short-term deposits of £44.4 million (£51.5 million)
- Net current assets of £23 million (£32.3 million)
- Total net assets of £122.8 million (£86.7 million)

## Investments and borrowings

During the year the University group:

- Invested £35.2 million in tangible fixed assets (£27.4 million)

## Staff and students

During the year the University group:

- Employed 2,881 members of staff (2,898)
- Taught higher education students, directly or through collaborative provision and distance learning. Analysed as follows:

	Full-time	Other	2010-11 Total	2009-10 Total	Increase / (Decrease)
<b>Home/EU</b>					
Undergraduate	10,619	2,256	<b>12,875</b>	<b>12,941</b>	(0%)
Postgraduate	1,122	2,396	<b>3,518</b>	<b>3,259</b>	8%
<b>International</b>					
Undergraduate	1,113	147	<b>1,260</b>	<b>1,314</b>	(4)%
Postgraduate	618	113	<b>731</b>	<b>818</b>	(11)%
<b>2010-11 Total HE students</b>	<b>13,472</b>	<b>4,912</b>	<b>18,384</b>	<b>18,332</b>	0%
<b>2009-10 Totals</b>	<b>13,082</b>	<b>5,250</b>	<b>18,332</b>		
<b>Increase / (Decrease)</b>	3%	(6%)	0%		

# Board of Governors (Trustees)

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The membership of the Board of Governors, who are also Trustees for the year ended 31 July 2011 and incorporating any changes in membership up to and including 16 November 2011, was as follows:

## **Independent Members**

<b>Lorna Beckford</b> (to 12.12.2010)	International Diversity Consultant
<b>Alyson Coates</b>	Vice-Chair and Audit Committee chair, South Central Strategic Health Authority (to 31.03.11). Non-executive Director, Oxford Health NHS Foundation Trust (from 01.04.11)
<b>Geoff Donnelly</b> (Vice-Chair from 01.08.2010)	Various Directorships and Self-employed management consultant
<b>John Guy</b>	Principal of Farnborough Sixth Form College (to 31.08.2010); Education Consultant
<b>Martin Howell</b> (from 01.01.2011)	Chairman of Oxford Health NHS Foundation Trust
<b>Jill Judson</b>	Former Headteacher, Cherwell School
<b>Leslie Morphy</b> (from 01.01.2011)	Chief Executive, Crisis
<b>Michael O'Regan</b>	Chair of Hamilton Trust and of Oxford Technology 2 VCT plc
<b>Susan Purves</b> (Vice-Chair to 31.07.2010 and member to 12.12.2010)	Retired Vice President, Human Resources, Astra Zeneca Limited
<b>Joanna Simons</b> (Chair)	Chief Executive, Oxfordshire County Council
<b>Alan White</b>	Director of Lenborough Consultants

## **Co-opted Members**

<b>Lucie Acraman</b> (to 30.06.2011)	President of the Students' Union
<b>Jock Coats</b> (to 07.01.2011)	Office Systems Analyst, Oxford Brookes University
<b>Megan Crawford</b> (from 01.02.2011 to 30.09.2011)	Reader in Education, Oxford Brookes University
<b>Susan Howdle</b>	Chair of the Westminster College Oxford Trust Ltd
<b>Paul Mason</b> (from 01.07.2011)	President of the Students' Union
<b>Mitchell Sedgwick</b> (to 01.12.2010)	Senior Lecturer in Anthropology, Oxford Brookes University
<b>Pete Toomer</b> (from 01.02.2011)	Student Accommodation Manager, Oxford Brookes University

## **Ex-Officio Member**

<b>Professor Janet Beer</b>	Vice-Chancellor, Oxford Brookes University
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# Finance and Resources Committee

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<b>Jock Coats</b> (to 07.01.2011)	Co-opted member of Board of Governors
<b>Geoff Donnelly</b> (Chair)	Governor
<b>Susan Howdle</b> (from 16.09.2011)	Governor
<b>Jill Judson</b> (Vice-Chair from 04.11.2010)	Governor
<b>Robert Kirtland</b> (from 01.11.2010)	Co-optee (Partner, Critchleys Chartered Accountants, Oxford)
<b>Leslie Morphy</b> (from 01.01.2011)	Governor
<b>Susan Purves</b> (to 12.12.2010)	Governor
<b>Joanna Simons</b>	Governor
<b>Alan White</b>	Governor

# Audit Committee

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<b>Ian Barry</b> (from 05.11.2010)	Co-optee (Chief Financial Officer, CABI)
<b>Lorna Beckford</b> (to 12.12.2010)	Governor
<b>Alyson Coates</b> (Vice-Chair from 18.03.2011)	Governor
<b>Jeremy Dawson</b>	Co-optee (Principal, JD and Associates Financial Management Practice)
<b>John Guy</b> (Chair from 01.05.2011)	Governor
<b>Martin Howell</b> (from 18.03.2011)	Governor
<b>Robert Kirtland</b> (to 31.10.2010)	Co-optee (Partner, Critchleys Chartered Accountants, Oxford)
<b>Michael O'Regan</b> (Chair to 30.04.2011 then member from 01.05.2011)	Governor
<b>Rebecca Scott</b>	Co-optee (Partner, Mazars Chartered Accountants)

## Remuneration Committee

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<b>Professor Janet Beer</b>	Vice-Chancellor and Governor
<b>Geoff Donnelly</b> (from 01.01.2011)	Governor
<b>Michael O'Regan</b>	Governor
<b>Susan Purves</b> (to 12.12.2010)	Governor
<b>Joanna Simons</b> (Chair)	Governor

## Nominations Committee

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<b>Lorna Beckford</b> (to 12.12.2010)	Governor
<b>Professor Janet Beer</b>	Vice-Chancellor and Governor
<b>Jock Coats</b> (to 19.05.2011)	Governor
<b>Alyson Coates</b> (from 20.05.2011)	Governor
<b>Geoff Donnelly</b> (from 20.05.2011)	Governor
<b>Martin Howell</b> (from 20.05.2011)	Governor
<b>Jill Judson</b> (to 19.05.2011)	Governor
<b>Joanna Simons</b> (Chair)	Governor

## Senior Management Team

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<b>Professor Janet Beer</b>	Vice-Chancellor
<b>Professor Chris Cooper</b>	Pro Vice-Chancellor and Dean of Business School
<b>Professor Derek Elsom</b>	Pro Vice-Chancellor and Dean of Faculty of Humanities and Social Sciences
<b>Professor Alistair Fitt</b> (from 14.03.2011)	Pro Vice-Chancellor, Research and Knowledge Transfer
<b>June Girvin</b>	Pro Vice-Chancellor and Dean of Faculty of Health and Life Sciences
<b>Paul Inman</b> (from 02.03.2011)	Pro Vice-Chancellor and Dean of Faculty of Technology, Design and Environment
<b>Paul Large</b>	Registrar
<b>Professor John Raftery</b>	Pro Vice-Chancellor Student Experience
<b>Marstan Street</b> (to 31.03.11)	Acting Pro Vice-Chancellor and Dean of Faculty of Technology, Design and Environment
<b>Professor Diana Woodhouse</b> (to 31.12.2010)	Pro Vice-Chancellor (Research)

## Advisors

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<b>Bankers</b>	<b>Barclays Bank plc</b> Oxford Corporate Banking Centre PO Box 858 11 West Way Oxford OX2 0XP		
<b>External Auditors</b>	<b>RSM Tenon Audit Limited</b> Vantage Victoria Street Basingstoke Hampshire RG21 3BT	<b>Internal Auditors</b>	<b>KPMG</b> 2 Cornwall Street Birmingham B3 2DL

# Report of the Board of Governors for the year ended 31 July 2011

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## Operational and Financial Review

### Strategic and operational review

The Board of Governors of Oxford Brookes University presents its results, including the results of its subsidiaries for the year ended 31 July 2011. The University operates within the strategy developed and approved by the Board. This strategy was formulated in 2009/10, approved by the Board of Governors in February 2010 and sets the University direction until 2020. The report below reflects this context. The key drivers for this strategic direction place the Student Experience and Research Excellence at the heart of the strategy forming two of the four Strategic Goals of the University, outlined in more detail below. This broad framework has a potential 10 year life but will be re-visited from time to time as the environment for HE develops.

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

The University upholds the following values:

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

There is a new vision for the University:

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

The mission and vision are underpinned by four strategic goals each with two objectives:

### Student experience goal

We will be a university that enables a student experience of the highest standard possible. Our objectives will be to:

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

### Research and knowledge transfer goal

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

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

### External goal

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

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

### Infrastructure and services goal

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

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

The University's specific targets are set out annually in a set of key performance indicators (KPIs) against which targets or aspirations are set, along with a number of 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 2010 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 five core indicators. Full details of these KPIs can be found in the Performance Report for Governors which is published annually in December. This set of performance measures has mainly been carried over from the previous University strategy, remaining relevant to the new strategic direction, minor changes to the indicators will be adopted over time.

During the year the University implemented a programme of change to improve performance on its KPIs by:

- Reorganising its academic and senior management structures. Eight academic schools were reorganised into four academic faculties, each led by the new post of PVC and Executive Dean. This enables the University to more effectively pursue its new strategic goals, with the new posts forming a key part of the Senior Management Team. Senior appointments were made before the close of the 2010 academic year. Shadow faculty structures were created during 2010/11 and new structures developed for full launch in 2011/12. This encompassed new faculty support structures as well as the academic departments, with many management posts and others being put in place during the course of the year.
- Developing the processes, structures and management information by which academic performance is measured and monitored. The new faculty structures have enabled significant progress to be made on this front with the aim of making the quality of the student experience more transparent.
- Using the focus of the student experience and research goals to drive infrastructure and service improvements in the University. Following full planning approval the first phase of the University Masterplan for the estate was started with the decommissioning of buildings on the Gypsy Lane site in preparation for the New Library and Teaching Building (NLTB), for which construction began. The NLTB is one of the elements of the programme of work designed to deliver improvements both in the quality and the efficiency of University services. Progress was also made with business process improvements through IT and other development projects, which go hand in hand with the use of new elements of the estate. To facilitate this the former Directorate of Learning Resources was re-organised into Oxford Brookes Information Solutions (OBIS) and Learning Resources in order to provide a greater focus on IT service delivery. The Finance and HR teams were also re-organised in order to align better with the new academic structure.

This strategic approach and the actions associated with them are developed in the knowledge that the HE sector is undergoing significant structural and fiscal changes over the next four to five years.

Five KPIs relate directly to the University's financial performance and the table below sets out the performance and status against these over the most recent three years:

**Infrastructure and services first objective: To be financially self-sustaining**

	2009	2010	2011	Status 2009	Status 2010	Status 2011
Achieve £2 million historical cost surplus rising to £4.5m in 2009 <sup>1</sup>	£9.2m	£10.9m	£17.4m	Green	Green	Green
Contain staff costs below 65% income and aim for 60% <sup>2</sup>	59.2%	57.5%	58.9%	Green	Green	Green
Generate at least £5 million cash each year	£18.8m	£20.5m	£19.5m	Green	Green	Green
Maintain net current asset ratio and aim for 1: 1.25	1:1.54	1:2.16	1:1.74	Green	Green	Green
Cash cover for loan repayments at least 1.3 times	5.8	6.0	4.7	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**

In preparing these statements, the trustees have had due regard to the Charity Commission guidance on public benefit. As an exempt charity providing higher education, the key beneficiaries are our student body and through them, wider society. The foregoing section on the University's mission, values, vision and strategy sets out how the University aims to realise its goals. In addition there are a number of ways that the University provides benefits directly both to the wider public and to groups including those which might otherwise be excluded from higher education because of financial circumstances.

A sample of the actions and activities undertaken during the year ended 31 July 2011 is below:

- Provided means tested bursaries totalling nearly £4.1m to over 2,900 students.
- Promoted positive role models in state secondary schools and further education colleges in the region through the awarding of Community Scholarships totalling over £100K to 156 students.
- Continued to develop its corporate responsibility programme. A key University value is that 'Social responsibility demands that everything which we do must be sustainable' and the corporate responsibility programme underpins this. The fundamental aim of the corporate responsibility programme is to ensure that the University has a net positive impact on the community and environment. The programme was updated in May 2011 and the second report will be launched in November 2011.
- Delivered a comprehensive programme of community educational opportunities under the Economic Challenge Investment Fund programme enabling participants to find a job or to get back into education and training.
- Provided a range of events to provide advice and guidance to students including 300 inbound and outbound visits for schools and colleges, residential visits and mentoring for local school students and children at a mosque.
- Awarded bursaries for Care Leavers as well as running workshops to encourage progression to HE and provide advice and support.
- Supported 1,047 current students in financial hardship during the year with the allocation of £462k in grants in addition to the government-funded Access to Learning Fund. This included 202 students with specific disability-related costs who were unable to obtain assistance elsewhere who were granted a total of £112k.
- 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 18 public lectures attended by 3,000 people.
- Held a Science Bazaar in March aimed at giving a hands-on introduction to science and technology. Around 1,000 children and adults of all ages from 8 upwards attended.



- 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 membership of public bodies. In addition, the University supports staff who participate as members of the non-regular forces.
- Supported student volunteering in the community by providing space in the University to recruit young volunteers, supported the annual Volunteer Fair with up to 30 agencies supported by students and staff and set up projects with voluntary agencies such as IT training for AGE UK and Accounting for Small Charities, opened one of the first on-campus Age UK charity outlets for students, started the Brookes Hub student volunteering and community action organisation. Provided funds for students through the Student Community Fund to run projects of benefit to the local community.
- Supported staff as board members and trustees of not for profit organisations such as Connexions Oxfordshire and Thames Valley.
- The ninth annual Human Rights Film Festival was hosted by the Centre for Development and Emergency Practice in March, focusing on the role of the arts in shaping our understanding about global issues.
- The Student Innovation Fund has invested almost £3,000 in supporting eight projects this year. The fund enables the community and wider society to benefit from the enterprising and innovative ideas of Brookes students.

## Key events in the year

In February the University was successful in the Investors in People programme being awarded the gold standard.

Oxford Brookes University has become one of the first universities to be awarded the IIP gold standard award, on an organisation wide basis.

In November 2010, the Quality Assurance Agency for Higher Education undertook an institutional audit covering both on-campus and collaborative programmes. The audit result was the highest possible judgement of confidence in the University's management of the academic standards of its awards and in the quality of learning opportunities offered to its students.

Construction began on the new library and teaching building on our Gipsy Lane site and on new halls of residence on our Harcourt Hill site last January. Both the halls and the first section of the new library and teaching building will open later this summer. These and associated improvements should deliver a step change in facilities for our students in the longer term.

Following the changes in student finance Brookes has put considerable efforts into ensuring prospective students and local schools and stakeholders are well informed on the terms of the new finance package and encouraged to pursue a degree.

Brookes has started a programme of events to ensure expert University researchers are linked with relevant government policy makers on current issues. The first of these has focused on the results of the nationwide research Brookes led on the experience of drivers testing the first wave of low emission vehicles and on international development and emergency practice.

The Vice-Chancellor continues to chair the University Alliance, a group of 22 universities focused on strong economic relevance and close partnership with business. This position enables the University to deliver strong messages through the media and to the political establishment.

At its meeting in April 2011, the Board of Governors endorsed a decision to charge a base fee of £9k to home undergraduate students studying at Brookes, and £6k to undergraduate students studying for Brookes foundation degrees at partner colleges. A comprehensive package of fee waivers and bursary support was approved by the Office for Fair Access in July 2011, bringing the average cost to a Brookes student to £7,600.

## Financial review

Brookes continued to recruit undergraduate students from the UK/EU strongly and largely met funding body targets. However recruitment of Workforce Development students continues to be challenging and resulted in some loss of HEFCE funding. 2010-11 was the first year in which the remaining students paying the old fee dropped out of the system and this combined with additional recruitment of around 300 students resulted in an increase in fee income of around £2m. The University continued to provide 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, pushing the average bursary in the year to over £1,400 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 2011. The University recognises the positive cultural and social benefits of internationalisation and is finalising a new strategy aimed at incorporating an international perspective into its academic offer. The University also 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 further increase its attractiveness.

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.

	2011		Variance £000
	Budget	Actual	
	£000	£000	
Income	168,791	170,629	1,838
Expenditure	165,537	161,910	3,627
Surplus ( after depreciation)	3,254	8,719	5,465
Historical cost surplus	4,000	17,359	13,359

The historical cost surplus is the highest recorded. However, this included an exceptional gain of £6.6m. If this is excluded, the operating surplus shows a decrease of around £1.4m relative to the previous year but still represents a considerable achievement, exceeding budgeted surplus by over £5m and representing over 5% of income. This result is likely once more to place the University in the upper quartile of higher education institutions for financial performance as measured by surplus as a percentage of income.

In line with other new 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 fell by around £20 million to £43 million, having decreased last year by around £13 million. In addition, the way that pensions in payment are increased changed from April 2011. Instead of increases in line with the retail prices index (RPI), the Consumer Prices Index (CPI) is now used. This should result in further reductions in the value of future scheme liabilities.

### Financial performance in 2011 compared to prior years

The University's performance in 2011 continued the trend over recent years and the key measure of operating surplus was particularly strong:

	2007 £000	2008 £000	2009 £000	2010 £000	2011 £000
Income	133,625	146,948	158,294	168,203	170,629
Expenditure	128,952	140,380	151,407	158,043	161,910
Operating surplus / (deficit)	4,129	6,771	6,887	10,160	8,719
Exceptional gain	-	-	4,410	-	6,598
Historical cost surplus	6,129	7,499	13,595	10,906	17,359

The University's income grew by £2.4 million (1.4%) of which around £2 million was the increase in UK/EU undergraduate tuition fees. Costs also increased by £3.9 million (2.5%). The majority of this was due to a 3% increase in staff costs which included the costs of restructuring to better align the University to its strategic goals. 'Other costs' also increased by 8%.

Overall:

- There was a significant decrease in income from funding councils; teaching and research grants from HEFCE reduced by around 7% reflecting a prior year adjustment relating to calculation of student numbers and some clawback of Work Force Development funding.
- Academic fees from UK/EU students increased in line with the effect of variable fee run out and increased numbers.
- The value of research grants completed fell by £300k compared to 2010 though consultancy contracts continue to perform well. Bidding for new research has been highly successful in 2011 and this will feed into the 2012 results.
- Residences, catering and conferences services showed 6% growth, continuing the strong performance (4.4% growth) of the previous year and in part reflecting increased capacity.
- Interest receivable, though relatively low in absolute terms, increased due to the relatively high cash balances maintained throughout the year. The University's Treasury Management Policy places priority on retaining the University's capital intact rather than attempting to pursue the highest possible returns.
- Wages and salaries costs increased 2% in the year and pension costs (excluding FRS17 adjustments) by a similar proportion.
- Other operating expenses increased by 8% (2010: 2%). This reflected increased investment in student support, learning resources and HEIF projects.

### Financial outlook for 2012 and beyond

The 2020 Strategy, current market position and top quartile sector financial performance position the University well to meet the challenges of an increasingly competitive higher education environment, where student experience is paramount.

The financial strategy ensures the long term financial sustainability of the University and enables the achievement of academic and research ambitions by delivering a level of financial performance to fund investment in the estate, infrastructure and staff.

## Capital programme

The University has a major capital investment programme with the estate master plan, and increased and improved student accommodation, at its centre. Expenditure of over £150 million in the next three years is planned. Agreement with funders and HEFCE allowed the governing body on 30 November 2010 to authorise the expenditure to build a New Library and Teaching Building (NLTB). Student accommodation at Marston Road was completed during the year. Replacement student accommodation commenced at the Harcourt Hill Campus and a nomination agreement was agreed with Berkeley Homes for accommodation at Dorset House. These additional facilities will further reduce pressure on local housing availability.

## 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 although investment steadily increased over recent years. A new Estates Strategy is being developed and will be finalised in the first quarter of 2012.

The Estates Strategy will enable the estate to actively, effectively and efficiently support the delivery of the University's 2020 vision, providing an excellent student experience. The phasing of the works to implement the new Estates Strategy will be planned to take account of planning constraints, minimise disruption to students and staff and deliver optimum value for money.

A key driver behind the new Estates Strategy is the desire to reduce overall space and drive up utilisation. Current plans envisage at least a 15% reduction in space. Various initiatives are underway to increase usage, including changed policy on teaching times and much improved timetabling software and systems.

The University has made great efforts to involve its staff, students and the local community in the implementation plan of the Estates Strategy. The Students' Union has been heavily involved in the master plan process throughout and has permanent representation on the master plan programme steering board.

## Diversity

The University continues to be committed to increasing diversity amongst both its students and employees through the on-going development of a culture where each individual's contribution is valued and where individuals are treated with dignity and respect.

The Single Equality Scheme developed during the academic year 2009/10 has been deployed during the year and an action plan created to address the needs of students and to meet the University's duties and responsibilities. Specific actions taken as part of the action plan have included:

- The introduction of means testing for in-year dyslexia assessments and for the provision of support through the Financial Aid route.
- The development of links with the Open University's Disability Service to share best practice.
- The improvement of our provision of assistive technology for disabled students through the introduction of a hire/loan deposit system for digital recorders.
- Engaging in partnership working with other organisations including the development of links with OU Disability Service to share best practice.
- The introduction of reports measuring KPIs for disability.

Further work will be done during the forthcoming academic year to further enhance and develop the University's response to the Equality Act 2010 following the publication of the revised public sector duties. Other initiatives delivered during the review year have included:

- Continued inclusion on the DisabledGo website; the website provides a useful resource for current and prospective students, staff and visitors [www.disabledgo.com/en/org/oxford-brookes-university](http://www.disabledgo.com/en/org/oxford-brookes-university).
- The development of a volunteering policy to support our people in their work in the community.
- Renewal of our right to display the Positive about Disabled People/Two Ticks symbol. The accreditation is given by Jobcentre Plus to employers based in Great Britain who can evidence their commitment to the fair employment retention, training and career development of disabled people.

The Centre for Diversity Policy Research and Practice provided guidance for the higher education sector when it carried out a significant and important piece of research for HEFCE on the implications of the removal of the default retirement age under the heading 'Managing flexible retirement and extended working lives'.

## 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.

This has been a year of great change, and the Vice-Chancellor and Senior Management Team have held a number of briefing sessions for all staff across the four sites of the University.

## 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 2011 the report focused on:

- analysing details of accidents reported on university premises
- instigating a fire risk assessment for the University, which is due to be completed shortly
- the University's reporting responsibilities to the Health and Safety Executive
- annual reports on health and safety from each faculty and directorate
- occupational health activities
- provision of induction training on health and safety issues to new staff and other training courses and assessments.

## Corporate responsibility

A key University value is that 'Social responsibility demands that everything which we do must be sustainable' and the corporate responsibility programme underpins this. The fundamental aim of the corporate responsibility programme is to seek to ensure the University has a net positive impact. The programme was launched in May 2009 and culminated in the publication of the University's first sustainability report in May 2010. An updated report is to be launched in November 2011. The 2010 report can be accessed online here:

[www.brookes.ac.uk/about/sustainability/docs/sustainabilityreport2010](http://www.brookes.ac.uk/about/sustainability/docs/sustainabilityreport2010)

Oxford Brookes has a well established Environmental Management System (EMS) which has achieved ISO14001 for the Wheatley Campus. The Net Positive Impact ([www.brookes.ac.uk/about/sustainability](http://www.brookes.ac.uk/about/sustainability)) initiative is a holistic approach which is unique across the HE sector and demonstrates how Brookes remains as innovative as ever in this field.

## 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 2011 amounted to 5 days. (2010: 6 days).

## Charitable status

The University is an Exempt Charity as defined by the Charities Act 1993. From June 2010, HEFCE became the principal regulator for exempt Charities, and these financial statements are prepared in accordance with the provisions of the new HEFCE Financial Memorandum, which came into force on 1 August 2010.

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 liability. 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, 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 Skills Funding Agency (SFA) 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 SFA 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.

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

### **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 March 2009. 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**

The Board of Governors, which meets formally five times a year, is responsible for the University's long-term objectives and for strategies in relation to the educational character and mission of the University and for providing overall financial and organisational control. The board comprises nine non-executive governors, the Chief Executive (the Vice-Chancellor), two governors representing University staff, the President of the Students' Union and the chair of the Westminster College Oxford Trust Ltd. 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 University's constitution places responsibility for the University's operations in 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.

### **Senior Management Team and Executive Board**

The Senior Management Team of the University comprises the Vice-Chancellor, two Pro Vice-Chancellors (PVC's) with specific responsibility for, respectively, the student experience and research and knowledge transfer, the Registrar and the four PVC Deans of Faculty.

The team meets formally on a fortnightly basis. The team also meets with the Associate Deans (Strategy and Development) and the directors of the University's administrative departments monthly, 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.

### **Finance and Resources Committee**

The Finance Committee meets at least four times a year and is currently chaired by Geoff Donnelly, a non-executive governor of the University. A further four non-executive governors, plus two co-opted members, comprise the current committee. The committee is responsible for:

- advising the Vice-Chancellor on a recommendation to the board for the coming year's recurrent and capital budgets, and on the cash flow forecast and draft balance sheet arising 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
- advising the board on the acquisition or disposal of land and buildings
- advising the board in their consideration of budget monitoring statements
- monitoring the implementation of the Human Resources Strategy and to review it and recommend necessary changes to the board at least every five years.

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

### **Audit Committee**

The Audit Committee meets at least three times a year and is currently chaired by John Guy, 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 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
- the systems and processes whereby assurance is obtained on the quality of all data returns.

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

### **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.

### **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 misstatement or loss.

## Risk management

The University's strategic risk management process continues to provide effective systems for the identification of the major strategic and financial risks facing the University. During 2010-11 the University's Executive Board and Board of Governors proactively managed the four highest level strategic risks whilst other risks continued to be managed as part of the established management arrangements.

The key financial risks which materialised in the year had been identified in the financial risk and contingency workshop in June 2010. No significant risks materialised that had not been identified through the risk management process.

The key elements of the University's approach during the year, designed to discharge the responsibilities of the Board of Governors, were:

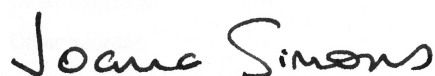
- A review of the University's approach and attitude to risk. This included active participation from senior management.
- Two workshops to identify, evaluate and categorise by severity risks which impacted on the achievement of strategic objectives.
- The production of an updated risk register.
- The 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 four highest severity risks.
- Regular meetings of the Risk Management Working Group, a small group of senior managers, chaired by the 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. The Group has no delegated authority itself but provides an effective forum to allow the Registrar and the Director of Finance and Legal Services to fulfil their responsibilities.
- Regular reports both to the board and the Audit Committee on the development of the process, the most severe risks and progress with improvement plans.
- 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 and Learning 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. Several 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.
- 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

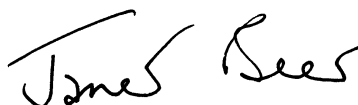
At its meeting in November 2011 the Board of Governors considered the effectiveness of the arrangements for internal control and risk management that had been in place for the financial year to 31 July 2011. The Board of Governors concluded, based upon the report from the Vice-Chancellor, endorsed by 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  
16 November 2011



Professor Janet Beer  
Vice-Chancellor  
16 November 2011

# Independent auditors' report

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We have audited the financial statements of Oxford Brookes University for the year ended 31 July 2011 which comprise the consolidated income and expenditure account, statement of consolidated total recognised gains and losses, group and entity balance sheets, the consolidated cash flow statement and related notes. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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 University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion of the financial statements in accordance with applicable law, regulatory requirements and International Standards on auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at:

[www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

In addition, 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 the Higher Education Funding Council for England.

## Opinion

In our opinion;

- The financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of the affairs of the University and the group as at 31 July 2011 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 Memorandum dated July 2010 with HEFCE, and with the Funding Agreement with the TDA covering 1 August 2010 to 31 July 2011.

*RSM Tenon Audit Limited*

RSM Tenon Audit Limited  
**Registered Auditor**  
Basingstoke  
16 November 2011



# Statement of principal accounting policies and estimation techniques

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## 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 the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions applicable Accounting Standards and HEFCE's Accounts Direction for 2010-11.

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

## Basis of consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries.

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 SFA 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 it is 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 £10,000 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 Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

## **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 University 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 account.

# Consolidated income and expenditure account for the year ended 31 July 2011

	Notes	2011 £000	2010 £000
<b>INCOME</b>			
Funding Council grants	1	50,346	53,942
Academic fees and support grants	2	71,892	67,963
Research grants and support contracts	3	4,087	4,359
Other operating income	4	43,686	41,458
Interest receivable	5	618	481
Total income		<b>170,629</b>	<b>168,203</b>
<b>EXPENDITURE</b>			
Staff costs	6	91,256	88,983
Depreciation	11	9,089	9,425
Other operating expenses	8	56,965	52,787
Interest payable	9	4,600	6,848
Total expenditure	10	<b>161,910</b>	<b>158,043</b>
Surplus before exceptional items		<b>8,719</b>	<b>10,160</b>
Exceptional items - disposal of fixed assets	13	<b>6,598</b>	-
Operating surplus after depreciation of assets at valuation		<b>15,317</b>	<b>10,160</b>

## Note of historical cost surpluses and deficits

Operating surplus after exceptional items and depreciation of assets at valuation		<b>15,317</b>	10,160
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	20	<b>670</b>	746
Realisation of property revaluation gains of prior years	20	<b>1,373</b>	
Historical surplus after depreciation of assets at valuation		<b>17,360</b>	10,906

## Statement of consolidated total recognised gains and losses

Operating surplus after exceptional items and depreciation of assets at valuation and tax		<b>15,317</b>	10,160
Actuarial gain in respect of pension scheme	28	<b>20,758</b>	16,451
Total gains recognised since last report		<b>36,075</b>	26,611

# Balance sheets

	Notes	2011 Consolidated £000	2011 Corporation £000	2010 Consolidated £000	2010 Corporation £000
<b>Fixed assets</b>					
Tangible assets	11	216,018	215,302	191,199	190,428
Investments	12	115	1,116	115	1,116
		<b>216,133</b>	<b>216,418</b>	191,314	191,544
<b>Current assets</b>					
Stocks and work in progress	14	1,402	1,220	1,868	1,651
Debtors - amounts falling due before one year	15	8,323	9,343	6,869	7,552
Current asset investments	16	42,907	43,454	50,763	49,705
Cash at bank and in hand		1,458	-	687	-
		<b>54,090</b>	<b>54,017</b>	60,187	58,908
Creditors - amounts falling due within one year	17	(31,059)	(30,693)	(27,903)	(26,362)
<b>Net current assets</b>		<b>23,031</b>	<b>23,324</b>	32,284	32,546
<b>Total assets less current liabilities</b>					
		<b>239,164</b>	<b>239,742</b>	223,598	224,090
Creditors - amounts falling due after more than one year	18	(73,116)	(73,116)	(73,639)	(73,639)
Net assets excluding pension liability		<b>166,048</b>	<b>166,626</b>	149,959	150,451
Pension liability	28	(43,204)	(43,204)	(63,280)	(63,280)
<b>Net assets including pension liability</b>		<b>122,844</b>	<b>123,422</b>	86,679	87,171
<b>Deferred capital grants</b>					
	19	27,785	27,785	27,695	27,695
<b>Reserves</b>					
Revaluation reserve	20	29,196	29,196	31,239	31,239
General reserves including pension reserve	21	65,863	66,441	27,745	28,237
<b>Total funds</b>		<b>122,844</b>	<b>123,422</b>	86,679	87,171

These financial statements were approved by the Board on 16 November 2011 and signed on its behalf by:

*Joanna Simons*

Joanna Simons  
Chair of Governors

*Janet Beer*

Professor Janet Beer  
Vice-Chancellor

# Consolidated cash flow statement

	Notes	2011 £000	2010 £000
<b>Net cash inflow from operating activities</b>	23	<u>19,518</u>	20,549
<b>Returns on investments and servicing of finance</b>			
Interest received		618	481
Interest paid		<u>(4,039)</u>	(2,886)
<b>Total cash outflow after investment return and servicing of finance</b>		<u>(3,421)</u>	(2,405)
<b>Corporation tax paid</b>		-	-
<b>Capital expenditure and financial investment</b>			
Tangible fixed assets acquired		(33,447)	(27,413)
Acquired new investments		-	(3)
Net proceeds from sale of fixed assets		7,896	0
Deferred capital grants received		<u>2,892</u>	4,221
<b>Net cash outflow from investing activities</b>		<u>(22,659)</u>	(23,195)
<b>Cash outflow before use of liquid resources and financing</b>		(6,562)	(5,051)
<b>Management of liquid resources</b>	26	7,856	(18,267)
<b>Financing</b>			
New loans drawn	25	-	23,500
Scheduled loan repayments	25	<u>(523)</u>	(523)
<b>Net cash (outflow)/Inflow from financing</b>		<u>(523)</u>	22,977
<b>Increase / (Decrease) in cash</b>		<u>771</u>	(341)

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	2011 £000	2010 £000
<b>Recurrent grants</b>			
Teaching: HEFCE		34,559	36,993
Teaching: TDA		3,971	4,176
Teaching: LSC / SFA		565	389
Research: HEFCE		4,199	4,290
<b>Specific grants</b>			
Special initiatives		4,675	4,650
<b>Deferred grants released in year</b>	19		
HEFCE		2,377	3,444
		<b>50,346</b>	<b>53,942</b>

## 2 – Academic fees and support grants

	2011 £000	2010 £000
Full-time undergraduate students charged home fees	28,030	26,094
Full-time postgraduate students charged home fees	5,851	5,531
Part-time undergraduate students charged home fees	541	650
Part-time postgraduate students charged home fees	3,267	3,698
Non EU domicile students	19,269	19,040
Health Authorities	11,262	10,391
Research student tuition fees	1,010	997
Non credit bearing course fees	2,623	1,395
Research training grants	39	167
	<b>71,892</b>	<b>67,963</b>

## 3 – Research grants and support contracts

	2011 £000	2010 £000
Research Councils	1,118	1,717
UK-based charities	780	1,017
UK Central Government, Local Authorities	793	755
UK Industry, commerce, Public Corporations	918	419
European Commission	194	206
EU other	123	124
Other overseas	120	108
Other sources	41	13
	<b>4,087</b>	<b>4,359</b>

#### 4 – Other operating income

	Note	2011 £000	2010 £000
Residences, catering and conferences		22,489	21,269
Other services rendered		7,480	8,754
Released from deferred capital grants	19	424	238
Other income		13,293	11,197
		<u>43,686</u>	<u>41,458</u>

#### 5 – Interest receivable

	2011 £000	2010 £000
Bank interest	618	481
	<u>618</u>	<u>481</u>

#### 6 – Staff

	2011 £000	2010 £000
<b>a) Employment costs</b>		
Wages and salaries	73,458	72,239
Social security costs	5,827	5,711
Other pension costs (including FRS17 adjustments)	10,607	10,245
Severance payments	1,100	438
Recruitment costs etc	264	350
	<u>91,256</u>	<u>88,983</u>

#### (b) Number of staff

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

	2011 Number	2010 Number
Teaching and research including management	840	890
Part-time lecturers	631	633
Support	1,410	1,375
	<u>2,881</u>	<u>2,898</u>

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

	2011 Number	2010 Number
£100,001 - £110,000	1	1
£110,001 - £120,000	6	2
£120,001 - £130,000	1	1
£130,001 - £140,000	-	1
£210,001 - £220,001	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 £4,645 (2010: £3,759).

(c) The remuneration of the Chair and highest paid Governor were:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Chair: Joanna Simons	-	-
Highest paid Governor (Vice-Chancellor): Professor Janet Beer:		
remuneration excluding employer's pension contributions	<b>214</b>	214
employers' pension contribution	<b>30</b>	30
Total remuneration	<b>244</b>	244

(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

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Premises related:		
Maintenance	<b>8,284</b>	8,162
Rent	<b>5,175</b>	5,092
Books, publications and periodicals	<b>2,090</b>	1,773
Information technology related equipment; supplies and consumables	<b>2,826</b>	2,519
Other equipment supplies and consumables	<b>1,037</b>	806
Food and catering supplies and services	<b>2,085</b>	2,164
Stationery, photocopying and printing	<b>1,569</b>	1,630
Temporary staff, professional services and consultants	<b>7,168</b>	6,433
Other hired and contracted services	<b>3,845</b>	3,028
Examiners fees	<b>672</b>	663
Communications and marketing	<b>814</b>	942
Placements, teaching practice and educational visits	<b>687</b>	751
Conferences, training and tuition fees	<b>969</b>	1,092
Subscriptions and copyright fees	<b>1,260</b>	1,038
Transport and travel related	<b>2,852</b>	2,641
Students' Union grant	<b>1,057</b>	1,017
External auditors' remuneration in respect of audit services	<b>64</b>	70
External auditors' remuneration in respect of other services	-	4
Internal auditor's remuneration	<b>159</b>	104
Equipment operating lease rentals	<b>1,681</b>	1,367
Insurance	<b>563</b>	535
Bursaries, scholarships and other financial support to students	<b>7,066</b>	6,389
Other costs	<b>5,042</b>	4,567
	<b>56,965</b>	52,787



## 9 – Interest payable

	2011 £000	2010 £000
Bank loans (repayable wholly or partly in more than five years)	4,039	2,886
Pension finance costs	561	3,962
	<u>4,600</u>	<u>6,848</u>

## 10 – Analysis of expenditure by activity

	Staff costs £000	Other operating £000	Depreciation £000	Interest payable £000	Net £000
Academic departments	54,241	13,973	1,018	-	69,232
Academic services	6,810	4,692	349	-	11,851
Administration and central services	16,143	16,333	177	485	33,138
Residences, catering and conferences	4,036	9,892	1,632	3,554	19,114
Premises	4,383	6,301	5,873	-	16,557
Research	2,425	1,346	40	-	3,811
Other costs (inc FRS17)	3,218	4,428	-	561	8,207
	<u>91,256</u>	<u>56,965</u>	<u>9,089</u>	<u>4,600</u>	<u>161,910</u>

The depreciation charge has been funded by:

	Note	2011 £000	2010 £000
Deferred capital grants released	19	2,802	3,682
Revaluation reserve released	20	2,042	746
General Income		4,245	4,997
		<u>9,089</u>	<u>9,425</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
<b>Cost or valuation</b>					
At 1 August 2010	15,801	203,965	23,516	26,009	269,291
Reclassifications	(537)	537			-
Additions	29,734	4,765	21	687	35,207
Impairments					0
Disposals		(2,075)			(2,075)
At 31 July 2011	<b>44,998</b>	<b>207,192</b>	<b>23,537</b>	<b>26,696</b>	<b>302,423</b>
<b>Depreciation</b>					
At 1 August 2010	-	(47,954)	(10,239)	(19,899)	(78,092)
Charge for the year		(6,331)	(939)	(1,819)	(9,089)
Impairments					0
Disposals		776			776
At 31 July 2011	-	<b>(53,509)</b>	<b>(11,178)</b>	<b>(21,718)</b>	<b>(86,405)</b>
<b>Net book value</b>					
At 31 July 2011	<b>44,998</b>	<b>153,683</b>	<b>12,359</b>	<b>4,978</b>	<b>216,018</b>
At 31 July 2010	15,801	156,011	13,277	6,110	191,199
<b>Corporation</b>					
<b>Cost or valuation</b>					
At 1 August 2010	15,801	202,940	23,351	24,294	266,386
Reclassifications	(537)	537			-
Additions	29,734	4,765	21	687	35,207
Impairments					0
Disposals		(2,075)			(2,075)
At 31 July 2011	<b>44,998</b>	<b>206,167</b>	<b>23,372</b>	<b>24,981</b>	<b>299,518</b>
<b>Depreciation</b>					
At 1 August 2010	-	(47,633)	(10,073)	(18,252)	(75,958)
Charge for the year		(6,313)	(939)	(1,777)	(9,029)
Impairments					0
Disposals		771			771
At 31 July 2011	-	<b>(53,175)</b>	<b>(11,012)</b>	<b>(20,029)</b>	<b>(84,216)</b>
<b>Net book value</b>					
At 31 July 2011	<b>44,998</b>	<b>152,992</b>	<b>12,360</b>	<b>4,952</b>	<b>215,302</b>
At 31 July 2010	15,801	155,307	13,278	6,042	190,428

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. 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. In the year 2050 legal ownership of the property will revert to the University at no cost.

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

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
At 1 August	115	1,116	115	1,116
At 31 July	115	1,116	115	1,116

Investments include £34,000 for 34,093 ordinary shares in CVCP Properties plc and £11,000 in Wild Knowledge Limited. The University also has invested circa £70,000 in Oxford Expression Technologies. The remaining investment of the corporation represents 1,000,100 £1 shares in Oxford Brookes Enterprises Limited, a wholly owned subsidiary.

## 13 – Exceptional Gain

In May 2011, the University completed the granting of a long-term lease on one of its buildings. This resulted in a one-off lease premium payments of £8m which exceeded the Net Book Value by £6.6m.

## 14 – Stocks

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
Raw materials and consumables	421	376	380	308
Research work-in-progress	981	844	1,488	1,343
	1,402	1,220	1,868	1,651

## 15 – Debtors

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
<b>Amount falling due within one year</b>				
Trade debtors	5,773	5,248	3,914	3,508
Amount due from subsidiary companies	-	1,609	-	1,300
Prepayments and accrued income	1,490	1,439	1,816	1,632
Other debtors	1,060	1,047	1,139	1,112
	8,323	9,343	6,869	7,552

## 16 – Current asset investments

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
Short term deposits	42,907	43,454	50,763	49,705

## 17 – Creditors: amounts falling due within one year

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
Bank loans and overdraft	523	523	523	523
Payments received in advance	11,065	10,868	11,113	10,503
Trade creditors	1,118	1,093	2,345	2,284
Social security costs	2,030	2,030	1,934	1,934
Accruals	13,214	12,996	8,810	8,312
Other creditors	3,109	3,183	3,178	2,806
	31,059	30,693	27,903	26,362

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

	2011		2010	
	Group	Corporation	Group	Corporation
	£000	£000	£000	£000
Long-term bank loans	<b>73,116</b>	<b>73,116</b>	73,639	73,639
	<b>73,116</b>	<b>73,116</b>	73,639	73,639

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, £9m is fixed at 3.99%, £11m is fixed at 4.06% and £12.5m is fixed at 5.02%.

### 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 2011, was as follows:

	2011		2010	
	Group	Corporation	Group	Corporation
	£000	£000	£000	£000
Within one year	<b>523</b>	<b>523</b>	523	523
Due between one and two years	<b>857</b>	<b>857</b>	523	523
Between two and five years	<b>3,057</b>	<b>3,057</b>	2,879	2,879
Over five years by instalments	<b>69,202</b>	<b>69,202</b>	70,237	70,237
	<b>73,639</b>	<b>73,639</b>	74,162	74,162

## 19 – Deferred capital grants – group and corporation

	HEFCE £000	Other grants £000	Total £000
<b>At 1 August 2010</b>			
Buildings	19,567	3,662	23,229
Equipment	3,990	476	4,466
<b>Total</b>	<b>23,557</b>	<b>4,138</b>	<b>27,695</b>
<b>Receivable</b>			
Buildings	1,285	-	1,285
Equipment	1,607	-	1,607
<b>Total</b>	<b>2,892</b>	<b>-</b>	<b>2,892</b>
<b>Released to Income and Expenditure</b>			
Buildings	(969)	(156)	(1,125)
Equipment	(1,409)	(268)	(1,677)
<b>Total</b>	<b>(2,378)</b>	<b>(424)</b>	<b>(2,802)</b>
<b>At 31 July 2011</b>			
<b>Due in over one year</b>			
Buildings	19,883	3,506	23,389
Equipment	4,188	208	4,396
<b>Total</b>	<b>24,071</b>	<b>3,714</b>	<b>27,785</b>

## 20 – Revaluation reserve – group and corporation

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

	2011 £000	2010 £000
At 1 August	<b>31,239</b>	31,985
Transfer from income and expenditure account in respect of depreciation	<b>(670)</b>	(746)
Realisation of property revaluation gains of prior years	<b>(1,373)</b>	
At 31 July	<b>29,196</b>	31,239

## 21 – General reserves including pension reserve

	2011		2010	
	Group £000	Corporation £000	Group £000	Corporation £000
Balance at 1 August	27,745	28,238	388	850
Surplus after tax and exceptional items	15,317	15,403	10,160	10,191
Depreciation on revalued assets	670	670	746	746
Realisation of property revaluation gains of prior years	1,373	1,373	-	-
Actuarial gain	20,758	20,758	16,451	16,451
<b>At 31 July</b>	<b>65,863</b>	<b>66,441</b>	<b>27,745</b>	<b>28,238</b>
<b>Balance represented by :</b>				
Pension reserve	(43,204)	(43,204)	(63,280)	(63,280)
Income and expenditure reserve excluding pension reserve	109,067	109,645	91,025	91,518

## 22 – Financial commitments – group and corporation

(a) Capital commitments	2011 £000	2010 £000
Authorised and contracted	124,896	44,074
Authorised but not contracted	26,662	8,029

### (b) Operating leases

At 31 July 2011 the group had annual commitments under operating leases as follows:

	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	831	-	1,174	-
Expiring between two and five years	451	-	-	-
Expiring after five years	3,824	-	3,652	-
	<b>5,106</b>	<b>-</b>	<b>4,826</b>	<b>-</b>

### (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 £3,784,000 in 2011/12 (2010/11: £3,652,000).

## 23 – Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	Notes	2011 £000	2010 £000
Operating surplus after depreciation of assets at valuation		15,317	10,160
Interest receivable	5	(618)	(481)
Interest payable	9	4,600	6,848
Release of capital grant	19	(2,802)	(3,682)
Depreciation	11	9,089	9,425
Profit on disposal of fixed assets		(6,598)	-
Pension costs less contributions payable		121	(95)
Decrease / (Increase) in stocks and work in progress		464	(374)
(Increase) in debtors		(1,454)	(833)
Increase / (Decrease) in creditors		1,399	(419)
Net cash inflow from operating activities		<b>19,518</b>	<b>20,549</b>

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

		2011 £000	2010 £000
Increase / (Decrease) in cash in the year		771	(341)
(Decrease) / Increase in short-term deposits		(7,856)	18,267
Increase in debt		-	(23,500)
Repayment of debt	25	523	523
Change in net debt		(6,562)	(5,051)
Net debt at 1 August	26	(22,712)	(17,661)
Net debt at 31 July	26	(29,274)	(22,712)

## 25 – Analysis of changes in consolidated financing during the year

	Bank loans £000
At 1 August 2010	74,162
Repayments	(523)
At 31 July 2011	73,639

## 26 – Analysis of changes in net debt

	2011 £000	Cash flows £000	2010 £000
Cash at bank and in hand	1,458	771	687
Short-term deposits	42,907	(7,856)	50,763
Debt due within one year	(523)	-	(523)
Debt due after one year	(73,116)	523	(73,639)
	(29,274)	(6,562)	(22,712)

## 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
<b>Subsidiaries</b>		
Oxford Brookes Enterprises Limited	Trading activities, including consultancy, library, print services and student accommodation design and build	100
Oxford Brookes Services Limited	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.

<b>Total pension cost for the year</b>	<b>2011 £000</b>	<b>2010 £000</b>
Teachers Pension Scheme: contributions paid	4,081	4,450
Local Government Pension Scheme:		
- contributions paid	5,875	5,360
- FRS 17 (credits) / charge	121	(95)
Charge to the Income and Expenditure Account (staff costs)	5,996	5,265
Contributions to USS and other schemes	530	530
<b>Total Pension Cost for Year</b>	<b>10,607</b>	<b>10,245</b>

Contributions amounting to £1,268k (2010: £1,214k) were payable to the above schemes at 31 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 2007
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	98.8%

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 2010 to 31 July 2011 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 2011 was £7,937k, of which employer's contributions totalled £5,828k and employees' contributions totalled £2,109k. The agreed contribution rates for future years are 18.5% for employers and between 5.5 and 7.5% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2011 by a qualified independent actuary.

<b>Principal actuarial assumptions</b>	<b>At 31 July 2011 %pa</b>	<b>At 31 July 2010 %pa</b>
Rate of increase in salaries	5.0	4.7
Rate of increase for pensions in payment / inflation	2.7	2.7
Discount rate for scheme liabilities	5.3	5.4
Inflation rate	3.5	3.2
Expected return on assets	6.8	7.0
CPI Increases	2.7	2.7

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

	At 31 July 2011	At 31 July 2010
<i>Retiring today</i>		
Males	21.5	23.1
Females	24.1	25.0
<i>Retiring in 20 years</i>		
Males	23.4	25.4
Females	25.9	27.3

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

Five Year analysis	Long-term rate of return	Value at 31 July 2011	Long-term rate of return	Value at 31 July 2010
	expected at 31 July 2011	£000	expected at 31 July 2010	£000
	%pa		%pa	
Equities	7.5	80,788	7.8	60,726
Bonds	5.3	17,706	5.4	16,074
Property	6.5	6,640	6.8	5,358
Cash	3.0	2,213	3.0	4,465
Other	5.0	3,320	7.8	2,679
<b>Total market value of assets</b>		<b>110,667</b>		<b>89,302</b>
Present value of scheme liabilities				
funded		(153,834)		(152,519)
unfunded		(37)		(63)
Related deferred tax liability				
<b>(Deficit) in the scheme</b>		<b>(43,204)</b>		<b>(63,280)</b>

Year ended	2009	2008	2007
	£'000	£'000	£'000
Total market value of assets	71,790	75,199	78,700
Present value of scheme liabilities			
funded	(147,650)	(118,110)	(102,800)
unfunded	-	-	-
Related deferred tax liability	-	-	-
<b>(Deficit) in the scheme</b>	<b>(75,860)</b>	<b>(42,911)</b>	<b>(24,100)</b>

#### Analysis of the amount charged to income and expenditure account

	2011	2010
	£000	£000
Employer service cost (net of employee contributions)	5,996	5,265
Past service cost	-	-
<b>Total operating charge</b>	<b>5,996</b>	<b>5,265</b>

#### Analysis of pension finance income / (costs)

Expected return on pension scheme assets	(6,748)	(5,031)
Interest on pension liabilities	7,309	8,993
<b>Pension finance income / (costs)</b>	<b>561</b>	<b>3,962</b>

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

	2011	2010
	£000	£000
Actuarial gains / (losses) on pension scheme assets	20,758	8,206
Actuarial gains / (losses) on pension scheme liabilities	-	-
Impact of change from RPI to CPI	-	8,245
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>20,758</b>	<b>16,451</b>

#### Movement in surplus / (deficit) during year

	2011	2010
	£000	£000
Surplus/(deficit) in scheme at 1 August	(63,280)	(75,860)
Movement in year:		
Employer service cost (net of employee contributions)	(5,996)	(5,265)
Employer contributions	5,933	5,356
Net interest/return on assets	(619)	(3,962)
Actuarial gain or loss	20,758	16,451
<b>Surplus/(deficit) in scheme at 31 July</b>	<b>(43,204)</b>	<b>(63,280)</b>



### History of experience gains and losses

	2011	2010	2009	2008	2007
Difference between the expected and actual return on assets:					
Amount £000	9,307	8,003	(14,000)	(13,380)	2,880
percentage of scheme assets	8.4%	9.0%	-19.5%	-17.8%	3.7%
Experience gains and losses on scheme liabilities:					
Amount £000	-	8,245	-	-	(100)
percentage of scheme liabilities	-	9.2%	-	-	-
Total amount recognised in STRGL:					
Amount £000	20,758	16,451	(31,610)	(17,820)	8,230
Percentage of scheme assets	18.7%	18.4%	-44.0%	-23.7%	10.4%

### 29 – Amounts dispersed as agents: Access to Learning funds

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

	2011 £000	2010 £000
At 1 August	-	-
Grant received	287	311
Distributed to students	(280)	(311)
At 31 July	<u>7</u>	<u>-</u>

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:

	2011 £000	2010 £000
As at 1 August	(166)	(72)
Adjustment to b/fwd	-	(94)
Income	2,078	2,182
Payments to students	(1,960)	(2,182)
Balance as at 31 July	<u>(48)</u>	<u>(166)</u>

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.

Alyson Coates – Vice Chair and Audit Committee Chair at NHS South Central

Purchase transactions in the year amounted to £8,535k (2009-10: £8,185k)

Joanna Simons (Chair of Governors) – Chief Executive Oxfordshire County Council

Purchase transactions in the year amounted to £133k (2009-10: £147k)

Sales transactions in the year amounted to £160k (2009-10: £194k)

Paul Large (Registrar, Senior Management Team) – Director of UMAL and UMSL

University insurance costs amounted to £563k (2009-10: £535k)

### 32 – Linked Charities

The University had no linked charities as defined by the Charities Act 2006 during the year.

### 33 – Surplus for the financial year

The result of the parent undertaking was a surplus of £15,403k (2010: £10,191k).

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