

# FINANCIAL STATEMENTS 2015/16



# Contents

	Page
Introduction: A successful year .....	3
Financial highlights .....	4
Committee members .....	5
<b>Strategic report</b>	
Strategy 2020 .....	7
Advancing our strategy: Student experience .....	8
Advancing our strategy: Research and knowledge exchange .....	9
Advancing our strategy: Infrastructure and services .....	10
Advancing our strategy: External .....	11
Our staff .....	12
Our students .....	13
Our finances .....	14
Financial outlook .....	15
Public benefit .....	16
Other key developments .....	17
Corporate Governance and Internal Control .....	18
Independent Auditors' Report .....	22
<b>Financial statements for the year ended 31 July 2016</b>	
Consolidated and University statements of comprehensive income and expenditure .....	24
Consolidated and University statements of changes in reserves .....	25
Consolidated and University balance sheets .....	26
Consolidated cash flow statement .....	27
Statement of accounting policies .....	28-30
Notes to the financial statements .....	31-53

# Introduction: A successful year



Oxford Brookes University has continued to succeed across a number of strategic priority areas over the last year.

We have agreed new research and international strategies which set out our ambitions in these areas for the next five years. In research terms, we are keen to build on the many successes of the Research Excellence Framework (REF) 2014 result. The introduction of our new Research Excellence Awards across a range of disciplines at Oxford Brookes. Through these awards, we are investing in researchers aiming to be submitted to the next REF with world-leading 4\* outputs or impact case studies.

Our rating by the *Times Higher Education* as one of the world's top universities for its international outlook is pleasing, but we are keen to do more. As such, both strategies also focus on the importance of forging university-level, multi-dimensional strategic partnerships across a range of disciplines and this will continue to be a real area of focus over the coming year.

Our 2015 success in reaching the upper quartile in the National Student Survey for overall student satisfaction was also a real achievement.

Our students continue to make us proud not only through their academic endeavours but also through the great things they do outside of their studies. This ranges from dozens of undergraduate and postgraduate taught students presenting to hundreds of visitors at our inaugural Get Published! Student Research Conference in April, to our Law students winning the National Mooting Competition for the third time in five years.

In October, new remits for the four Pro Vice-Chancellor Dean roles were announced. These new cross-university portfolios align closely to our priorities and strategic areas of focus over the coming years and more details of each can be found in this report.

Oxford Brookes has marked two important anniversaries over the last year: we celebrated both the final months of the University's 150th anniversary and 125 years of nurse education in Oxford. The 150th anniversary period has been hugely beneficial in reminding us of our history, celebrating our current successes and looking forward to the next chapter in this institution's story. From events for staff, students and the local community to the publication of a book on our modern founder, John Henry Brookes, written by alumnus and friend of the University, Bryan Brown, the celebrations have had a wide-ranging impact.

The 125 years of nurse education in Oxford celebrations, in partnership with local health trusts in both Oxford and at the University's Swindon Campus, have already seen a host of events taking place. Activities have included a lecture series sponsored by Health Education Thames Valley, social events, exhibitions and fundraising activities.

This year has also seen our Swindon provision relocate to a new campus. We have developed a strong student community that continues to grow in Swindon and this new campus really supports the quality of our graduates. I am delighted that Lord Joel Joffe, long-time Swindon resident and former human rights lawyer, agreed to us naming the building in his honour. This new physical presence is just one of the ways we are involved in Swindon and I remain proud of our sponsorship of the University Technical College, our partnership with Swindon College and the significant levels of widening participation work we undertake in the town.

Oxford Brookes tested its strength in the marketplace through a private placement exercise earlier this year and we were pleased with the value attached to the University. This process resulted in securing £60 million of funding.

Finally, it would not be right to end without mentioning the great successes of our Boat Club this year. The men became the first university crew to win the Head of the River in over 50 years and the women also had their highest ever finish at the Women's Head of the River in March. In June, the club had their best year ever at the British Universities and Colleges Sport Regatta, the men's eight won the Temple Cup Challenge over Harvard University at Henley Regatta and, in an unprecedented double victory, both the men's and women's eights became European Champions at the European Universities Games. Of course, this has been crowned by the fact that three Oxford Brookes alumni took home Olympic medals after competing in the Rio 2016 Olympics and our Chancellor, Dr Katherine Grainger CBE, became the only British female Olympic athlete to win medals at five consecutive Olympic games.

These developments and achievements are sources of great pride for Oxford Brookes University as we continue our trajectory of success.

**PROFESSOR ALISTAIR FITT  
VICE-CHANCELLOR**

# Financial highlights

## The University group\* highlights to 31 July 2016:

### Financial performance

- Generated income of £192.6m (£181.1m)
  - Increased income by £11.5m or 6.4%
  - Expenditure increased by £3.0m or 1.7%
- Generated an operating surplus of £12.5m (£4.0m)
- Generated a net inflow of cash from operating activities of £33.7m (£29.9m)
- Achieved all financial targets and KPIs

### Financial strength

At the 31 July 2016 the University group had:

Cash and short-term deposits of £52.6m (£30.6m)

Net current assets of £29.7m (£3.5m)

Total net assets of £135.8m (£161.1m)

Pension Scheme deficits of £125.3m (£82.9m)

### Investments and borrowings

During the year the University group:

Invested £20.4m in fixed assets (£9.7m)

Refinanced loans of £60m via private placement

\*Oxford Brookes University and Oxford Brookes Enterprises Limited



# Committee members

## Board of Governors (Trustees)

The membership of the Board of Governors, who are also Trustees, for the year ended 31 July 2016 and up to the date of signing the financial statements, were as follows:

### Independent Members

Alyson Coates	Non-executive Director, Oxford Health NHS Foundation Trust
Geoffrey Donnelly (Chair) (until 31/07/16)	Various directorships in the HE sector
John Guy	Non-Executive Chairman, Surrey Heath Clinical Commissioning Group
Martin Howell	Chairman, Oxford Health NHS Foundation Trust
Robert Kirtland	Managing Director, Critchleys Chartered Accountants, Oxford
Leslie Morphy (Chair from 01/08/16)	Non-Executive Director, Home Group, Non-Executive Director, Surrey and Borders Partnership NHS Foundation Trust, various other trustee positions
Katherine Ryan	Headteacher, Matthew Arnold School
Louise Thomas	Director, Thomas Design Regeneration & Consultation
Philip Shadbolt	Chairman, Zeta Automotive Ltd and Managing Director, Zeta Specialist Lighting

### Co-opted Members

Andrew Pedersen (until 30/06/16)	President of the Students' Union, Oxford Brookes University
Elena Saldaña Quintans (from 01/07/16)	President of the Students' Union, Oxford Brookes University
Susan Howdle	Chair, Westminster College Oxford Trust Ltd
Clive Wildish (until 31/07/16)	Programme Lead – Professional Development Programmes in Management & Leadership, Oxford Brookes University
Ricardo Assis Rosa (from 01/08/16)	Senior Lecturer in Architecture: Design, Oxford Brookes University
Rhiannon Lassiter (from 01/10/15)	Marketing Manager, Specialist Lecturer, Oxford Brookes University

### Ex-Officio Member

Professor Alistair Fitt	Vice-Chancellor, Oxford Brookes University
-------------------------	--

### Finance and Resources Committee

Geoffrey Donnelly (until 31/07/16)	Governor
Alyson Coates (Chair until 31/07/2016)	Governor
Robert Kirtland (Chair from 01/08/2016)	Governor
Leslie Morphy (from 01/08/2016)	Governor
Louise Thomas	Governor

### Audit Committee

Jeremy Dawson	Co-optee (Partner, Dawson Partnership)
John Guy (Chair until 31/07/16)	Governor
Martin Howell	Governor
Katherine Ryan (Chair from 01/08/16)	Governor
Lucy Weston	Co-optee (Vice-chair, Soha Housing)
Clive Wildish (until 31/07/16)	Teaching Staff Governor

**Remuneration Committee**

Alyson Coates	Governor
Geoffrey Donnelly (until 31/07/16)	Governor
John Guy	Governor
Susan Howdle (Chair)	Governor

**Nominations Committee**

Professor Alistair Fitt	Vice-Chancellor and Ex-officio member, Board of Governors
Geoffrey Donnelly (Chair) (until 31/07/16)	Governor
Martin Howell	Governor
Robert Kirtland	Governor
Leslie Morphy (Chair from 01/08/16)	Governor

**Senior Management Team**

Professor Alistair Fitt	Vice-Chancellor
Chris Blackburn	Pro Vice-Chancellor and Dean of Faculty of Business
Cathy Burleigh (from 15/09/15)	Director of Finance & Legal Services
Brendan Casey (from 30/03/16)	Registrar and Chief Operating Officer
Alison Cross (from 01/08/16)	Director of Human Resources
Professor Linda King (until 30/10/15)	Interim Pro Vice-Chancellor, Research and Global Partnerships
Professor Linda King (from 01/11/15)	Pro Vice-Chancellor, Research and Global Partnerships
Professor Julie McLeod	Pro Vice-Chancellor, Student Experience
Professor June Girvin	Pro Vice-Chancellor and Dean of Faculty of Health and Life Sciences
Paul Inman	Pro Vice-Chancellor and Dean of Faculty of Technology, Design and Environment
Professor Anne-Marie Kilday	Pro Vice-Chancellor and Dean of Faculty of Humanities and Social Sciences
Paul Large (until 31/03/16)	Registrar
Paul Large (from 01/04/16)	Director of Infrastructure Investment

**Advisors***Bankers*

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

*External Auditors*

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

*Internal Auditors*

KPMG  
One Snowhill  
Queensway  
Birmingham  
West Midlands  
B4 6GH

# Strategic report

## Strategy 2020

The Board of Governors of Oxford Brookes University presents its results, including the results of its subsidiaries for the year ended 31 July 2016. The University operates within the strategy developed to 2020 and approved by the Board. This was formulated in 2009-10, approved by the Board of Governors in February 2010 and is reviewed and updated periodically.

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

### Mission

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

### Values

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

### Vision

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

### Strategic goals

#### *Student Experience*

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

## Our guiding principles:

### **Generosity of spirit**

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

### **Confidence**

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

We will:

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

#### *Research and knowledge exchange*

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

We will:

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

#### *Infrastructure and services*

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

We will:

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

#### *External*

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

We will:

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

### **Enterprising creativity**

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

### **Connectedness**

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

# Advancing our strategy:

## Student experience

The student experience at Oxford Brookes is a strategic priority and the University retains a strong reputation in this area.

In August 2015 Oxford Brookes reached the upper quartile for the National Student Survey for the first time. Whilst the August 2016 results are outside of this reporting period, it is important to note that although Oxford Brookes continues to outperform the sector average, we did not retain our upper quartile position. We are working hard to regain this.

Oxford Brookes remains dedicated to its strategic commitment of “providing an environment where students are proactively engaged in shaping their experience”. The opening of a fantastic new building for our healthcare students in Swindon and significant ongoing campus development in Headington as part of our ten year £223m estate investment plan clearly demonstrate how we are investing in our students in this way.

We also remain committed to our student experience being at the “leading edge” and this is exemplified by the innovative projects which make up the Programme to Enhance The Student Experience (PESE).

PESE is an ambitious programme to meet Oxford Brookes’ strategic aims in further improving the student experience.

Last year, the University launched eight new projects which form the PESE2 and a lot of good work took place in 2015/16.

A great example of this is the Get Published! project which is a UK first in helping to ensure outstanding and inspiring student research can be shared with the wide audience it deserves.

Dozens of undergraduate and postgraduate-taught Oxford Brookes students presented their diverse work at the inaugural Student Research Conference in April 2016. Their demonstrations were seen by hundreds of attendees and ranged from the use of lasers to visualise plant responses to pests, to the representation of food in 17th Century Dutch paintings.

Oxford Brookes students also presented their work to MPs, policymakers, academics and fellow students at Parliament earlier this year in a further signal of the increasing research opportunities open to those studying at the University.

Another good example of a PESE2 project which has progressed well relates to mentoring schemes, which we know can have a huge impact on a student’s experience at university.

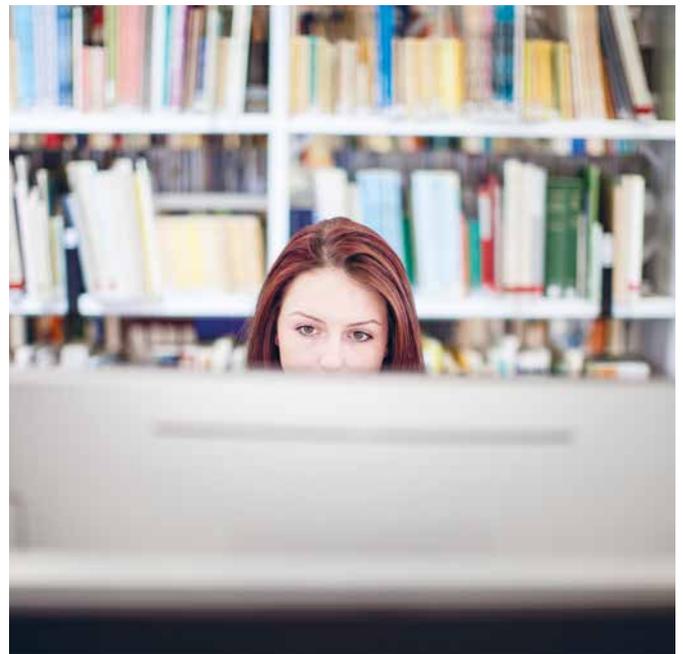
Through a one-to-one connection a student can develop personal and professional competencies and explore opportunities through the support and guidance of their mentor. Mentoring schemes can fulfil students’ needs in ways the university cannot otherwise easily provide for, so they are incredibly valuable.

The Sustaining Mentoring Schemes project is focused on providing a set of tools and resources to support existing mentoring activity and to encourage new schemes to develop.

Direct feedback through one of the University’s new Student Experience Group sessions has been important in shaping this work and demonstrates the influence that those studying here have on key Oxford Brookes initiatives.

In tandem with our PESE2 projects we are implementing a technology-enhanced learning framework investing in lecture capture technology within teaching spaces, building upon our sector-leading research on digital learners. This is further to our Brookes Teaching Excellence Fellowships which continue to recognise and foster excellence in teaching, while ongoing investment in teaching and learning innovation this year saw Marc Howe become the ninth Oxford Brookes recipient of a National Teaching Fellowship in the past seven years.

We look forward to seeing the continued development of the student experience over the coming year and further work will take place in preparation for the introduction of the Teaching Excellence Framework.



# Advancing our strategy:

## Research and knowledge exchange

Research strength at Oxford Brookes continues to grow and this year we published our revised strategy following extensive consultation.

The Research and Knowledge Exchange Strategy focuses on the next five years with three strategic objectives. These are:

- To pursue and support research of the highest quality that is, or has the potential to become, recognised as internationally excellent or world-leading.
- To promote and support collaboration and partnerships across the institution and with external partners locally, nationally and globally.
- To enhance the impact of our research in its broadest terms, and widen dissemination of our research for the benefit of our communities, whether local, regional, national or global, including our staff and students.

We know from the results of the Research Excellence Framework 2014 that Oxford Brookes is in a strong position, with 94 per cent of our submitted research internationally-recognised or better. As a result, our quality related research funding increased by 41 per cent against a sector average of three per cent and our strategy highlights our commitment to further supporting and developing both staff and students over the coming years.

This is exemplified by the Research Excellence Awards which we announced in June. This will see Oxford Brookes investing in 23 members of staff to help them to meet the requirements of different disciplines, provide timely support, as well as fostering interdisciplinary and collaborative research.

Through these awards, we are supporting researchers aiming to be submitted to the next Research Excellence Framework with world-leading 4\* outputs or impact case studies.

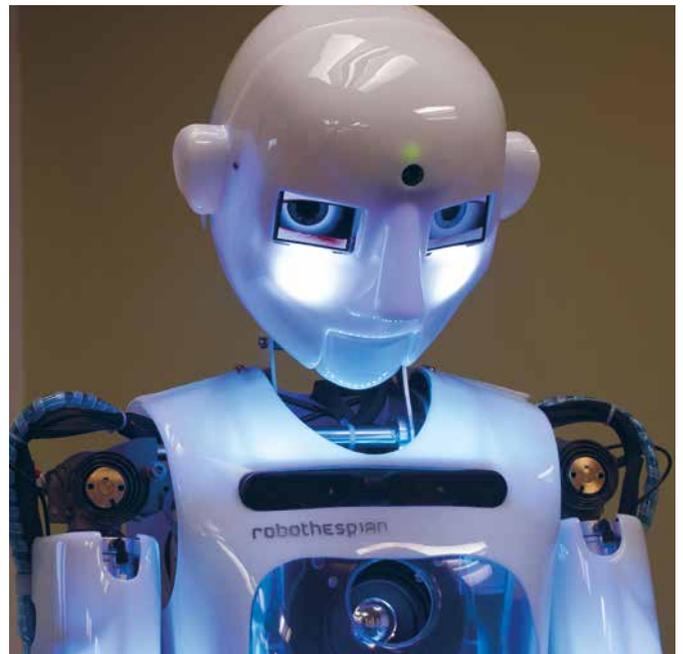
Their research ranges from the impact that recessions have on stock markets to the development of humanoid robots, and from the complexities related to terrorist radicalization to the development of innovative online resources for supporting mother-infant relationships.

Support for new researchers has also been at the heart of the new strategy. Positive work has taken place in further improving our 'Your First Three Years' programme to ensure an appropriate balance of emphasis between research and teaching and learning.

It has also been advantageous that the revised Research and Knowledge Exchange Strategy was produced in tandem with the new International Strategy. Our three strategic objectives for research and knowledge exchange are therefore all closely linked with the University becoming increasingly internationalised.

The existing global scope of research at Oxford Brookes was exemplified by four projects to be undertaken by researchers at Oxford Brookes in Brazil and Mexico. All were recipients of money from the Newton Fund which is part of the UK's aim to help with science and innovation partnerships that promote the economic development and welfare of targeted developing countries.

These projects are evidence of the growing confidence and global outlook of Oxford Brookes research which is set to further flourish in the coming year.



# Advancing our strategy: Infrastructure and services

## The Estate

The estate has seen significant improvements over the last year, not least with the recent opening of the new Swindon Campus. Oxford Brookes has moved from its former Ferndale Campus in the town, to a new, larger campus on the Delta Business Park, as part of a £223 million investment in our estate over the next decade.

The campus features a new library, high quality teaching spaces, skills labs, catering facilities and spaces to enhance collaboration, research and support for students. The building has been named after long-time Swindon resident and former human rights lawyer, Lord Joel Joffe.

In Oxford, the first phase of work on the Sinclair building has seen the Sinclair Annex redeveloped for our bio-imaging unit, housing specialist microscopes and related research labs and staff.

Work has also started on the second floor of Sinclair to create brand new teaching and research labs, alongside a technical support hub.

The Buckley Building has reopened co-locating senior management colleagues, together with the Directorate of Finance and Legal Services and parts of the Directorates of Academic and Student Affairs and Corporate Affairs, and a wellbeing facility. These staff moves better optimise space and cross-departmental working as well as enabling the Clerici project to begin in earnest.

The Clerici building (including former library spaces) is being refurbished to provide a new home for the Faculty of Business. The Business School will relocate from Wheatley Campus as part of this move, expected in time for the start of the 2017/18 academic year.

As well as the new Faculty of Business spaces, the Clerici project will provide 31 new teaching rooms, a collaborative lecture theatre, social learning spaces and an additional gateway into the Headington Campus. The Main Hall is also being rebuilt and will provide a flexible, new space for teaching and headline events like graduations.

The coming year will continue to see a significant amount of work on the estate. In addition to the publication of the University's Residential Strategy, decisions are due to be made on the sale of the Wheatley Campus and the rebalancing of activities on the Headington and Harcourt Hill campuses.

## Information Systems

Development of the University's IT infrastructure and associated projects has continued throughout 2015/16.

The new Programme Management Office has overseen the delivery of significant projects during this time: the new virtual and physical server infrastructure; refreshment of the physical network and network access points; HR system upgrade; managed print service; a new accommodation allocation application; online application for healthcare; a new VPN for accessing all university systems remotely; supporting all the office/teaching space moves across the estate with network installations, PCs and audio visual equipment; new staff/student smartcard.

The following projects are currently prioritized for delivery in 2016/17 although the forward IT Investment Programme is subject to annual review: moving of systems and applications from unsupported hardware; network refresh (both wired and wireless), telephones & building management systems, AV & support of all associated staff moves across all campuses; the creation of an enterprise data warehouse; replacement of audio visual equipment in teaching rooms; new timetabling and space utilisation tool, guest Wi-Fi access; returns quality & management system.

Investment continues in 'Business as Usual' service delivery to enhance the student experience and ensure the delivery of IT that works.



# Advancing our strategy:

## External

Over the past year Oxford Brookes University has continued to contribute to society – locally, nationally and internationally.

This year has seen a significant strengthening of links within Oxfordshire and beyond through the celebration of two important anniversaries.

### 150th anniversary

This anniversary has provided an important opportunity to celebrate the past, present and future success of Oxford Brookes University with staff, students and the local community.

From a community point of view, the University has held and sponsored a number of events which have enabled us to share learning opportunities. Central to these was the Brookes Live event held in November. For this special event we opened the doors of the John Henry Brookes Building to the local community and showcased pioneering projects and enterprising initiatives as well as the creative talents of our staff and students. Other key events included the anniversary lecture series and our participation in Oxford's Open Doors event.

Now that the anniversary period has officially closed, the University is undertaking work to build on this legacy.

### 125 years of nurse education in Oxford

For over a century, the city of Oxford has been home to the world-class training of nurses. Care, dignity, compassion and diligence are qualities all nurses in Oxford and at Oxford Brookes have carried with them over the last 125 years.

The 125 anniversary has celebrated the important role of nurse education in Oxford in partnership with local health trusts in both Oxford and at the University's Swindon Campus.

As part of these celebrations, a number of key events have been held, including our continued sponsorship of the Cowley Road Carnival, which allowed us to play a key role in Oxfordshire's biggest community event. Here, the University joined the local hospitals in celebrating nurse education in Oxford, providing educative, interactive activities and joining the celebrations in the procession.

We have also continued to support our students in making a difference to society. One of our strongest examples of

this is through the Oxford Brookes Social Entrepreneurship Awards (OBSEA), where students are supported to learn more about social entrepreneurship and social innovation. They are encouraged to find radical new ideas, practical solutions and relationships to effectively address social needs and problems and to turn their ideas into action.

In 2015-16, projects have included:

#### ■ Nutri-bake – bread for life!

A bread baking co-operative that will operate within the shanty district on the outskirts of Huanchaco, a small seaside town in northern Peru. This cooperative will employ women bakers and supply nutritious fortified flour loaves and rolls (made with speciality grains) to help feed poor local families. Bread sold in Huanchaco's shanty district currently consists of poor quality bleached white flour and is quite expensive, transported in from the nearby city of Trujillo. Local people have come forward, identifying a need for a local bakery that produces quality bread at affordable prices.

#### ■ Responsible Holidays

Responsible Holidays is a social value project to empower riverside communities and people displaced by dam initiatives in the Southern Amazon region and help create alternative sustainable livelihoods. The aim is to develop eco-tourism in the Rio Madeira region of Brazil, initially based around bird-watching holidays.

#### ■ Oxford Chinese corner

Oxford Chinese Corner is a support group for Chinese parents and children in Oxford which offers rich and interactive traditional Chinese style activities in a Mandarin speaking environment to local families, and particularly British Born Chinese children. The aim is to nurture and preserve culture and tradition. Many children don't inherit their Chinese culture or even understand their mother tongue – Mandarin – when they are born and raised in the UK. The activities are funded from the profits gained by offering different levels of Chinese language and culture related courses to local children and adult learners.

Oxford Chinese Corner has been given an award to pursue market research and explore demand.



# Our staff

The overall staff full time equivalent (FTE) increased slightly from 1,848 to 1,886 in the last year, notably in relation to admissions and projects. Academic and senior staff make up 40 per cent of the workforce.

There were a number of staffing changes at senior management level. Following competitive search exercises the following appointments were made:

- Paul Large (formerly Registrar) took flexible retirement and moved into a new part-time role as Director of Infrastructure Investment. He is succeeded by Brendan Casey as Registrar and Chief Operating Officer.
- Professor Linda King (formerly Associate Dean for Research in the Faculty of Health and Life Sciences) was appointed Pro Vice-Chancellor for Research and Global Partnerships (the latter being a change to the portfolio).
- Cathy Burleigh joined as Director of Finance and Legal Services on 15 September 2015.

The portfolios for the Pro Vice-Chancellor (PVC)/Deans were reviewed and revised to reflect our strategic priorities for the period ahead, as follows:

- Chris Blackburn, PVC and Dean of the Faculty of Business: Marketing
- Professor June Girvin, PVC and Dean of the Faculty of Health and Life Sciences: Development
- Paul Inman, PVC and Dean of the Faculty of Technology, Design and Environment: International Recruitment
- Professor Anne-Marie Kilday, PVC and Dean of the Faculty of Humanities and Social Sciences: Staff Experience

## Other developments

Enhancement of the staff experience is a new focus, which complements our strengths in delivering an outstanding student experience. As part of the 150th anniversary celebrations in 2015, the University launched a staff recognition scheme, Brookes People Awards, which celebrate our Guiding Principles. The scheme was successfully run again in 2016. We have also engaged with external charter marks (Athena Swan and Stonewall) to promote equality, diversity and inclusion.

The Faculty of Business is engaged in a staff consultation and engagement programme (Realign, Reposition and Relocate) in preparation for the move from Wheatley planned for 2017 to redeveloped premises on the Headington campus.

The External Relations Department was strengthened and restructured to support the “Brookes Because...” development campaign.

The Oxford Centre for Staff and Learning Development, part of the Human Resources Directorate, is one of the largest and best-regarded providers of staff and educational development in the HE sector, and continues to play a leading role within the University in the implementation of the Strategy for Enhancing the Student Experience.

A new HR/payroll system was implemented to replace our legacy in-house systems. Work on streamlining the associated business processes will continue over the coming year.



# Our students

Student numbers (headcount) have increased by 355 (from 17,462 in 2014/15 to 17,817 in 2015/16). This is the result of a strategic decision to grow student numbers in a measured way in line with the removal of the sector-wide controls on student numbers.

The make-up of the student body has continued to change. There is a continuing decline in the number of part-time students studying at Oxford Brookes (3,913 in 2015/16 compared to 4,112 the previous year). This reduction in the proportion of part-time students matches the trend over the previous three years.

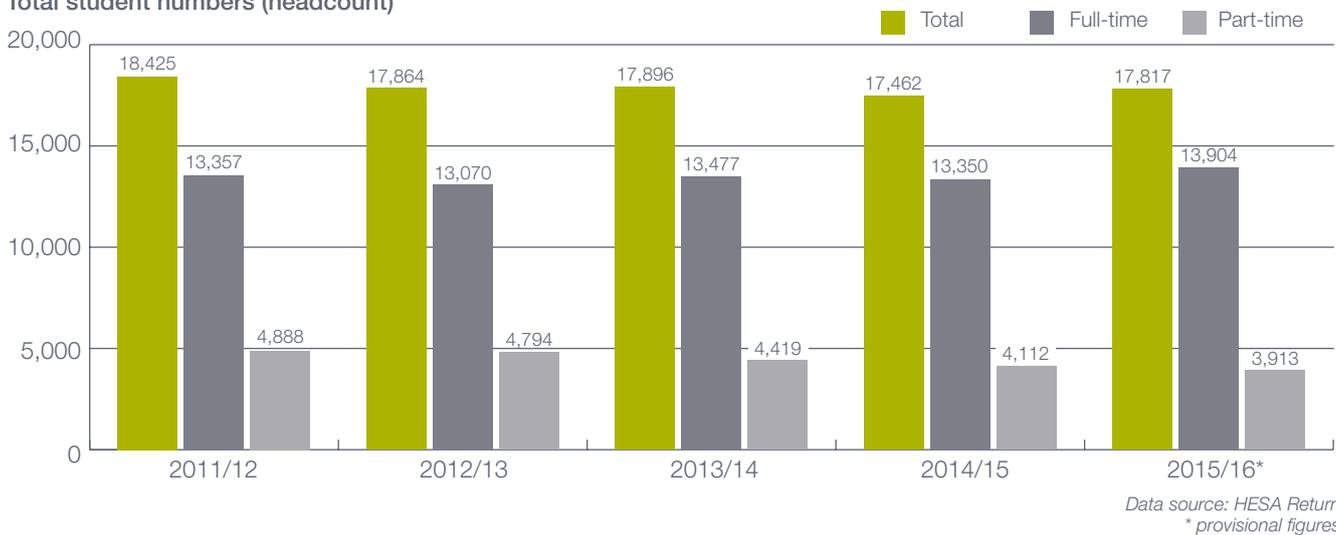
Postgraduate numbers have remained broadly constant over the last two financial years, with the growth in overall

student numbers (headcount) coming from an increase in undergraduate students. Over time, Oxford Brookes has seen a trend of decreasing postgraduate numbers and work is ongoing to address this.

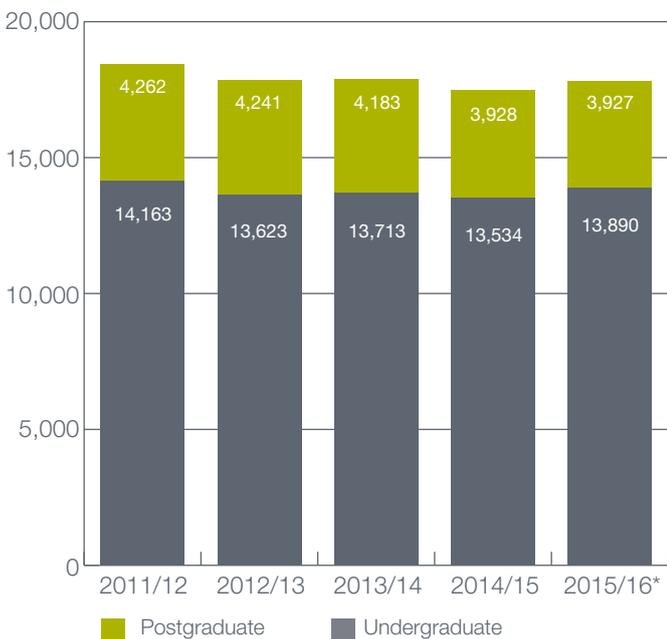
Figure three (below) charts the full time equivalent (FTE) of international and home/EU students over time. This shows that the University's overall student FTE is at its highest since its peak in 2011/12. International student FTE has decreased by a small margin over the last two years and this is an area the University is looking to grow in future years through its international strategy.

The data provided here have been directly sourced from the University's Higher Education Statistics Agency (HESA) returns. Figures for the current year are based on provisional HESA figures.

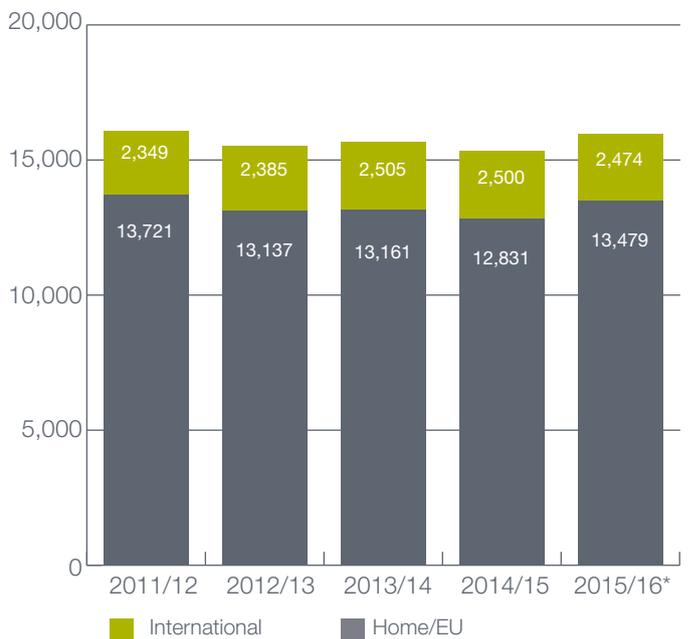
**Figure 1.**  
Total student numbers (headcount)



**Figure 2.**  
Undergraduate and postgraduate students (headcount)



**Figure 3.**  
Home and international students (FTE)



# Our finances

The University's specific targets are detailed annually in a set of key performance indicators (KPIs). The University's Executive Board and Board of Governors monitor achievements in relation to the KPIs. The change in accounting standards to FRS102, has meant that some of the KPIs are no longer applicable and all KPIs require restating. Where the KPI no longer applies a replacement KPI has been provided with the prior year also supplied for comparison. Full details of these KPIs can be found in the Performance Report for Governors which is published annually in December.

Financial sustainability has been maintained. Financial KPI targets in relation to financial sustainability are:

- To achieve a level of operating surplus that generates sufficient cash to resource agreed strategic investment (ie surpluses identified in the plans) – Achieved.
- To contain staff costs to below 55% of turnover and aim for 50% – Achieved (49.9%)
- To maintain net current assets and aim for a ratio of current liabilities to current assets of 1:1.25 – Achieved (1:1.91)
- To achieve all loan covenant ratios within safety margins and all financial commitments within HEFCE's Financial Commitment Threshold – Achieved.

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

The operating surplus for the year was £12.5m.

Risk management at both strategic and operational level is fully embedded, and Governors actively participate in the process.

The University constantly strives to improve its environmental sustainability in the areas of travel, building energy use, ethical procurement, conservation and carbon reduction.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016

The University 5 year financial forecasts show continued sustainable surpluses that reflect the latest student number forecasts, the Estates Investment Plan and IT Capital plan, and agreed efficiency targets across Faculties and Directorates.

Key Performance Indicator	2015/16	2014/15 restated under FRS102
Operating Surplus	£12.5m	£4.0m
Total Income	£192.6m	£181.1m
EBITDA	£37.7m	£29.9m
EBITDA%	19.57%	16.51%
Operating surplus as a % of income	6.49%	2.21%
Unrestricted income and expenditure reserve excluding pension reserve as a % of income	80.59%	75.74%
External borrowings as a % of income	67.22%	64.40%
Gearing: borrowing as a % of reserves	95.32%	72.38%
Net cash flow from operating activities as a % of income	16.03%	14.98%
General funds as a % of income	16.58%	30.66%
Staff number average headcount *	3096	2847
Staff number average FTE	1886	1848
Staff costs as a % of income	49.85%	51.11%

### Undergraduate student satisfaction:

With teaching	88%	90%
With course overall	87%	90%

Postgraduate student satisfaction with course overall	84%	82%
Research projects awarded in year	£3.5m	£3.8m

\* Staff number headcount includes Associate Lecturers, staff number FTE excludes Associate Lecturers



# Financial outlook

This year the Strategic Report replaces the Operating and Financial Review as required under the Higher Education Statement of Recommended Practice effective from January 2015. As such, it is focused on a robust analysis of current performance, strategy and future prospects, taking account of the principal risks and uncertainties being faced.

The University is confident in its forward projections as set out in its five year plans and Estates Investment Plan approved by Governors in July 2016. The trajectory for growth is strong based on the surpluses generated in the past few years. However, it is fully aware of the significant change agenda for the HE sector and has put in place robust processes to monitor and respond to the uncertainties and risks it faces. The financial strategy focuses on continuing to generate strong operating cash and controlling operating expenditure, including delivering £6m of efficiency savings by 2017/18.

There is a continued focus on value for money. Considerable levels of investment in IT projects, in particular in a new Student Record System, will help deliver sustainability in operational terms, positively impacting student and staff experience and leading to a much more efficient operating model for managing the student journey throughout university departments.

The risk management process that supports the financial strategy provides a wide-reaching financial risk assessment and evaluation of contingency options which is monitored on a regular basis to ensure that appropriate action is being taken and emergent and continuing risks are adequately covered. The five year plans approved by the Governors are based upon a prudent set of assumptions.

The University is proactive in its management of risks and uncertainties. It has established a Referendum Impact Assessment Group and is pro-actively researching and monitoring the implications for our non UK EU students and staff and potential impact on research grants. The University website provides a regularly updated page of the current status, advice and support for all in conjunction with a periodic Onstream communication for staff.

A group of cross-university staff focus on horizon scanning across multiple areas, such as legislative and policy changes including the 2016/17 Higher Education and Research Bill's passage through Parliament, and external economic impacts on inflation, demand and supply, exchange rates and pension funds arising from Brexit and other worldwide events. This is led by the Registrar and Chief Operating Officer and communicated to governors, senior managers and others as appropriate.

The University has plans to increase student numbers over the next five years in a measured way which is sustainable and built into its capacity planning for the development of the estate, and is considered in the strategy for provision of residential places. Issues around ensuring affordability and a range of price options for students are ensured through the financial strategy. The impact that leaving the EU could have on student numbers is also a consideration in our future plans.

The ambitious estates plan, which requires investment of £223m over the next ten years, includes development of the Harcourt Hill campus and closure of the Wheatley campus for sale by 2021-22. These plans are underpinned by careful financial planning and the generation of surpluses modestly rising through 2018-19 and 2019-20.

Steps have been taken in 2015/16 to take advantage of the University's reputational status, economic conditions and lower borrowing costs to secure borrowing at a lower rate through a private placement of £60m, replacing a £45m existing loan and a £15m revolving credit facility (RCF), saving around £1m annually in interest. It has also secured a new £25m RCF at a very favourable rate following a competitive process which provides flexibility in relation to the timing of the Wheatley sale. There is continued focus on the rate and profile of capital spend and cash flow requirements, ensuring that bank covenants are always met. The high level of cash balances at year end reinforces further the robustness of the future capital investment plans. Following the valuation exercise undertaken across the estate in 2015/16, the University has increased the value of the land by £73.6m. This gives added strength to the balance sheet.

There are initiatives to increase the intensity and effectiveness of marketing to reach our international and postgraduate potential intake, and work is being carried out to analyse the competitor market to ensure that our offering is both attractive and highly competitive and to increase numbers in these key areas.

Whilst the University has signalled through its website its intention to increase its fees in line with HEFCE guidance from 2017, it has acted prudently in not building this into future forecasts, without further understanding the new operating model for quality assessment, the Annual Provider Review (APR) and its relationship with the Teaching Excellence Framework (TEF). However, it is taking action to ensure that it meets the quality standards and assurance requirements to be able to raise its fees.

Uncertainties around the impact of student fees and loans on the take up of nursing, midwifery and allied health courses are factored into the future plans and will be monitored carefully, alongside the potential impact on the uptake of places at the new Swindon site.

Overall, the University has had a highly successful year, but given the very uncertain road ahead, it is confident that its continued focus on prudence and strong financial performance will help to underpin its financial sustainability and success into the future.

# Public benefit

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

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

## Encouraging progression to university for under-represented groups

Oxford Brookes continues to deliver a comprehensive programme of activity to raise awareness of higher education and to support students from under-represented groups, who have the academic ability and potential to succeed, move on to university. The activities for 2015/16 are outlined below.

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

One of our flagship programmes is Brookes Engage, an 18-month programme of monthly activities designed to help students in Years 12 and 13 to make a successful transition to university. The first Brookes Engage cohort graduated in July and 78 per cent of the students who took part have since moved on to university this September.

In addition to the work delivered by Oxford Brookes, the University also supports our collaborative partnership with Bucks New University, the University of Oxford and Reading University to deliver an integrated programme of outreach under the Study Higher banner among schools in Oxfordshire, Buckinghamshire and Berkshire.

We are looking to continue and build on this work in the coming years. Our collaborative partnership Study Higher has been successful in its bid to secure funding from the Higher Education Funding Council for England (HEFCE) to help increase the number of young people from disadvantaged backgrounds in Higher Education (HE).

The partnership, which is led by Oxford Brookes University and made up of universities and further education colleges across Oxfordshire, Buckinghamshire, Berkshire and Swindon, has been awarded £3.4 million over two years, as part of HEFCE's National Collaborative Outreach Programme.

The partnership will use the funding to work collaboratively on a wide-range of outreach activities with targeted schools and colleges across the region to highlight opportunities within HE. This includes a project to encourage white, working class boys to progress to HE, increased provision of information and advice for students progressing from vocational qualifications, and a continued focus on supporting students with caring responsibilities.

## Providing alternative ways to access Higher Education

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

Through the ACP, students can top-up from a Foundation to a Bachelor's degree at Oxford Brookes but we are also increasingly offering the opportunity to do entire Bachelor's degree programmes at our partner colleges whilst assuring the educational provision is at least equivalent to the University's direct provision.

## Financial support

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

During 2015/16 financial year, Oxford Brookes provided the following support:

- Oxford Brookes Bursaries and Scholarships £3.6m to 2,429 students
- Fee waivers £1.5m to 845 students
- Hardship fund, disability aid and Spring Hill fund £0.7m.

## Sponsoring other educational establishments

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

The school has achieved a significant improvement in the number of students securing a place at university in 2016 with 42 per cent of Year 13 students moving on the university this year; an increase of 11 per cent from 31 per cent in 2015.

Oxford Brookes is also co-sponsor of the University Technical College (UTC) in Swindon. The College, a specialist engineering academy for 14-19 year olds, opened in 2014 and is jointly sponsored by Johnson Matthey Fuel Cells. It aims to improve the secondary education offer in Swindon.

UTC Swindon's first A-level students have recently celebrated their results. In addition to a 100 per cent pass rate in all A-level subjects, 24 per cent of students in level 3 engineering achieved three Distinction stars.

# Other key developments

## Strategic portfolios

The portfolios for the Pro Vice-Chancellor (PVC)/Deans were reviewed and revised in 2015 to reflect our strategic priorities for the period ahead. These portfolios are: development and alumni relations, international student recruitment, marketing and recruitment and staff experience. Work has been undertaken in each of these areas.

## Development and alumni relations

In addition to the restructure of the External Relations team to strengthen key functions, a new Case for Support has been created for the University: 'Brookes because...'

This new strategy encourages both financial and other forms of support for the University and has three key strands.

### ■ Transforming lives by breaking the barriers to education

We will continue to remove financial barriers to education through fundraising for bursaries and postgraduate scholarships.

### ■ Inspiring students to become the best they can be

We will enhance ways that our alumni and other supporters can get involved in the life of the University. This will include, for example, offering volunteering opportunities, work placements or internships, becoming a mentor or participating in advisory boards.

### ■ Finding solutions to world problems

We are keen to encourage support for our excellent research and are fundraising for a number of research projects under four broad headings: health, technology, environment and humanity.

## International student recruitment

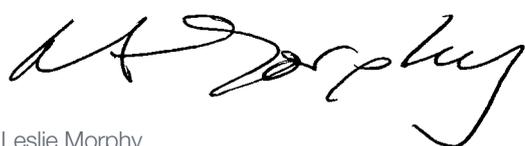
The continued internationalisation of Oxford Brookes is an essential element of the University's development, as is our ability to compete effectively in global markets.

The Board of Governors has approved the International Strategy 2016-2020.

Our three new strategic objectives are:

1. To secure and increase Oxford Brookes' share of the international student recruitment market.
2. To establish the University's international strategic partnerships that operate across the university and support the development of a worldwide presence across a range of areas.
3. To continue to enhance the international student experience and internationalisation within policies and practices of the University

Signed on behalf of the Board of Governors by:



Leslie Morphy  
Chair of Governors

## Marketing and recruitment

The outcomes of an internal audit into marketing has produced a series of helpful recommendations, which are currently being taken forward. The University's Strategic Marketing Group plays a key role in joining up marketing activities across Oxford Brookes and a series of business objectives are currently under development.

In addition, responsibilities currently sitting within the Directorate of Corporate Affairs will be reallocated. A new Director of Marketing and Communications will be recruited to take forward this important area of university activity and the Strategic and Business Planning Office will move to report directly to the University's Registrar and Chief Operating Officer.

## Staff experience

A summary of the activities undertaken in this area can be found in the 'our staff' section.

## Social responsibility

In the last year, we have moved away from Net Positive Impact (NPI), the former approach to sustainability at Brookes, and the Corporate Responsibility Steering Group (CRSG) has been replaced by the Social Responsibility Steering Group.

A new Social Responsibility Framework is being developed which represents a broader understanding of social responsibility focusing on four areas:

- 1) Socially Responsible Students
- 2) Engaged and Fulfilled Staff
- 3) A Valued Partner in our Communities and Wider Society
- 4) Sustainable Operations

The Social Responsibility Framework aims to better communicate what the University stands for and brings together teams and departments to promote a collaborative and coordinated approach to the University's social responsibility efforts. The work is being led by the CSR Engagement Officer and is supported by the newly established Steering Group and Working Group.

The Framework is nearly finalised and the first set of priority projects are being developed which are distinctive to the University, raise the profile of existing activities and set exciting new targets to enhance the University's reputation as a socially responsible organisation.

# Corporate Governance and Internal Control

## Introduction

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

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

The summary below describes the manner in which the University has applied the principles set out in the Combined Code on Corporate Governance issued by the London Stock Exchange in 2010 in so far as they relate to universities. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

## The Board of Governors

The Board of Governors, which meets formally five times a year, is responsible for the University's long-term objectives and for strategies in relation to the educational character and mission of the University and for providing overall financial and organisational control. The board comprises nine (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 Vice-Chancellor is the accountable officer responsible for satisfying the Board that all conditions of receiving and using grant aid from HEFCE have been met, as per the Memorandum of Assurance and Accountability with HEFCE. The University's constitution places responsibility for the University's operations with the Vice-Chancellor who as the accountable officer, 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. The Standing Orders of the Board make provision, by resolution, for the extension of a member's term of office beyond the normal limit of eight years where that is necessary to allow the member to serve a maximum term of four years as either Chair or Deputy Chair.

## Senior Management Team and Executive Board

The Senior Management Team of the University comprises the Vice-Chancellor, two Pro Vice-Chancellors (PVCs) with specific responsibility for, respectively, the student experience and research and global partnerships, the Registrar and Chief Operating Officer, the four PVC Deans of Faculty, the Director of Finance and Legal Services, the Director of Infrastructure Investment and the Director of Human Resources. 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 that 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 Committee meets at least four times a year. Membership consists of five governors. The committee is responsible to the Board of Governors for:

- Advising the Vice-Chancellor, on a recommendation to the Board, for the coming year's recurrent and capital budgets, and on the cash flow forecast and draft balance sheet arising.
- Recommending for approval by the Board, a rolling five-year strategic plan, including financial plans (both revenue and capital) projected five-year cash flow and balance sheets, taking account of the requirements of the Bank Lenders and of the Funding Council.
- Recommending the Estates Investment Plan to the Board, and monitoring and reviewing its application and implementation.

- Recommending the Human Resources Strategy to the Board, and monitoring and reviewing its application and implementation.
- Recommending the IT Strategy to the Board, and monitoring and reviewing its implementation.
- Reviewing changes to and the implementation of other key University strategies from time to time, as necessary.
- Reviewing and recommending to the Board borrowing or other financial vehicles necessary to fund the strategy, and the release of funds for specific projects.
- Recommending to the Board, the acquisition or disposal of lands and buildings

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

#### **Audit Committee**

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

- The effectiveness of the internal audit service and ensuring that their recommendations are appropriately executed.
- The effectiveness of internal control and risk management procedures.
- The work of the external auditors and whether they are effectively carrying out their responsibilities to the Board of Governors by reporting that the University's financial statements present a true and fair view of the year's activities.
- The existence of satisfactory arrangements to promote economy, efficiency and effectiveness.
- The approval of the financial statements.
- The systems and processes whereby assurance is obtained on the quality of all data returns. These are the key areas but are not the full terms of reference.

#### **Remuneration Committee**

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

#### **Nominations Committee**

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

#### **Academic Board**

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

- General issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students; the appointment and removal of internal and external examiners; policies and procedures for assessment and examination of the academic performance of students; the content of the curriculum; academic standards and the validation and review of courses; the procedures for the award of qualifications and honorary academic titles; and the procedures for the exclusion of students for academic reasons.
- Considering the development of the academic activities of the University and the resources needed to support them and for advising the Vice-Chancellor and the Board of Governors thereon.
- Advising on such other matters as the Board of Governors or the Vice-Chancellor may refer to the Academic Board.



### Internal Control

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash-flow budgets.
- Regular reviews of academic performance and monthly reviews of financial results involving variance reporting and quarterly updates of the forecast outturn.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review.
- Comprehensive financial regulations, detailing financial controls and procedures, approved by the 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.

### Charitable status

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

### 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 including FRS102. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability with HEFCE, the Board, through its designated accountable officer, 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 Memorandum of Assurance and Accountability 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 the financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

### Risk Management

The University's strategic risk management process continues to provide effective systems for the identification of the major strategic and financial risks facing the University. During 2015/16 the University's Executive Board and Board of Governors monitored the five highest level strategic risks whilst other risks continued to be managed as part of the established management arrangements.

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

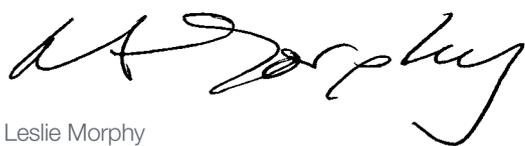
- A review of the University's approach and attitude to risk. This included active participation from senior management.
- Two workshops to identify evaluate and categorise by severity, risks which impacted on the achievement of strategic objectives.
- The production of an updated risk register.
- The development of risk improvement plans to address the 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 and Chief Operating Officer, 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 has no delegated authority itself but provides an effective forum to allow the Registrar and the Director of Finance and Legal Services to fulfil their responsibilities.
- Regular reports both to the Board and the Audit Committee on the development of the process, the most severe risks and progress with improvement plans.
- High level involvement and support which included the Vice-Chancellor taking an active part in one of the risk workshops and chairing the Executive Board which considered the risk register and improvement plans and other reports on key aspects of the University's performance. Several members of the Senior Management Team, Executive Board and representatives of the Board of Governors took an active part in at least one of the various workshops.
- That the Internal Audit team based their plan of work on the University's risk analysis, modified by their assessment. In addition, the Internal Audit Team reviewed the University's system of risk management.
- A workshop convened to specifically review the main risks to the University's financial plans, and to predetermine what actions might be taken if certain events occurred.
- A series of workshops to produce new risk registers and improvement plans for each directorate.

#### **Review of the effectiveness of internal control and risk management**

At its meeting in November 2016 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 2016 and up to the date of signing the annual financial statements. The Board of Governors concluded, based upon the Annual Report of the Audit Committee and other internal audit and management assurances, that the arrangements in place were satisfactory to provide effective internal control and risk management throughout this time.

#### **Going concern**

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



Leslie Morphy  
Chair of Governors  
November 2016



Professor Alistair Fitt  
Vice-Chancellor  
November 2016

# Independent Auditors' Report

## Report on the financial statements

### Our opinion

In our opinion, Oxford Brookes University's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2016 and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

### What we have audited

The financial statements, included within the Strategic Report and Financial Statements (the "Annual Report"), comprise

- the consolidated and parent institution Balance Sheets as at 31 July 2016;
- the consolidated Statement of Comprehensive Income and Expenditure Account for the year then ended;
- the consolidated Statement of changes in Reserves for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board of Governors has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's articles of government and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

## Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Statement of Corporate Governance and internal control is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

## Responsibilities for the financial statements and the audit

### Respective responsibilities of the Board of Governors and auditors

As explained more fully in the Statement of Corporate Governance and internal control set out on page 20 the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Governors as a body in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board of Governors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Board of Governors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



Alison Breadon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

Date *29 November 2016.*

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

# Financial Statements

## Consolidated and University Statements of Comprehensive Income and Expenditure for the year ended 31 July 2016

	Note	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	126,997	126,945	116,266	116,256
Funding body grants	2	15,382	15,382	16,412	16,412
Research grants and contracts	3	4,314	4,175	4,279	4,205
Other income	4	44,896	42,990	43,466	41,354
Investment income	5	319	319	231	231
Donations and endowments	6	731	731	488	488
<b>Total income</b>		<b>192,639</b>	<b>190,542</b>	181,142	178,946
<b>Expenditure</b>					
Staff costs	7	96,037	95,267	92,581	91,459
Other operating expenses	10	58,856	57,545	60,669	59,704
Depreciation and amortisation	11,12	15,925	15,909	14,925	14,909
Impairment and disposals	12	754	754	569	569
Interest and other finance costs	8	8,538	8,538	8,399	8,399
<b>Total expenditure</b>	9	<b>180,110</b>	<b>178,013</b>	177,143	175,040
<b>Operating Surplus before tax</b>		<b>12,529</b>	<b>12,529</b>	<b>3,999</b>	<b>3,906</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>12,529</b>	<b>12,529</b>	<b>3,999</b>	<b>3,906</b>
Actuarial loss in respect of pension schemes	29	(36,694)	(36,694)	(4,280)	(4,280)
<b>Total comprehensive expense for the year</b>		<b>(24,165)</b>	<b>(24,165)</b>	<b>(281)</b>	<b>(374)</b>
Represented by:					
Endowment comprehensive expense for the year		(15)	(15)	(79)	(79)
Restricted comprehensive income for the year		293	293	4	4
Unrestricted comprehensive expense for the year		(25,590)	(25,590)	(893)	(986)
Revaluation reserve comprehensive income for the year		1,147	1,147	687	687
Attributable to the University		(24,165)	(24,165)	(281)	(374)
Attributable to the non-controlling interest		-	-	-	-
		<b>(24,165)</b>	<b>(24,165)</b>	<b>(281)</b>	<b>(374)</b>
<b>Surplus for the year attributable to:</b>					
University		12,529	12,529	3,999	3,906

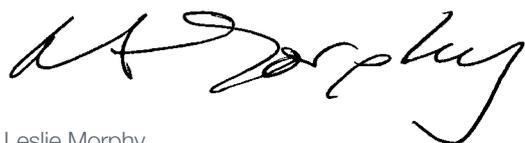
**Consolidated and University Statements of Changes in Reserves for the Year ended 31 July 2016**

Consolidated	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2014</b>	<b>1,798</b>	<b>425</b>	<b>54,512</b>	<b>105,376</b>	<b>162,111</b>
(Deficit)/surplus from the income and expenditure statement	(79)	4	(893)	-	(968)
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Release of restricted funds spent in year	-	-	687	(687)	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(79)</b>	<b>4</b>	<b>(206)</b>	<b>(687)</b>	<b>(968)</b>
<b>Balance at 1 August 2015</b>	<b>1,719</b>	<b>429</b>	<b>54,306</b>	<b>104,689</b>	<b>161,143</b>
(Deficit)/surplus from the income and expenditure statement	(15)	293	(25,590)	-	(25,312)
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	1,147	(1,147)	-
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(15)</b>	<b>293</b>	<b>(24,443)</b>	<b>(1,147)</b>	<b>(25,312)</b>
<b>Balance at 31 July 2016</b>	<b>1,704</b>	<b>722</b>	<b>29,863</b>	<b>103,542</b>	<b>135,831</b>
<b>University</b>	<b>Income and expenditure account</b>			<b>Revaluation reserve</b>	<b>Total excluding Non Controlling Interest</b>
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2014</b>	<b>1,798</b>	<b>425</b>	<b>54,512</b>	<b>105,376</b>	<b>162,111</b>
(Deficit)/surplus from the income and expenditure statement	(79)	4	(986)	-	(1,061)
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	687	(687)	-
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(79)</b>	<b>4</b>	<b>(299)</b>	<b>(687)</b>	<b>(1,061)</b>
<b>Balance at 1 August 2015</b>	<b>1,719</b>	<b>429</b>	<b>54,213</b>	<b>104,689</b>	<b>161,050</b>
(Deficit)/surplus from the income and expenditure statement	(15)	293	(25,590)	-	(25,312)
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	1,147	(1,147)	-
Release of restricted funds spent in year	-	-	-	-	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(15)</b>	<b>293</b>	<b>(24,443)</b>	<b>(1,147)</b>	<b>(25,312)</b>
<b>Balance at 31 July 2016</b>	<b>1,704</b>	<b>722</b>	<b>29,770</b>	<b>103,542</b>	<b>135,738</b>

## Consolidated and University Balance Sheets as at 31 July 2016

	Note	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	11	2,306	2,306	2,406	2,406
Fixed assets	12	383,732	383,176	377,753	377,181
Investments	14	115	565	115	565
		<b>386,153</b>	<b>386,047</b>	380,274	380,152
<b>Current assets</b>					
Stock	15	145	119	139	108
Assets held for sale	16	699	699	-	-
Trade and other receivables	17	8,942	10,185	9,416	10,337
Investments	18	15,000	15,000	8,000	8,000
Cash and cash equivalents	24	37,638	35,730	22,563	20,959
		<b>62,424</b>	<b>61,733</b>	40,118	39,404
Less: Creditors: amounts falling due within one year	19	(32,765)	(32,061)	(36,654)	(35,911)
<b>Net current assets</b>		<b>29,659</b>	<b>29,672</b>	3,464	3,493
<b>Total assets less current liabilities</b>		<b>415,812</b>	<b>415,719</b>	383,738	383,645
Creditors: amounts falling due after more than one year	20	(154,697)	(154,697)	(139,714)	(139,714)
<b>Provisions</b>					
Pension provisions	21	(125,284)	(125,284)	(82,881)	(82,881)
<b>Total net assets</b>		<b>135,831</b>	<b>135,738</b>	161,143	161,050
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	22	1,704	1,704	1,719	1,719
Income and expenditure reserve - restricted reserve	23	722	722	429	429
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		29,863	29,770	54,306	54,213
Revaluation reserve		103,542	103,542	104,689	104,689
		<b>135,831</b>	<b>135,738</b>	161,143	161,050
Non-controlling interest					-
<b>Total Reserves</b>		<b>135,831</b>	<b>135,738</b>	161,143	161,050

The financial statements were approved by the Board of Governors on 22 November 2016 and signed on its behalf by:



Leslie Morphy  
Chair of Governors



Professor Alistair Fitt  
Vice-Chancellor

## Consolidated Cash Flow Statement for the Year ended 31 July 2016

	Note	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		12,529	3,999
<b>Adjustment for non-cash items</b>			
Depreciation	12	14,677	14,188
Amortisation of intangibles	11	1,248	737
Loss on disposal of fixed assets		754	569
Release revaluation reserve		(1,147)	(687)
Service concession lease premium	13	(125)	(125)
Increase in stock	15	(6)	(3)
Decrease in debtors		959	748
(Decrease)/increase in creditors		(3,653)	2,126
Increase in pension provision	21	5,709	5,328
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(319)	(231)
Interest payable	8	5,514	5,295
Endowment income		(192)	(127)
Release capital grant		(2,298)	(1,952)
<b>Net cash inflow from operating activities</b>		<b>33,650</b>	<b>29,865</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		4,299	2,908
Withdrawal of deposits		8,000	-
Investment income		319	188
Payments made to acquire fixed assets		(19,336)	(7,050)
Payments made to acquire intangible assets		(1,750)	(516)
New deposits		(15,000)	(8,000)
		<b>(23,468)</b>	<b>(12,470)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(5,205)	(5,184)
Interest element of finance lease and service concession payments		(141)	(140)
Endowment cash received		192	127
New unsecured loans		60,000	475
Repayments of amounts borrowed		(47,180)	(16,154)
Capital element of finance lease and service concession payments	13	(2,773)	(2,744)
		<b>4,893</b>	<b>(23,620)</b>
Increase/(decrease) in cash and cash equivalents in the year		<b>15,075</b>	<b>(6,225)</b>
<b>Cash and cash equivalents at beginning of the year</b>	24	<b>22,563</b>	28,788
Cash and cash equivalents at end of the year	24	<b>37,638</b>	22,563

### Basis of Preparation

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

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

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

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

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

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

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

### Grant funding

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

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

### Donations and endowments

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

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

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

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

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

### Capital grants

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

### Accounting for retirement benefits

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

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

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

### Defined Benefit Plan

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

### Employment benefits

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

### Service Concession Arrangements

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

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

### Operating leases

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

### Foreign currency

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

### Fixed assets

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

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

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

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

### Land and buildings

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

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

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

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

### Equipment

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

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

Equipment	3 to 10 years
-----------	---------------

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

### Borrowing costs

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

### Intangible assets

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

### Investments

Non current asset investments are held on the Balance Sheet at amortised cost less impairment.

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

### Stock

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

### Cash and cash equivalents

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

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

**Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

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

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

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

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

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

**Taxation**

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

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

**Reserves**

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

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

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

**Transition to 2015 SORP**

The University is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 30.

The University has revalued its land as at 31 July 2014 and used as deemed cost going forward, this has resulted in an

increase in the value of the land of £79,034k

The University has adopted the accruals method in accounting for government revenue and capital grants.

**Critical accounting judgements and estimation uncertainty****Defined benefit pension schemes (note 29)**

The University has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, in liaison with the actuarial valuer, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

**Service Concession (note 13)**

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

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

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

**Revaluation of land**

The University performed a one off revaluation of its land on transition to FRS102. The District Valuation office carried out the revaluation on the basis of Fair Value which is defined as:

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

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

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

**Wheatley campus impairment**

Under FRS102 an impairment review was undertaken to look for indicators of impairment. The University did not identify any indicators for the Wheatley campus. The University came to this conclusion given the valuation of this site at cost and ongoing annual depreciation. The land at the Wheatley campus was revalued in year. The decision is yet to be made regarding the relocation of academic departments that currently reside at Wheatley given the planned sale of this site.

# Notes to the financial statements

## 1 Tuition fees and education contracts

	Year Ended 31 July 2016		Restated * Year Ended 31 July 2015		Year Ended 31 July 2015	
	Consolidated	University	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000	£'000	£'000
Full-time home and EU undergraduate students	77,290	77,290	68,490	68,490	62,103	62,103
Part-time home and EU undergraduate students	1,591	1,591	963	963	963	963
Full-time home and EU postgraduate students	4,483	4,483	4,858	4,858	4,858	4,858
Part-time home and EU postgraduate students	2,726	2,726	2,100	2,100	2,100	2,100
Full-time international students	24,024	24,024	24,027	24,027	30,414	30,414
Health Authorities	13,703	13,703	12,595	12,595	12,595	12,595
Non credit bearing course fees	1,175	1,123	1,759	1,759	1,759	1,759
Research student tuition fees	1,630	1,630	1,290	1,280	1,290	1,280
Support Grants	375	375	184	184	184	184
	<b>126,997</b>	<b>126,945</b>	<b>116,266</b>	<b>116,256</b>	<b>116,266</b>	<b>116,256</b>

Full time undergraduate students charged home fees are shown net of fee waivers relating to the £9k fee package of £1,456k (2014-15: £1,782k)

\* The analysis of the tuition fee and education contracts has been restated due to prior period material error. Total tuition fee income was correctly disclosed. The error arose through coding inconsistencies in the analysis of the 2015 tuition fees and education contracts figure, subsequent work by the Strategic and Business Planning Office on the 2015 numbers identified the error. Full-time international students were over stated by £6,387k and full-time home and EU undergraduate students understated by £6,387k.

## 2 Funding body grants

### Recurrent grant

Higher Education Funding Council	10,924	10,924	11,706	11,706
Skills Funding Agency	551	551	479	479
National College for Teaching and Leadership	121	121	176	176

### Specific grants

Higher Education Funding Council	501	501	-	-
Higher Education Innovation Fund	896	896	2,045	2,045
National College for Teaching and Leadership	-	-	55	55
Release of Capital grant	2,298	2,298	1,951	1,951
Other	91	91	-	-
	<b>15,382</b>	<b>15,382</b>	<b>16,412</b>	<b>16,412</b>

### 3 Research grants and contracts

	Year Ended 2016		Year Ended 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research Councils	<b>1,845</b>	<b>1,845</b>	1,180	1,106
UK-based charities	<b>622</b>	<b>622</b>	1,128	1,128
UK Central Government, Local Authorities	<b>552</b>	<b>552</b>	471	471
UK Industry, commerce, Public Corporations	<b>226</b>	<b>124</b>	368	368
European Commission	<b>900</b>	<b>900</b>	1,038	1,038
EU other	<b>58</b>	<b>37</b>	25	25
Other overseas	<b>68</b>	<b>68</b>	16	16
Other sources	<b>43</b>	<b>27</b>	53	53
	<b>4,314</b>	<b>4,175</b>	4,279	4,205

### 4 Other income

Residences, catering and conferences	<b>28,185</b>	<b>27,906</b>	27,780	27,544
Other capital grants	-	-	146	146
Other income	<b>16,711</b>	<b>15,084</b>	15,540	13,664
	<b>44,896</b>	<b>42,990</b>	43,466	41,354

### 5 Investment income

Investment income on endowments	<b>12</b>	<b>12</b>	16	16
Investment income on restricted reserves	<b>1</b>	<b>1</b>	-	-
Other investment income	<b>306</b>	<b>306</b>	215	215
	<b>319</b>	<b>319</b>	231	231

### 6 Donations and endowments

New endowments	<b>192</b>	<b>192</b>	127	127
Donations with restrictions	<b>525</b>	<b>525</b>	255	255
Unrestricted donations	<b>14</b>	<b>14</b>	106	106
	<b>731</b>	<b>731</b>	488	488

## 7 Staff costs

	Year Ended 2016		Year Ended 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff Costs :	£'000	£'000	£'000	£'000
Salaries	75,239	74,297	73,600	72,683
Social security costs	6,418	6,470	5,827	5,760
Movement on USS provision	(61)	(61)	517	517
Other pension costs	14,441	14,561	12,637	12,499
<b>Total</b>	<b>96,037</b>	<b>95,267</b>	<b>92,581</b>	<b>91,459</b>

	Year ended 31 July 2016 £	Year ended 31 July 2015 £
Emoluments of the Vice-Chancellor:		
Salary		
Professor Alistair Fitt from 1 Feb 2015	233,300	115,000
Professor Janet Beer to 31 Jan 2015	-	115,000
Pension contributions to USS		
Professor Alistair Fitt from 1 Feb 2015	-	2,000
Professor Janet Beer to 31 Jan 2015	-	16,000
	<b>233,300</b>	<b>248,000</b>

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

	No.	No.
£100,000 to £109,999	1	3
£110,000 to £119,999	-	2
£120,000 to £129,999	7	4
£130,000 to £139,999	1	-
£140,000 to £149,999	-	1
£170,000 to £179,999	-	1
£230,000 to £239,999	1	-
	<b>10</b>	<b>11</b>

Average staff numbers by major category :	No.	No.
Teaching and research including management	1,582	1,413
Support	1,514	1,434
	<b>3,096</b>	<b>2,847</b>

No compensation paid (2015: £0) for loss of office payable to a senior post-holder:

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Key management personnel at Oxford Brookes University are members of the Senior Management Team

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
<b>Key management personnel compensation</b>	<b>1,269</b>	<b>1,341</b>

## Related Party Transactions

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

### Paul Large

**(Director of Infrastructure Investment from 01/04/2016, Registrar until 31/03/2016 – Senior Management Team)**

#### Trustee of Oxford Brookes Student Union until 31/03/2016

During the year the Institution made awards of £100k to the Students' Union.

Purchase transactions of £71k of which £11k were outstanding at 31 July 2016.

Sales transactions of £620k during the year of which £4k were outstanding.

### Alyson Coates, Governor

**Non-executive Director of Oxford Health NHS Foundation Trust**

Purchase transactions of £53k during the year of which £4k were outstanding at 31 July 2016.

Sales transactions of £20k during the year with Oxford Health NHS foundation Trust. No amount outstanding at 31 July 2016.

#### Governor of Dr Challoner's High School

There were no transactions with Challoner's High School during the year.

#### Trustee of Nuffield Oxford Hospitals Fund

There were no transactions with Nuffield Oxford Hospitals Fund during the year.

### Geoffrey Donnelly, Governor

**Director of the Higher Education Academy**

Purchase transactions of £37k with HEA during the year of which £19k were outstanding at 31 July 2016.

There were no sales transactions with Higher Education Academy during the year.

#### Director of University of Cumbria

There were no transactions with University of Cumbria during the year.

### John Guy, Governor

**Chairman of Surrey Heath Clinical Commissioning Group**

There were no transactions during the year.

### Louise Thomas, Governor

**Director of Thomas Design Regeneration & Consultation Ltd**

There were no transactions during the year.

#### Part-Time visiting lecturer at University of Westminster

Purchase transactions of £0.4k during the year, no amount outstanding at 31 July 2016.

There were no sales transactions during the year.

#### Urban Design Group, Co-Editor of quarterly journal

There were no transactions with Urban Design Group during the year.

### Martin Howell, Governor

**Chair of Oxford Health NHS Foundation Trust**

Purchase transactions of £53k during the year of which £4k were outstanding at 31 July 2016.

Sales transactions of £20k during the year with Oxford Health NHS foundation Trust. No amount outstanding at 31 July 2016.

#### Governor Oxford University NHS Foundation Trust

Purchase transactions of £400k during the year of which £18k were outstanding at 31 July 2016.

Sales transaction of £57k during the year, of which £13k were outstanding at 31 July 2016.

### Katherine Ryan, Governor

**Mathew Arnold School Oxford**

Purchases of £80 during the year, no amount outstanding at 31 July 2016.

Sales transactions of £3k during the year of which £1k were outstanding at 31 July 2016.

### Leslie Morphy, Governor

**Non-Executive director at Home Group**

There were no transactions during the year.

### Susan Howdle, Co-opted Member

**Co-opted Governor, upon nomination of Methodist Conference**

There were no transactions with Methodist Conference during the year.

#### Chair of the Westminster College Oxford Trust Ltd

There were no transactions with Westminster College Oxford Trust Ltd during the year.

### Swindon UTC Ltd

Oxford Brookes University holds 50% of the voting rights in Swindon UTC Ltd, but does not receive any economic benefit. There were no transactions during the year.

## 8 Interest and other finance costs

Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest	<b>5,373</b>	<b>5,373</b>	5,155	5,155
Finance lease interest (including service concession finance charge)	13 <b>141</b>	<b>141</b>	140	140
Net charge on pension scheme	29 <b>3,024</b>	<b>3,024</b>	3,104	3,104
	<b>8,538</b>	<b>8,538</b>	8,399	8,399

## 9 Analysis of total expenditure by activity

Academic and related expenditure	<b>75,679</b>	<b>75,703</b>	74,451	74,451
Administration and central services	<b>53,477</b>	<b>51,926</b>	46,314	45,191
Premises (including service concession cost)	<b>18,278</b>	<b>17,919</b>	18,530	18,530
Residences, catering and conferences	<b>22,142</b>	<b>21,987</b>	22,344	22,344
Research grants and contracts	<b>8,387</b>	<b>8,377</b>	6,842	6,842
Other expenses	<b>2,146</b>	<b>2,101</b>	8,663	7,682
	<b>180,110</b>	<b>178,013</b>	177,144	175,040

## 10 Other operating expenses

### Premises related:

Maintenance	<b>8,509</b>	<b>8,494</b>	10,185	10,170
Rent	<b>3,257</b>	<b>3,197</b>	2,778	2,730
Books, publications and periodicals	<b>612</b>	<b>612</b>	1,068	1,067
Information technology related equipment; supplies and consumables	<b>2,935</b>	<b>2,932</b>	3,056	3,041
Other equipment supplies and consumables	<b>2,044</b>	<b>1,982</b>	1,934	1,895
Food and catering supplies and services	<b>3,502</b>	<b>3,378</b>	3,700	3,592
Stationery, photocopying and printing	<b>1,619</b>	<b>1,650</b>	1,504	1,469
Temporary staff, professional services and consultants	<b>5,768</b>	<b>5,597</b>	6,276	6,122
Other hired and contracted services	<b>8,691</b>	<b>8,691</b>	8,367	8,367
Examiners' fees	<b>929</b>	<b>308</b>	998	269
Communications and marketing	<b>681</b>	<b>630</b>	797	739
Placements, teaching practice and educational visits	<b>447</b>	<b>447</b>	770	770
Conferences, training and tuition fees	<b>1,057</b>	<b>1,044</b>	1,271	1,248
Subscriptions and copyright fees	<b>3,497</b>	<b>3,486</b>	3,085	3,076
Transport and travel related	<b>2,814</b>	<b>2,617</b>	2,745	2,594
Student Union grant	<b>1,000</b>	<b>1,000</b>	923	923
External auditors' remuneration in respect of audit services	<b>73</b>	<b>69</b>	63	58
External auditors' remuneration in respect of other services	<b>7</b>	<b>7</b>	20	20
Internal auditors' remuneration	<b>136</b>	<b>136</b>	134	134
Insurance	<b>471</b>	<b>471</b>	510	509
Bursaries, scholarships and other financial support to student	<b>7,075</b>	<b>7,075</b>	6,910	6,892
Other costs	<b>3,732</b>	<b>3,722</b>	3,575	4,019
	<b>58,856</b>	<b>57,545</b>	<b>60,669</b>	<b>59,704</b>

**11 Intangible assets: Software**

	Year ended 31 July 2016	
	Consolidated £'000	University £'000
<b>Cost or valuation</b>		
At 1 August 2015	4,728	4,687
Transfers	337	337
Additions in the year	811	811
At 31 July 2016	<u>5,876</u>	<u>5,835</u>
<b>Accumulated amortisation</b>		
At 1 August 2015	2,322	2,281
Charge for the year	1,248	1,248
At 31 July 2016	<u>3,570</u>	<u>3,529</u>
<b>Net book value</b>		
<b>At 31 July 2016</b>	<u>2,306</u>	<u>2,306</u>
At 31 July 2015	<u>2,406</u>	<u>2,406</u>

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

## 12 Fixed assets

### Consolidated

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Service concession arrangement Land and Buildings (Note 14) £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 August 2015	412,231	40,254	2,773	24,392	3,578	483,228
Additions	3,856	711	2,822	2,376	12,680	22,445
Transfers	920	32	-	378	(1,667)	(337)
Disposals	(3,537)	(259)	(2,773)	(194)	(17)	(6,780)
<b>At 31 July 2016</b>	<b>413,470</b>	<b>40,738</b>	<b>2,822</b>	<b>26,952</b>	<b>14,574</b>	<b>498,556</b>
<b>Consisting of valuation as at:</b>						
31 July 2014	78,676	-	-	-	-	78,676
Cost	334,794	40,738	2,822	26,952	14,574	419,880
	<b>413,470</b>	<b>40,738</b>	<b>2,822</b>	<b>26,952</b>	<b>14,574</b>	<b>498,556</b>
<b>Accumulated depreciation</b>						
At 1 August 2015	71,857	15,528	-	18,090	-	105,475
Charge for the year	8,286	1,070	2,773	2,548	-	14,677
Disposals	(2,201)	(259)	(2,773)	(95)	-	(5,328)
<b>At 31 July 2016</b>	<b>77,942</b>	<b>16,339</b>	<b>-</b>	<b>20,543</b>	<b>-</b>	<b>114,824</b>
<b>Net book value</b>						
<b>At 31 July 2016</b>	<b>335,528</b>	<b>24,399</b>	<b>2,822</b>	<b>6,409</b>	<b>14,574</b>	<b>383,732</b>
At 31 July 2015	340,374	24,726	2,773	6,302	3,578	377,753
<b>University</b>						
<b>Cost and valuation</b>						
At 1 August 2015	411,413	40,254	2,773	23,978	3,578	481,996
Additions	3,856	711	2,822	2,376	12,680	22,445
Transfers	920	32	-	378	(1,667)	(337)
Disposals	(3,537)	(259)	(2,773)	(194)	(17)	(6,780)
<b>At 31 July 2016</b>	<b>412,652</b>	<b>40,738</b>	<b>2,822</b>	<b>26,538</b>	<b>14,574</b>	<b>497,324</b>
<b>Consisting of valuation as at:</b>						
31 July 2014	78,676	-	-	-	-	78,676
Cost	333,976	40,738	2,822	26,538	14,574	418,648
	<b>412,652</b>	<b>40,738</b>	<b>2,822</b>	<b>26,538</b>	<b>14,574</b>	<b>497,324</b>
<b>Accumulated depreciation</b>						
At 1 August 2015	71,611	15,528	-	17,676	-	104,815
Charge for the year	8,270	1,070	2,773	2,548	-	14,661
Disposals	(2,201)	(259)	(2,773)	(95)	-	(5,328)
<b>At 31 July 2016</b>	<b>77,680</b>	<b>16,339</b>	<b>-</b>	<b>20,129</b>	<b>-</b>	<b>114,148</b>
<b>Net book value</b>						
<b>At 31 July 2016</b>	<b>334,972</b>	<b>24,399</b>	<b>2,822</b>	<b>6,409</b>	<b>14,574</b>	<b>383,176</b>
At 31 July 2015	339,802	24,726	2,773	6,302	3,578	377,181

At 31 July 2016, freehold land and buildings included £108,832k (2015 £108,823k) in respect of freehold land and is not depreciated. It is the University's policy not to capitalise loan interest.

#### Leased assets included above:

##### Net Book Value:

At 31 July 2015	-	24,399	2,822	300	175	27,696
At 31 July 2016	-	24,726	2,773	450	4,060	32,009

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

	Year Ended 2016 £'000	Year Ended 2015 £'000
Cost	600	600
Accumulated depreciation	(150)	-
Charge for year	(150)	(150)
Net book value	300	450

## 12 Fixed assets continued

### Revaluations

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

The following land areas were revalued.

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

### Depreciation and amortisation

	£'000
Intangible assets (software) accumulated amortisation charge for the year	1,248
Fixed assets accumulated depreciation charge for the year	14,677
<b>Total depreciation and amortisation</b>	<b>15,925</b>

## 13 Service Concession Arrangements

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

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

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

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

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

### Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31/07/2016 is £2,822k (31/07/2015 £2,772k). The sum of £2,772k was depreciated during the year.

### Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31/07/2016 were £2,822k (31/07/2015 £2,772k). The sum of £2,772k was repaid during the year.

### Future commitments

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

	Payable in 1 year £'000
Liability repayments	2,822
Finance Charge	143
Service Charge	1,408
<b>Total</b>	<b>4,373</b>

### Lease Premium

The value of the remaining unamortised lease premium in current liabilities as at 31/07/2016 was £4,125k (31/07/2015 £4,250k).

## 14 Non-Current Investments

<b>Consolidated</b>	<b>Subsidiary companies £'000</b>	<b>Other fixed assets investments £'000</b>	<b>Total £'000</b>
At 1 August 2015	-	115	<b>115</b>
At 31 July 2016	-	<b>115</b>	<b>115</b>
University	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2015	450	115	<b>565</b>
At 31 July 2016	<b>450</b>	<b>115</b>	<b>565</b>
Other non-current investments consist of :			Consolidated and University
Oxford Expression Technologies			70
CVCP Properties plc			34
Wild Knowledge Limited			11
			115

## 15 Stock

	<b>Year ended 31 July 2016</b>		Year ended 31 July 2015	
	<b>Consolidated £'000</b>	<b>University £'000</b>	Consolidated £'000	University £'000
Goods held for resale	145	119	139	108
	<b>145</b>	<b>119</b>	<b>139</b>	<b>108</b>

## 16 Assets held for sale

	<b>Year ended 31 July 2016</b>		Year ended 31 July 2015	
	<b>Consolidated £'000</b>	<b>University £'000</b>	Consolidated £'000	University £'000
	<b>699</b>	<b>699</b>	-	-
	<b>699</b>	<b>699</b>	-	-

The Ferndale site in Swindon is expected to be sold within 12 months at the balance sheet date. The Swindon Campus relocated in August 2016 to leased premises.

## 17 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	992	959	748	692
Other trade receivables	2,381	2,073	3,410	2,526
Other receivables	2,184	2,160	1,646	1,582
Prepayments and accrued income	3,385	3,377	3,612	3,612
Amounts due from subsidiary companies	-	1,616	-	1,925
	<b>8,942</b>	<b>10,185</b>	<b>9,416</b>	<b>10,337</b>

## 18 Current investments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	15,000	15,000	8,000	8,000
	<b>15,000</b>	<b>15,000</b>	<b>8,000</b>	<b>8,000</b>

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

At 31 July 2016 the weighted average interest rate of these fixed rate deposits was 1.1% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 275 days. The fair value of these deposits was not materially different from the book value.

## 19 Creditors: amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	1,224	1,224	1,180	1,180
Obligations under finance leases	150	150	150	150
Service concession arrangements (note 13)	2,822	2,822	2,773	2,773
Trade payables	1,460	1,396	1,642	1,584
Social security and other taxation payable	2,333	2,359	1,923	1,881
Accruals and deferred income	21,331	20,682	24,659	24,035
Other creditors	3,445	3,429	4,326	4,305
	<b>32,765</b>	<b>32,062</b>	<b>36,653</b>	<b>35,908</b>

## 20 Creditors: amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Government capital grants	22,189	22,189	19,707	19,707
Lease premium	4,125	4,125	4,250	4,250
Obligations under finance lease	150	150	300	300
Unsecured loans	128,233	128,233	115,457	115,457
	<b>154,697</b>	<b>154,697</b>	<b>139,714</b>	<b>139,714</b>

Analysis of unsecured loans:

<b>Due within one year or on demand (Note 19)</b>	<b>1,224</b>	<b>1,224</b>	<b>1,180</b>	<b>1,180</b>
Due between one and two years	2,923	2,923	2,924	2,924
Due between two and five years	4,784	4,784	9,892	9,892
Due in five years or more	120,526	120,526	102,641	102,641
<b>Due after more than one year</b>	<b>128,233</b>	<b>128,233</b>	<b>115,457</b>	<b>115,457</b>
<b>Total unsecured loans</b>	<b>129,457</b>	<b>129,457</b>	<b>116,637</b>	<b>116,637</b>

The University's long-term loans are currently held with Barclays, Lloyds, Santander and private placements with Babson, PRICOA and Allianz. During the year ended 31 July 2016, the remaining £45,000k from a £75,000k Barclays loan facility was repaid and £60,000k drawn in new private placements. In addition a revolving credit facility for £25,000k was secured on the 29th July 2016, this was undrawn at the 31 July 2016.

The loans are unsecured, of the bank loans outstanding £6,000k is fixed at a rate of 4.99%, £6,100k is fixed at 5.40%, £6,100k is fixed at 5.34%, £6,100k at 5.23%, £12,000k is fixed at 5.34%, £6,300k is an RPI inflation linked loan, £9,000k is fixed at 3.99%, £11,000k is fixed at 4.06% and £12,500k is fixed at 5.02%.

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

## 21 Pension provisions

Consolidated	Obligation to fund deficit on USS Pension £'000	Pension scheme provision under FRS102 (note 29) £'000	Total Pensions Provisions £'000
At 1 August 2015	1,305	81,576	82,881
Utilised in year	(15)	-	(15)
Additions in 2015/16	-	42,418	42,418
<b>At 31 July 2016</b>	<b>1,290</b>	<b>123,994</b>	<b>125,284</b>

University	Obligation to fund deficit on USS Pension £'000	Pension scheme provision under FRS102 (note 29) £'000	Total Pensions Provisions £'000
At 1 August 2015	1,305	81,576	82,881
Utilised in year	(15)	-	(15)
Additions in 2015/16	-	42,418	42,418
<b>At 31 July 2016</b>	<b>1,290</b>	<b>123,994</b>	<b>125,284</b>

### USS deficit

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

## 22 Endowment Reserve

Restricted net assets relating to endowments are as follows:

	Expendable endowments	
	2016	2015
	Total	Total
	£'000	£'000
<b>Balance at 1 August</b>	<b>1,719</b>	1,798
New endowments	192	527
Investment income	12	16
Expenditure	(219)	(622)
<b>Total endowment comprehensive income for the year</b>	<b>(15)</b>	(79)
<b>At 31 July</b>	<b>1,704</b>	1,719
Analysis by asset		
Cash & cash equivalents	1,704	1,719
	<b>1,704</b>	<b>1,719</b>

## 23 Restricted Reserves

Reserves with restrictions are as follows:

	Donations	
	2016	2015
	Total	Total
	£'000	£'000
<b>Balances at 1 August</b>	429	425
New donations	525	264
Investment income	1	-
Expenditure	(232)	(260)
<b>Total restricted comprehensive income for the year</b>	<b>294</b>	4
<b>At 31 July</b>	<b>723</b>	429

## 24 Cash and cash equivalents

	At 1 August 2015	Cash Flows	At 31 July 2016
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	22,563	15,075	37,638
	<b>22,563</b>	<b>15,075</b>	<b>37,638</b>

## 25 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	2016		2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Authorised and contracted	30,344	30,344	4,956	4,956
Authorised but not contracted	5,676	5,676	14,056	14,056
	<u>36,020</u>	<u>36,020</u>	<u>19,012</u>	<u>19,012</u>

## 26 Lease obligations

Total rentals payable under operating leases:

	2016			Total £'000	2015 £'000
	Land and Buildings £'000	Plant and Machinery £'000	Other leases £'000		
<b>Payable during the year</b>	2,813	-	3,772	6,585	4,525
<b>Future minimum lease payments due:</b>					
Not later than 1 year	2,287	-	3,837	6,124	5,869
Later than 1 year and not later than 5 years	1,869	-	9,742	11,611	14,562
Later than 5 years	11,800	-	-	11,800	11,871
<b>Total lease payments due</b>	<u>15,956</u>	<u>-</u>	<u>13,579</u>	<u>29,535</u>	<u>32,302</u>

## 27 Subsidiary undertakings

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

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

## 28 Connected charitable Institutions

The University has no connected charitable institutions.

## 29 Pension Schemes

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

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

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

	Year Ended 31 July 16 £'000	Year Ended 31 July 15 £'000
TPS: contributions paid	4,659	4,122
LGPS:		
– contributions paid	6,531	6,373
– FRS102 Charge	2,602	1,538
USS		
– contributions paid	715	740
– FRS102	(61)	517
	<b>14,446</b>	<b>13,290</b>

### 29a Teachers' Pension Scheme (TPS)

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

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

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

Under the definitions set out in Section 28 of FRS102, the TPS is a multi-employer defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds. As the University is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the statement of consolidated income in the year to which they relate. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of anticipated contribution rates.

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

Latest Actuarial Valuation	31 March 2014
Gross rate of return	5.06%
Real rate of return	3.00%
Long term salary growth	4.75% pa, 2.75% pa in excess of assumed CPI
Aggregated scheme assets	£176.6bn
Aggregated scheme liabilities	(£191.5bn)
During the year all employers paid the same contribution rate	14.1%
During the year all employees' contribution varied dependent on time equivalent salary	between 6.4% and 12.4% members full

The value of pension payments made in year to the Teachers' Pension Scheme was £4,659k (2015: £4,122k).

## 29b Local Government Pension Scheme (Retirement Benefits) Disclosure for the accounting year ending 31 July 2016 Local Government Pension Scheme

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

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

During the accounting year, the University paid contributions to the pension scheme at the rate of 14.1% of pensionable salaries, plus a yearly deficiency charge of £1,560k from 1 April 2015 and £1,631k from 1 April 2016.

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

### Assumptions

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

	At 31 July 2016	At 31 July 2015
	%pa	%pa
Price Inflation (RPI)	3.0	3.5
Price Inflation (CPI)	2.1	2.6
Rate of increase in salaries	3.3	3.8
Rate of increase of pensions in payment for LGPS members	2.1	2.6
Discount rate	2.5	3.8

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

	Pensioner Male	Non-pensioner Male (currently aged 45)	Pensioner Female	Non-pensioner Female (currently aged 45)
At 31 July 2015	23.3	25.5	25.7	28.0
At 31 July 2016	23.3	25.6	25.8	28.1

## 29b Local Government Pension Scheme continued

### Scheme assets and expected rate of return for LGPS

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

#### The assets in the scheme were:

	Fair value as at		
	31 July 16 £'000	31 July 15 £'000	31 July 14 £'000
Equities	123,702	115,852	110,090
Gilts	25,014	21,535	24,375
Other bonds	6,942	6,057	-
Property	14,097	12,061	9,901
Cash	3,535	5,589	7,172
LLPs	6,635	6,147	-
Hedge funds	-	5	2,790
Diversified growth fund	8,029	8,072	-
Total	<u>190,954</u>	<u>175,318</u>	<u>154,328</u>
	31 July 16	31 July 15	31 July 14
	% pa	% pa	% pa
Expected return	2.5	3.8	4.2
Total return on fund assets	13,280	16,010	-

	Year Ended	Year Ended
	31 July 16 £'000	31 July 15 £'000
<b>Analysis of the amount shown in the balance sheet for LGPS:</b>		
Scheme assets	190,954	175,318
Scheme liabilities	(314,948)	(256,894)
<b>Deficit in the scheme – net pension liability recorded within pension provisions (Note 24)</b>	<u>(123,994)</u>	<u>(81,576)</u>
Current service cost	9,047	7,913
Past service costs	283	6
Total operating charge:	<u>9,330</u>	<u>7,919</u>

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

Interest cost	9,686	9,687
Expected return on assets	(6,709)	(6,610)
<b>Net charge to other finance income</b>	<u>2,977</u>	<u>3,077</u>
Administration expenses	145	169
<b>Total profit and loss charge before deduction for tax</b>	<u>12,452</u>	<u>11,165</u>

Cumulative actuarial loss recognised as other comprehensive income for LGPS

	At 31 July 2016 £'000	At 31 July 2015 £'000
Cumulative actuarial losses recognised at the start of the year	81,492	72,429
Cumulative actuarial losses recognised at the end of the year	123,905	81,492

## 29b Local Government Pension Scheme continued

### Analysis of movement in the present value of LGPS liabilities

	Year to 31 July 16 £'000	Year to 31 July 15 £'000
<b>Present value of LGPS liabilities at the start of the year</b>	256,894	227,840
Current service cost (net of member contributions)	9,047	7,913
Past service cost	283	6
Interest cost	9,686	9,687
Actual member contributions (including notional contributions)	2,532	2,415
Actuarial loss/(gain)	43,266	13,680
Actual benefit payments	(6,759)	(4,647)
Experience (gain)/loss on defined benefit obligation	(1)	-
<b>Present value of LGPS liabilities at the end of the year</b>	<b>314,948</b>	<b>256,894</b>

### Analysis of movement in the fair value of scheme assets

	Year to 31 July 16 £'000	Year to 31 July 15 £'000
<b>Fair value of assets at the start of the year</b>	<b>175,318</b>	<b>155,328</b>
Return on assets less interest	6,571	9,400
Interest on assets	6,709	6,610
Administration expenses	(145)	(169)
Actual contributions paid by University	6,728	6,381
Actual member contributions (including notional contributions)	2,532	2,415
Actual benefit payments	(6,759)	(4,647)
<b>Fair value of scheme assets at the end of the year</b>	<b>190,954</b>	<b>175,318</b>

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

### Remeasurements in other comprehensive income

	Year to 31 July 16 £'000	Year to 31 July 15 £'000
Return on fund assets in excess of interest	6,571	9,400
Change in financial assumptions	(43,266)	(13,680)
Experience gain on defined benefit obligation	1	-
<b>Remeasurement of the defined liability</b>	<b>(36,694)</b>	<b>(4,280)</b>

## 29c The Universities Superannuation Scheme

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

and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of consolidated Income.

### Pension costs

The total cost charged to the Statement of Consolidated Income is (£701k), which is made up of the following entries:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Employer contributions paid	716	740
Interest Payable – Unwinding of discount	46	27
Element of employer contributions allocated against the deficit	(61)	(116)
Difference between actual contributions and past expectations	-	633
Total amount charged to Statement of Comprehensive Income	<b>701</b>	<b>1,284</b>
Brought Forward Pension Provision	1,305	761
Movement	46	660
Cash payments made to USS	(61)	(116)
Carried forward Pension Provision (Note 21)	<b>1,290</b>	<b>1305</b>

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding

objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6billion and the value of the scheme's technical provisions was £46.9billion indicating a shortfall of £5.3billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	<b>2016</b>	<b>2015</b>
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions.

Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA tables – No age rating
Female members' mortality	99% of S1NA tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience.

To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted.

The current life expectancies on retirement at age 65 are:

	<b>2016</b>	<b>2015</b>
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS102 total scheme deficit	£8.5bn	£11.1bn
FRS102 total funding level	85%	82%

### 30 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS102 and the SORP 2015. The accounting policies set out the statement of accounting policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, SORP based Statement of Financial Position, the University has

adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP and 2007 SORP).

An explanation of how the transition to FRS102 and the SORP 2015 has affected the University's consolidated financial position, financial performance and cash flows is set out in the following tables. All adjustments affect both the University and Group, there are no adjustments that are applicable to the subsidiary companies.

#### Consolidated balance sheet

	Note	Year end 31 July 2014			Year end 31 July 2015		
		2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>							
Intangible assets		1,237	-	1,237	2,406	-	2,406
Fixed Assets	<b>A,B,C,D,E</b>	307,898	74,193	382,091	303,775	73,978	377,753
Investments		115	-	115	115	-	115
		<u>309,250</u>	<u>74,193</u>	<u>383,443</u>	<u>306,296</u>	<u>73,978</u>	<u>380,274</u>
<b>Endowment assets</b>	<b>F</b>	2,580	(2,580)	-	2,502	(2,502)	-
<b>Current assets</b>							
Stock		136	-	136	139	-	139
Trade and other receivables		10,116	-	10,116	9,411	5	9,416
Investments	<b>F</b>	19,773	(19,773)	-	24,474	(16,474)	8,000
Cash and cash equivalents	<b>F</b>	6,435	22,353	28,788	3,586	18,977	22,563
		36,460	2,580	39,040	37,610	2,508	40,118
Less: Creditors: amounts falling due within one year	<b>C,G,H</b>	(26,730)	(2,291)	(29,021)	(31,917)	(1,964)	(33,881)
Service concession liabilities due within one year	<b>D</b>	-	(2,743)	(2,743)	-	(2,773)	(2,773)
<b>Net current assets</b>		<u>9,730</u>	<u>(2,454)</u>	<u>7,276</u>	<u>5,693</u>	<u>(2,229)</u>	<u>3,464</u>
<b>Total assets less current liabilities</b>		321,560	69,159	390,719	314,491	69,247	383,738
recorded within other Comprehensive Income.							
Creditors: amounts falling due after more than one year	<b>C,H</b>	(131,866)	(23,393)	(155,259)	(115,457)	(24,257)	(139,714)
<b>Provisions</b>							
Other pension liability	<b>I</b>	(72,512)	(761)	(73,273)	(81,576)	(1,305)	(82,881)
<b>Total net assets</b>		<u>117,182</u>	<u>45,005</u>	<u>162,187</u>	<u>117,458</u>	<u>43,685</u>	<u>161,143</u>
<b>Deferred capital grants</b>	<b>H</b>	23,653	(23,653)	-	24,481	(24,481)	-
<b>Restricted Reserves</b>							
Income and expenditure reserve – endowment reserve	<b>G</b>	2,580	(782)	1,798	2,502	(783)	1,719
Income and expenditure reserve – restricted reserve	<b>G</b>	-	423	423	-	429	429
<b>Unrestricted Reserves</b>							
Income and expenditure reserve – unrestricted	<b>B,D,E,G,I</b>	64,608	(10,018)	54,590	64,820	(10,514)	54,306
Revaluation reserve	<b>A</b>	26,341	79,035	105,376	25,655	79,034	104,689
		<u>93,529</u>	<u>68,658</u>	<u>162,187</u>	<u>92,977</u>	<u>68,166</u>	<u>161,143</u>
<b>Total Reserves</b>		<u>117,182</u>	<u>45,005</u>	<u>162,187</u>	<u>117,458</u>	<u>43,685</u>	<u>161,143</u>

**30 Transition to FRS102 and the 2015 SORP continued****Consolidated Statement of Comprehensive Income and Expenditure**

Year to 31 July 2015

	Notes	2007 SORP £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
<b>Income</b>					
Funding body grants	H	16,221	-	191	16,412
Tuition fees and education contracts		116,266	-	-	116,266
Research grants and contracts		4,279	-	-	4,279
Other income (adjusted to exclude income from joint ventures)	C,H,D	43,353	-	113	43,466
Investment income	G	731	-	(500)	231
<b>Total income before donations and endowments</b>		<b>180,850</b>	<b>-</b>	<b>(196)</b>	<b>180,654</b>
Donations and endowments	G	-	-	488	488
<b>Total income</b>		<b>180,850</b>	<b>-</b>	<b>292</b>	<b>181,142</b>
<b>Expenditure</b>					
Staff costs	I	92,063	-	518	92,581
Other operating expenses	D,E,I	63,239	-	(2,570)	60,669
Depreciation, amortisation, impairment and disposals	C,D,E	12,654	-	2,840	15,494
Interest and other finance costs	D,J	5,267	-	3,132	8,399
<b>Total expenditure</b>		<b>173,223</b>	<b>-</b>	<b>3,920</b>	<b>177,143</b>
<b>Surplus before taxation</b>		<b>7,627</b>	<b>-</b>	<b>(3,628)</b>	<b>3,999</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>7,627</b>	<b>-</b>	<b>(3,628)</b>	<b>3,999</b>
Actuarial (loss)/gain in respect of pension schemes	J	-	(7,414)	3,134	(4,280)
<b>Total comprehensive income (expenditure) for the year</b>		<b>7,627</b>	<b>(7,414)</b>	<b>(494)</b>	<b>(281)</b>

## Statement of Changes in Equity

Consolidated	Income and expenditure account			Deferred capital grants £'000	Revaluation reserve £'000	Total £'000	
	Note	Endowment £'000	Restricted £'000				Unrestricted £'000
<b>Balance at 1 August 2014 under SORP 2007</b>		<b>2,580</b>	<b>-</b>	<b>64,607</b>	<b>23,653</b>	<b>26,342</b>	<b>117,182</b>
Deferred capital grants	<b>H</b>	-	-	3,134	(23,653)	-	(20,519)
Revaluation of Land	<b>A</b>	-	-	-	-	79,034	79,034
Impairment	<b>B</b>	-	-	(5,469)	-	-	(5,469)
Wheatley access road	<b>E</b>	-	-	(2,715)	-	-	(2,715)
Lease premium	<b>D</b>	-	-	(4,500)	-	-	(4,500)
Endowments	<b>G</b>	(782)	425	293	-	-	(64)
USS Pension deficit	<b>J</b>	-	-	(761)	-	-	(761)
<b>Balance at 1 August 2014 under SORP 2015</b>		1,798	425	54,589	-	105,376	162,188
<b>Balance at 1 August 2015 under SORP 2007</b>		<b>2,502</b>	<b>-</b>	<b>64,820</b>	<b>24,481</b>	<b>25,655</b>	<b>117,458</b>
Deferred capital grants	<b>H</b>	-	-	3,153	(24,481)	-	(21,328)
Revaluation of Land	<b>A</b>	-	-	-	-	79,034	79,034
Impairment	<b>B</b>	-	-	(5,469)	-	-	(5,469)
Wheatley access road	<b>E</b>	-	-	(2,810)	-	-	(2,810)
Lease premium	<b>D</b>	-	-	(4,375)	-	-	(4,375)
Endowments	<b>G</b>	(783)	429	292	-	-	(62)
USS Pension deficit	<b>J</b>	-	-	(1,305)	-	-	(1,305)
<b>Balance at 31 July 2016</b>		<b>1,719</b>	<b>429</b>	<b>54,306</b>	<b>-</b>	<b>104,689</b>	<b>161,143</b>

## 30 Transition to FRS102 and the 2015 SORP continued

### NOTES

#### Note A Revaluation of land

The one off revaluation of land on transition to FRS102, lead to an increase in the revaluation reserve and fixed assets of £79,034k in both 2014 and 2015.

#### Note B Impairment from revaluation

The revaluation lead to an impairment of the value of land at Marston road of £5,469k reducing fixed assets and reserves by that amount in 2014 and 2015.

#### Note C Embedded lease

FRS102 requires entities to consider whether any of its contractual arrangements contain embedded leases. The University reviewed its contracts and identified that the catering contract and embedded lease for new catering equipment which the University conveys the right to use and control. An additional asset and liability of £600k in 2014 and £450k in 2015 has been recognised in the financial statements.

Creditors: amounts falling due within one year increased by £150k (2014 & 2015) being the 1 year release of the catering contract embedded lease

Creditors: amounts falling due after more than one year increased by £450k (2014) and £300k (2015), being the balance.

Other income and depreciation have increased by £150k due to the yearly depreciation and reduction in the liability.

#### Note D Service concession

FRS102 includes new guidance on service concession arrangements; the arrangement with University Partnerships Programme (UPP) for the provision of accommodation at Cheney Hall of residence meets the criteria of a service concession and therefore must be accounted for on the balance sheet.

The Cheney Hall service concession arrangement lead to an increase in the fixed assets of £2,743k in 2014 and £2,773k in 2015 and an associated one year liability.

Operating expenditure has reduced by £2,883k, which is split between additional depreciation of £2,743k and additional interest of £140k.

The Cheney Hall service concession lease premium had previously been credited to income on receipt in 2008, under FRS102 it is held in creditors and released over the remaining life of the lease to 2050.

Creditors: amounts falling due within one year increased by £125k (2014 & 2015) being the 1 year release of the Cheney Halls lease premium.

Other income has increased by £125k due to the release of the Cheney lease premium.

#### Note E Impairment

The Wheatley access road was built by the University in 2013-2015 to improve access to the Wheatley campus, it was handed over to the Council in 2016 and is therefore not an asset of the University.

The impairment has been processed as a transition adjustment, but does not relate to FRS102.

Reserves and fixed assets have reduced by £2,715k in 2014 and £2,810k in 2015

In 2015 expenditure on the Whealthey access road that was previously capitalised of £146k was expensed and depreciation reduced by £53k.

#### Note F

Total cash is the same under FRS102, the split between the three cash lines is different (Endowment asset, current asset investments and cash and cash equivalents). Endowment asset cash is part of the general cash balance under FRS102. Investments under FRS102 relate to longer term deposits, 3 months or greater at the balance sheet date.

#### Note G

The endowment balance has under FRS102 been split between endowments, restricted donations and unrestricted donations. Income from endowments and donations is now recognised when it is received; any unspent amounts are held in restricted reserves unless there is a performance related condition on a donation.

The year end balances have been split as follows

	2014	2015
Endowment reserve	1,798	1,719
Restricted reserve	425	429
Unrestricted reserve	293	285
Creditors within one year	64	69
2007 SORP balance	2,580	2,502

Endowment income under FRS102 is income entitled to in year rather than released to match expenditure.

£12k of unrestricted donations, previously shown in investment income and but now taken to income on receipt

#### Note H Capital Grants

Capital grants are no longer held as a separate balance. Under the accruals method Government capital grants are held as creditors until they are released in line with depreciation, non -government capital grants are taken to income when they are received.

The balance under the 2007 SORP has been split as follows under FRS102

	2014	2015
Unrestricted reserves	3,134	3,153
Creditors after one year	18,568	19,708
Creditors within one year	1,951	1,620
2007 SORP balance	23,653	24,481

An additional £191k of grant from Government sources previously classified as other capital grants as non-HEFCE was recognised in Funding body grants in 2015 and other income was reduced by £174k due to other capital grants previously released against depreciation.

**Note I University's Superannuation Pension Scheme (USS)**

The pension liability has increased by £761k in 2014 and £1,305k in 2015, due to the addition of the USS deficit into the financial statements. The increase in the liability, less the amount paid in year towards the liability reduction goes through staff costs, an increase of £518k on 2015.

**Note J Defined Benefit Pension Scheme, Local Government Pension Scheme (LGPS)**

Under previous UK GAAP the University recognised an expected return on defined benefit plan

Assets in the profit and loss account. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in the statement of consolidated income and expenditure. There has been no change in the defined benefit liability for the LGPS pension scheme. The effect of the change has been to reduce the actuarial loss by £3,134k, increase the pension interest charge by £2,991k and an additional pension administration charge in other operating expenses of £169k.

**Cash flows**

The University's cash flow statement reflects the presentational requirements of FRS102, which is different to UK GAAP. In addition the cash flow statement reconciles to cash and cash equivalents whereas under UK GAAP the cash flow statement reconciled to cash. Total cash flow remains the same under FRS102, cash inflow from operating activities has increased by £2,756k and total cash outflow from financing activities has increased by the same amount. This is due to the following classified as operating cash flows under SORP 2007, now classified as financing cash flows under FRS102.

	£'000
Depreciation on the Cheney Hall service concession	2,744
Interest on the Cheney Hall service concession	140
Endowment income	(127)
<b>Total</b>	<b>2,756</b>





