

# Financial Statements



for the year ended 31 July 2014

## Welcome from the Chairman of Governors and the Vice-Chancellor

Welcome to Southampton Solent University's Operating and Financial Review for 2013-14, another year of change as the implications of the fees regime introduced in the previous year became more apparent. However the University once again recruited well and remains financially robust, posting a 6.6% surplus. The University continued to maintain effective cost controls to support the underpinning student numbers.

As stated in the past we are first and foremost a University and we look to re-invest the surplus in order to optimise the student experience and to ensure high quality education delivery in the future. Work commenced on the building of a new academic teaching building, a £31million facility that will begin to transform the campus and enable significant pedagogic development. Additionally significant improvements were made with regard to the IT infrastructure. Developments continue and once again will enhance the experience of students and staff whilst enabling us to work more effectively.

Academically the University continued to develop, further enabling the 'real world' element in its programmes leading to improvements in graduate employment. Its international reputation was enhanced by the introduction of new partnerships and close to home collaborations were agreed with a range of stakeholders including employers, colleges and public sector agencies. The University submitted to the Research Excellence Framework for assessment and continued to perform well with regard to innovation, for example once again rating highly for student business start-ups and designing and prototyping a new racing catamaran which has attracted global interest.

We continued to focus on the core elements of activity and enhanced the use of social media as we launched a new marketing campaign to support recruitment into the era of no student number control. Applications for entry into 2014-2015 were up on the previous year but conversion continued to be a challenge with prospective students appearing to engage more interest in their decision making process than before. However enrolments have been relatively strong with entrants into Foundation and Year 1 running at or ahead of the previous year.

Local and regional activity continued to be particularly strong with the University extensively represented on regional bodies and continuing to be very much a University for the City.

Finally we would like to record our appreciation for the dedicated and professional work of University staff and for the on-going achievements of our students.

Jonathan Cheshire  
Chairman of the Board of Governors

Professor Graham Baldwin  
Vice-Chancellor

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## List of Board of Governors

Governors		Attendance at Board Meetings %	
Professor G Andrews	Staff Governor	100	
Mr P Boyd-Smith	Independent Governor	100	
Professor P Bush	Independent Governor	75	
Mr P Cardy	Independent Governor, Vice-Chairman	100	
Dr H Carmichael	Staff Governor	50	
Mr J Cheshire OBE	Independent Governor, Chairman	100	
Ms A Colley	Independent Governor	100	
Professor V Gore	Vice-Chancellor, Ex-officio Governor	Until 31 July 2014	100
Mr G Holland	Independent Governor	100	
Councillor S Kaur	Co-opted External Governor	50	
Mr K King	Independent Governor	Until 20 November 2013	N/A
Dr L Lee	Independent Governor	100	
Mr G Little	Independent Governor	75	
Dr J Mountfield	Independent Governor	75	
Mrs S Norris-Reeves	Staff Governor	100	
Miss N Oiku	Student Governor	From 1 July 2014	100
Mr J Prest	Independent Governor	100	
Mr J Simpson	Independent Governor	100	
Miss C Stone	Student Governor	Until 2 May 2014	100
Dr J Stopp	Independent Governor	75	
<b>Clerk to the Governors</b>			
Ms B Woolven		100	

# Financial Highlights

	<b>2014</b>	<b>2013</b>
<b>Results, Cash Flows, Assets and Reserves</b>	<b>£000</b>	<b>£000</b>
Funding Council Grants	19,502	27,047
Academic Fees and Support Grants	73,621	62,064
Research Grants and Contracts	293	321
Other Operating Income	16,196	16,495
Endowment and Investment Income	458	488
<b>Total Income</b>	<b><u>110,070</u></b>	<b><u>106,415</u></b>
<b>Historical Cost Surplus for the Year After Tax</b>	<b><u>7,336</u></b>	<b><u>7,788</u></b>
Net Cash Flow from Operating Activities	14,856	14,475
Net Outflow on Investments and Servicing of Finance	(1,832)	(1,814)
<b>Net Cash Flow before Investing, Management of Liquid Resources and Financing</b>	<b><u>13,024</u></b>	<b><u>12,661</u></b>
Fixed Assets	92,898	90,135
Endowment Asset Investments	752	713
Debtors	5,597	4,730
Investments	13,902	21,083
Cash	23,240	11,482
Creditors: amounts falling due within one year	(17,386)	(15,680)
<b>Total Assets less Current Liabilities</b>	<b><u>119,003</u></b>	<b><u>112,463</u></b>
<b>Total Reserves excluding FRS 17 Pension Liability</b>	<b><u>82,046</u></b>	<b><u>73,920</u></b>
<b>Total Reserves including FRS 17 Pension Liability</b>	<b><u>45,246</u></b>	<b><u>37,050</u></b>
<b>Other Key Statistics</b>	<b>2013-14</b>	<b>2012-13</b>
		<b>Restated</b>
Number of Higher Education Full-Time Equivalents	11,111	11,386
Total Number of Higher Education Students	11,724	12,090
Number of Employees	1,327	1,301

# Operating and Financial Review

## SCOPE OF THE FINANCIAL STATEMENTS

The Financial Statements comprise the consolidated results of the University, its fully owned trading subsidiary undertaking: Southampton Solent University Limited (SSUL) and the charity Sport Solent in the Community (SSIC). The results of the Solent Students' Union are not included as it is a separate unincorporated association in which the University has no financial interest and no control or significant influence over policy decisions.

The main activities of SSUL are to provide short courses, training and facilities, consultancy services, meals and accommodation for employees of other organisations using the company's facilities for their own training programmes, and miscellaneous commercial activities. SSIC is a registered charity with the aim of benefitting the local community through the use of sports.

## FINANCIAL REVIEW

### Financial Key Performance Indicators

The following Key Performance Indicators which derive from the University's Strategic Plan for 2008-2015 relate to the University's financial position:

Performance Indicator	Criteria	Outcome for 2013-2014	Outcome for 2012-2013
Annual historic cost surplus (after tax and FRS 17 pension costs)	At least 6% of income over the period of the Plan	6.70%	7.32%
Net cash inflow from operating activities	At least 6% of income	13.49%	13.60%
Cash reserves	Available cash reserves of £6m	£23.2m	£11.5m

### Results for the Year

The University's results are summarised in the Financial Highlights on page 5.

Total income increased by £3.7 million (3.5%) to £110.1 million.

Funding body grants decreased by £7.5 million (27.9%) to £19.5 million, with £19.3 million (99.0%) being received from the Higher Education Funding Council for England (HEFCE) and the remaining £0.2 million (1.0%) from the Further Education (FE) funding bodies. This reduction has been offset by increased tuition fee income of £73.6 million (a rise of £18.6%), which is largely due to higher tuition fees from home and EU students with two cohorts of students now coming under the higher fee regime.

The HEFCE recurrent grant for 2013-2014 totalled £16.4 million, representing a decrease of £7.7 million (31.9%) from 2012-2013, which was a result of the reduction in teaching grant. Student Opportunity funding, received for the additional costs associated with recruiting and teaching students from under-represented social groups and communities, was £4.0 million, down from £4.6 million in 2012-2013.

Other operating income decreased by £0.3 million (1.8%) to £16.2 million due to a £0.3 million release in 2012-13 of the provision for the outstanding investment with Heritable Bank.

Endowment and investment income remained relatively unchanged at £0.5 million.

Overall total expenditure has increased to £102.8 million.

Staff costs rose by £2.2 million (4.1%) to £56.6 million. This increase was due to a variety of factors including the annual 1% pay award and staff increments as well as a £1.1 million increase in severance costs mainly under the voluntary scheme.

Other operating expenses increased to £38.5 million, a £1.7 million (4.7%) rise mainly due to higher IT and building maintenance expenditure.

Interest payable has decreased by £0.4 million (13.5%) to £2.8 million as a result of reduced pension finance costs.

The historical cost surplus for 2013-2014 was £7.3 million, compared with the 2012-2013 surplus of £7.8 million and £0.5 million higher than the budgeted surplus of £6.8 million. This increase over budgeted surplus was achieved through the control of non pay costs and higher income from fees and a less than anticipated reduction in funding.

### Investments and Cash Reserves

Overall investments and cash reserves have increased by £4.6 million, which is a result of the surplus generated for the year.

With the new academic teaching building project commencing, the University has held its funds in instant access accounts and in short term deposits to ensure that adequate cash flow is available. As a result, cash reserves have increased to £23.2 million, with investments at £13.9 million.

### Cash flow

The Financial Highlights on page 5 show that the University generated a net cash inflow from operating activities of £14.9 million, an increase of £0.4 million. The factors contributing to the level of net cash inflow include:

- a surplus of £7.4 million was achieved in 2013-2014, compared to £7.7 million in the previous year.
- an increase in debtors this year of £0.9 million, compared to an increase last year of £0.8 million. The majority of this increase was due to the higher level of tuition fees in 2013-14.
- an increase in creditors this year of £1.6 million, compared to an increase last year of £2.0 million. Trade creditors have increased in line with the additional spend on IT and building work including the new academic teaching building. In addition, fee waivers as a condition of 2012-13 HEFCE Core and Margin Application to maintain the net fee after student support costs below £7,500, are included in trade creditors and will be deducted from the next payment from the Student Loan Company.

### Long-Term Borrowing Facility

The University has a standard commercial loan with the Allied Irish Bank, secured on individual halls of residence. The amount outstanding as at 31 July 2014 is £17.4 million and will be repaid by July 2026.

The University also has a loan with the Bank of Scotland, secured on Sir James Matthews building, to be repaid on a principal and interest basis in 2019. The amount outstanding as at 31 July 2014 is £7.9 million.

In addition to the above loans, the University has a finance lease with the Co-operative Bank. The amount outstanding as at 31 July 2014 is £2.1 million and will be repaid in 2018.

During the year the University tendered for full banking services and new borrowing facilities. The facilities include a five year loan of £10m for the new teaching building, which is anticipated to be drawn down during 2015, and a £10m working capital facility.

### Post Balance Sheet Events

The Governors are not aware of any post balance sheet events that they feel attention should be drawn to.

## Financial Strategy

The financial strategy is one of the supporting strategies to the University's Strategic Plan 2008-2015. It sits alongside other service strategies and is inextricably woven through all strategies of the University. It has an enabling role to ensure that the appropriate resources are provided to support the University's strategic objectives and academic development.

The University will aim to:

- Achieve and maintain a historic cost surplus of at least 6% of income in line with the University's sustainability forecasts;
- Generate a net cash flow from operating activities of at least 6% of income;
- Maintain a minimum cash balance of £6 million;
- Minimise the use of working capital (i.e. debtors);
- Optimise investment returns of liquid assets, whilst safeguarding the assets;
- Optimise the cost of financing the student residences;
- Make available borrowing capability to develop the enabling infrastructure;
- Develop existing and new funding relationships.

The Director of Finance and Resources, together with the finance senior management team, is responsible for the delivery of the strategy. A set of key performance indicators has been developed as part of the strategic plan process; three key financial indicators are included on page 6.

## Treasury Management

Treasury management encompasses the management of the University's cash flows, banking, money, and capital market transactions and the effective control of the risk associated with those activities.

The policy of the University is to safeguard its assets whilst at the same time aiming to achieve the best possible return on its investment. The over-riding principle however must be to minimise risk rather than maximise return.

The financing and liquidity of the University and its exposure to financial risk are managed by the central Finance Service. The University's financial strategy sets out the minimum liquidity levels needed to ensure that financial and operational control is maintained. A rolling five year forecast is prepared each year, which incorporates a review of capital expenditure, cash generated and any future borrowing requirements.

The University's Treasury Management Policy is in line with the revised guidance contained in the CIFPA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition 2009).

During 2008-2009 the University's deposit with Heritable Bank became at risk following the collapse of the banking sector in Iceland. To date the University has received £1.9 million in dividends, which represents 93% of the original deposit.

## Accounting Policies

The University's Financial Statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 26 to 27.

In accordance with Financial Reporting Standard 18, *Accounting Policies*, the University has reviewed its accounting policies to ensure that they remain appropriate. There have been no changes to the accounting policies in the year.

## Pensions

The University has three defined benefit pension schemes for staff, which are the Teachers' Pension Scheme (TPS), the Hampshire County Council Local Government Pension Scheme (HCCLGPS), and the Universities Superannuation Scheme.

The Teachers' Pension Scheme and Universities Superannuation Scheme are defined as a multi-employer pension scheme under Financial Reporting Standard 17 Retirement Benefits. The University is unable to identify its share



of the underlying liabilities in the schemes. The University has taken advantage of the exemption of FRS 17 and has accounted for them as if they were defined contribution schemes.

The disclosure notes on pages 38 to 40 relate only to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2013 and was updated by Aon Hewitt Limited, as actuaries appointed by Hampshire County Council, in order to assess the University's share of assets and liabilities of the scheme as at 31 July 2014.

The University's share of the deficit in the HCCLGPS has decreased by 0.2% to £36.8 million as at 31 July 2014 (2012-2013: £36.9 million). During the year net assets did not perform at the predicted rate and the discount rate dropped by 0.4%. Both these negative effects have been more than offset by the decrease in CPI of 0.5% and a reduction of expected salary increase of 0.9%, as the effects of NFA diminish.

### Linked Charities

On 1 June 2010, HEFCE became the principal regulator of English higher education institutions (HEIs) that are exempt charities. This extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph 'w' of schedule 2 of the Charities Act 1993 (i.e. linked charities).

Reserves and financial results for Southampton Solent University's linked charities are disclosed in Note 19 Expendable Endowments and Linked Charities.

### Risk and Risk Management

The University has an established risk management policy which identifies management of risk as a responsibility of all management post holders, as appropriate to their level of accountability, led by the Vice-Chancellor. The Risk Management Group (RMG) has evolved an annual analysis process which identifies the top institutional risks as identified by the Vice Chancellor's management group and also the aggregated top risks prioritised by faculty and service managers. This ensures there is consistency between those risks perceived by top managers and the management teams of faculties and services. Should differences of view become apparent these can then be easily identified and investigated.

As a largely teaching orientated institution these processes revolve mainly around the planning, marketing, budgeting and student support measures necessary to recruit and retain students, enhance the student experience and protect income streams. Conventional business recovery, financial management, and health and safety action plans are also in place. The effects of the fast moving educational environment have been closely monitored, with faculties and services updating their risks register six monthly, ensuring that emerging risks are identified, reported and mitigated.

The Audit Committee (AC) of the Board of Governors is briefed at each of its meetings on the latest Vice-Chancellor's Group (VCG) risk analysis update and progress on the larger cycle of analysis, contingency and action planning. This provides the AC members with reassurance that executive action is underway and with an opportunity to seek clarification where appropriate. The final annual action plan is agreed with the University Senior Management Team as part of this process to ensure their ownership and then reviewed by Audit Committee. As Chair of RMG, the Director of Finance and Resources provides a direct link with VCG in reviewing all levels of risk across the University.

Currently the top University risks continue to reflect the recruitment, retention and experience of students together with employability outcomes. Financial sustainability remains key as the University continues to develop its estate and undertake various initiatives and projects.

### Creditor Payment Policy

It is the University's policy to pay suppliers 30 days from the end of the month in which invoices are received, unless special terms have been negotiated.

## STRATEGIC PLAN

In July 2008 we launched our Strategic Plan (2008-2013). This seeks to forge greater distinctiveness and strengthen the University's position as a provider of education, learning and skills, characterised by the effective integration of theory and practice. Distinctiveness, development and sustainability will constitute the key priorities for the future. In spring 2012, the University's senior management reviewed the Plan and, given the uncertainties created by the new fees regime, judged it to be still fit for purpose. The Board of Governors agreed therefore that, subject to review and refreshment of key sub-strategies, as necessary, the Strategic Plan remained sufficiently flexible, challenging and 'fit for purpose' to be retained for the immediate future. That refreshment, including the development of an international strategy, has now been carried out and the amended Strategic Plan formally extended to 2015.

The University's Strategic Plan 2008-2015 is set out below.

Southampton Solent University's **Vision** is:

- A vibrant, inclusive and successful University that is well known for the excellence of its work with students and employers and the effective integration of theory and practice;
- A stimulating student experience characterised by intellectual rigour, personal fulfilment and excellent career prospects;
- Imaginative external partnerships which develop the University and make a significant contribution to social justice and economic competitiveness.

Southampton Solent University's **Mission** is:

- The pursuit of inclusive and flexible forms of Higher Education that meet the needs of employers and prepare students to succeed in a fast-changing competitive world.

Southampton Solent University's Strategic Plan 2008-2015 includes eight **strategic objectives**:

- Inclusive and flexible forms of Higher Education that meet market needs;
- Imaginative working partnerships with Further Education and employers;
- A significant contribution to social justice and economic competitiveness for Southampton and its region;
- Knowledge creation and exchange that fuse academic rigour and professional practice;
- Excellent student employability;
- Entrepreneurship and diversified income streams;
- Changed employment arrangements that support high performance;
- Sustainable growth and investment in the estate.

## KEY PERFORMANCE INDICATORS

Generic indicator	KPI	Performance				
		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Student demand</b> Turbulence continued in recruitment with home and overseas students. This was offset in many areas with an improvement in the conversion rate, but recruitment will continue to be a challenge into the future with both an increase in applications and improvement in conversion across the piece necessary priorities.	UCAS application					
	Conversion rate (new students)					
	Enrolments (new and returning students)					
	International fees					
<b>Student retention, satisfaction and achievement</b> The increasing quality of admissions is once again reflected in an improvement in good honours degrees. Retention and student satisfaction continue to be major priorities and although still orange overall satisfaction increased by 2% which was ahead of the increase across the sector.	Retention (%)					
	Student satisfaction (%)					
	Good degrees (%)					
	Employability					
<b>Research and enterprise outputs and sustainability</b> Income from research and innovation was significantly increased and above target. Whilst student business start-ups were down on last year it was still a strong performance and SSU continues to be one of the leaders in the sector.	Income from research and from enterprise activity					
	Number of student start-ups	N/A				
<b>Financial health and sustainability</b> Consistent delivery of surplus and EBITDA over five years has been maintained. Debtors were slightly above target due to late invoicing of some commercial services. Debt service costs continue to fall as income rises and loans decline ahead of New Academic Teaching Building (NATB) funding. Control of staff costs continues to be a priority. Financial health has improved but will reduce as NATB project nears completion.	Operating surplus (% EBITDA)					
	Margin for Sustainability & Investment (MSI) (%)					
	Net liquidity					
	Debtors at year end (as % of non-funded income)					
	Annualised debt servicing costs (as a % of income)					
	Staff costs (as a % of income)					
	Annual surplus (as % of turnover)					
	Financial health aggregate					
<b>Estates</b> The building of the New Academic Teaching Building has commenced which will lead to significant campus enhancement by 2015. The estate remains in good condition with the indoor facilities of particularly high quality.	Condition of the estate (% good or above)					
	Spend on infrastructure (3 year average % of IRV)					
	Carbon dioxide (CO2) emissions					

	GREEN	Good - at or above expectations
	ORANGE	Some concerns which may need addressing
	RED	Serious concerns; below expectations

## STATEMENT OF PUBLIC BENEFIT

Southampton Solent University is a Higher Education Corporation as set up under the Further and Higher Education Act 1992. The University is a Charity under Statute, also known as an 'exempt charity'. Following changes in charity legislation, from 1 June 2010 HEFCE became the 'principal regulator' for HEIs in England that are exempt charities.

The Governors, as trustees of an exempt charity, are aware of the guidance issued by the Charity Commission on public benefit. Given the activities of the University and the student population that it serves, the Governors consider that the University meets its statutory requirements in all respects.

### Educational Purpose

Southampton Solent University is a vibrant and enterprising modern university which places the student experience and a commitment to preparing graduates for successful careers at the heart of its mission.

The University is a friendly, open, and inclusive place where talented people can achieve extraordinary things. We offer excellence, distinctiveness, and in these difficult economic times, good value. We are an engine of social mobility. We perform well in the published HEFCE benchmarks for widening participation (see below).

We offer our students a stimulating university education that combines theory and practice and carries good job prospects. We collaborate closely with employers and the professions, placing a strong emphasis on 'real world' work experience integrated into the formal curriculum.

### Supporting economic growth

The University is characterised by close engagement with its local and regional communities, a broad curriculum for the professions, applied research, and innovative knowledge transfer activities. Based on a principled commitment to social justice and economic competitiveness for Southampton and its region, we engage strongly with our civic community. We are fully engaged with the sub-regional growth agenda, networked across the main business organisations, active members of Southampton Connect and positioned to participate actively in the development of the Solent Local Enterprise Partnership.

The University has led the Solent Skills Development Zone (SSDZ), a major initiative for up-skilling the local workforce in the public and private sector, since its inception. SSDZ is an innovative partnership between education, local employers and government agencies to meet workforce development needs and address wider objectives relating to regional economic growth, worklessness and social inequality. Our relationship with SSDZ partner University Hospital Southampton NHS Foundation Trust has developed into a major strategic alliance for (non-clinical) workforce development, involving foundation degrees, short courses and student internships. Seven other health trusts have now become official partners.

Southampton Solent University has also established a one-year intern programme, currently in its fifth year. On an annual basis the University recruits 25 of its own graduates to fairly paid positions within the University and with the opportunity for further study.

The University is acting as broker, alongside Business Solent and the City Council, in various regional initiatives to articulate and promote the interests of the Solent maritime sector, in its widest sense. In addition, the University has commissioned research into the potential for the growth of a creative industries sector within Southampton. As a first step, we are providing, under the aegis of the Hampshire Chamber of Commerce, business support services to ten local small and medium sized companies, drawing upon the creative industries expertise of our staff and students.

### Supporting the local community

At local community level, the University is keen to ensure that it provides genuine, added value benefit to the many voluntary and community groups seeking to address deprivation, hardship, and better social and healthcare provision. Through a continuation of the now completed £6.2 million HEFCE-supported and match-funded South East Coastal Communities project (SECC), the University has sought, for example, to work with disadvantaged groups in developing sport coaching and mentoring activities, health and well-being initiatives, and employment awareness-raising campaigns through partnership projects.

Building on the success of the well-established After Schools Sports Programme, run in conjunction with Southampton City Council, the University is responsible for a wider community remit incorporating the Schools

Sports Partnership, School Games Organisation and the Local Authority Sports Development Unit. These functional arms support a host of cross-discipline and cross-university interaction with the local and regional communities, and the University's involvement has attracted favourable attention from influential national organisations, including British University and Colleges Sport (BUCS). In terms of disability, the University has established the Solent Sharks, a wheelchair rugby club that is open to the regional community.

Our re-commissioned milk float, Eco Ernie, continues to be used during the end of year changeover period, and throughout the academic year, to collect students' unwanted clutter. This initiative has helped to offset the effects of the large amounts of 'rubbish' left outside student accommodation, particularly when they move out. This is then sorted, recycled wherever possible, and in the process raises money for local causes, including the Hampshire and Isle of Wight Air Ambulance. The project, now in its fifth year, tackles issues in an area densely populated with student houses. It is an example of a close working partnership between the University and its students, local residents, the City Council and Hampshire Police and has won several national and local awards.

### Widening Participation

The University is proud of its record on widening participation and remains committed to promoting social mobility, in line with its mission and Strategic Plan 2008-2015.

We have consistently performed well in the three key performance measures: attracting students from low participation neighbourhoods; lower social classes; and state schools. We have frequently met or exceeded our benchmark for these indicators and in 2012-13 exceeded those for state schools and low participation neighbourhoods, coming within 0.7% on the social class target.

	State School		Social Class		Low Participation Neighbourhoods	
	% from group	Location Adjusted Benchmark	% from group	Location Adjusted Benchmark	% from group	Location Adjusted Benchmark
2012-2013	97.1	95.1	36.5	37.2	14.7	12.8
2011-2012	96.2	94.8	34.2	35.4	11.5	11.6
2010-2011	95.4	94.6	35.9	34.9	13.1	11.5
2009-2010	96.8	94.5	36.0	33.5	11.9	10.9
2008-2009	96.2	94.4	38.5	36.7	11.0	10.3
2007-2008	97.2	92.8	34.1	32.8	12.8	10.2
2006-2007	96.7	93.1	36.0	32.9	12.2	9.8

Source: HEFCE Performance Indicators

The University engages with a wide range of schools, colleges and other partners to promote higher education to disadvantaged groups. These initiatives help inform prospective students of the costs of higher education, the financial and academic support available and the benefits in terms of career opportunities and future earnings.

### **Key Activity to Widen Participation**

- **Solent Bright Sparks:** Targeted long term outreach with Years 6 (400 engagements per year), Years 9 and 12 (1000+ engagements per year for each year group). We have expanded on our previous work in this area, targeting students from under-represented groups for information sessions, campus visits and a range of other activities relevant to their age group.
- The **'Career Coach'** mobile classroom that is utilised for running sessions in schools and in other public locations. A strong focus on careers guidance is delivered through bespoke 'career coach' software that allows students to explore course opportunities and associated career paths. This includes information based on labour market analysis about the likely availability of jobs in the area they are interested in within the next 3 years.
- The **Southampton Junior University** is a partnership project with the University of Southampton that provides mentoring to pupils in Years 10 & 11 in Southampton schools.
- The **Hampshire Universities Widening Participation Group** - the four Hampshire universities, formerly linked through Aimhigher continue to collaborate on specific projects with care leavers, minority ethnic groups, and students with disabilities.
- We involve current students as 'ambassadors' and role models.
- Contact with school and college staff to ensure that they are fully briefed on fees and financial support and to assist in student transition to university.
- Contact with the parents of potential students to ensure they are also fully informed and aware of the benefits of higher education.

- The University has developed its 'virtual campus' to engage with learners through a range of web-based initiatives prior to their enrolment.
- The University has also negotiated a 'link tutor' arrangement with local colleges, whereby college tutors will contact and support students who have progressed to Solent.

A scheme of bursaries and scholarships has been introduced to reflect the University Mission and to influence the composition of the student body. Further information can be found in our Access Agreement available at [www.offa.org.uk](http://www.offa.org.uk)

### Environmental sustainability policy

The University is committed to continuous improvement of environmental performance, recognising that it has an important role to play in promoting sustainability and improving the quality of the environment for students, staff and the wider community.

After undertaking a systematic analysis of its carbon footprint, the University published a Carbon Management Plan in 2010. Targeting a 33% reduction in direct CO<sub>2</sub> emissions by 2020, the University has already successfully completed a wide range of projects to lower energy consumption in its buildings and operations.

The University is implementing an Environmental Management System through its membership of the EcoCampus scheme, and is currently progressing towards Silver, after achieving the Bronze Award in 2012.

Staff and students play an important role in environmental initiatives. Members of staff are encouraged to join the well-established Green Impact programme and many students have participated in the Student Switch Off campaign, with teams in the Halls of Residence competing for prizes for achieving energy reductions. The University's third annual "Green Week" took place in March 2014.

Against strong competition, in 2012 the University was awarded HEFCE funding to undertake additional projects designed to reduce carbon emissions, all now successfully completed.

The exciting new building developments being planned at East Park Terrace will provide further opportunities to achieve lower carbon emissions, by incorporating best sustainable practices in design and construction.

## **EQUALITY, DIVERSITY AND INCLUSIVITY**

Good progress has been made on the 2013/14 objectives adopted by the University's Employee Equality Forum. The Forum was ambitious and set itself five objectives. These included changes to the collection of recruitment and current employee equality data fields, further analysis of the Employee Annual Report, and improvements to the communications of the Forum. The Forum's 2014/15 objectives will include those nearing completion from the 2013/14 objectives.

The University entered the Stonewall Workplace Index for 2014. The University was ranked 294 out of 369 employers who completed the Index, and 39 out of the 54 Universities that completed the Index. In February 2014, the University received feedback from Stonewall and was given some recommendations on how to improve our ranking for the next submission.

In April 2014 as a member of the Stonewall Diversity Champions programme, Solent sent a submission to the 2014/15 edition of Starting Out: Lesbian, Gay & Bisexual Careers Guide. The guide is distributed to universities, secondary schools, careers services and LGB student groups throughout the UK. The Guide enables Solent to promote its workplace as an employer of choice and recruit staff from diverse backgrounds.

The University was represented at the Stonewall Conference in April 2014 by members of the LGBT network and Equality Forum.

The LGBT network was formed in June 2013 with an action plan and objectives to raise awareness of the Network amongst SSU employees, establish links with relevant external groups, and organise a programme of events. This year the LGBT Network have developed their Portal pages; organised an event attended by employees from the Southampton NHS Trust Networks and the University of Southampton; and a member of the Network attended the Stonewall Role Models programme and subsequently made a presentation at the University's Teaching and Learning Conference in April.

The last Equal Pay review (2) made a recommendation for a review of all University allowances, the analysis resulted in a review and updating of the Special Payments Scheme in consultation with managers and trade union representatives. The changes to the Scheme were effective from 1 August 2014. The next Equal Pay Review (3)

will be commissioned in 2014/15. The reporting format will be the same as in previous reviews to enable useful data comparison. Together the reviews will provide five years' worth of information on the University gender pay gap.

In July 2014 David Corless, Director of Estates and Facilities made a presentation to the Equality Forum on the new building. Members gave David feedback on disability access issues and suggested some user consultation before final decisions are made on the interior design of the building.

## ESTATES

Investment in the estate and supporting infrastructure remain key priorities for the University and it continues to invest heavily in this area to ensure that its learning and teaching facilities remain up to date and fully support its pedagogic aims and objectives.

During 2013-14 the University started the planned redevelopment of its 1960's East Park Terrace campus in Southampton with the first phase being a new academic teaching building. Construction started on site in April 2014 on former commercial development land adjacent to the campus which the University acquired in 2011, with completion scheduled for December 2015. The new building, which connects to the existing campus through internal link corridors to the John Everett Millais Building, will provide state-of-the-art learning spaces for students including a spectacular exhibition and showcase atrium that will be available for student use.

The new building will also house a new Conference Centre and become a focal point for University events as well as providing a much needed facility in the City for local businesses. This is the first major step towards the renewal of an aging 1960's campus and the University has committed £31m of capital funding to this project and anticipates further phases once this project is complete, the speed of which will be dictated by competitive circumstances and availability of funding.

Objectives of the new development are to develop high quality modern teaching space with low environmental impact, with the new building targeted to achieve a BREEAM Excellent rating, and to significantly enhance the Southampton campus and greatly improve the external visibility of the University from East Park Terrace. Efficiencies are also an integral part of the project, and extensive modelling of timetabling data has been undertaken to ensure an optimum design of teaching space to achieve high space utilisation to reduce both the initial capital investment and on-going estate operating costs.

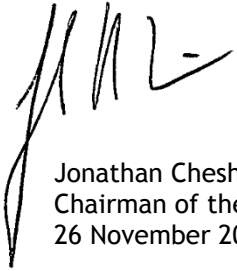
As part of the wider redevelopment of the campus, the University is currently undertaking feasibility work for further phases which include a new Centre of Excellence for Sport and a Student Centre as well as the demolition of some of its older 1960's buildings which will maximise the utilisation of what is a relatively small physical estate. These later phases are planned for completion 2018-2020.

In addition to the major redevelopment plans, the University continues to invest in and upgrade existing facilities with significant building projects completed or underway during the 2013-14 academic year which include:

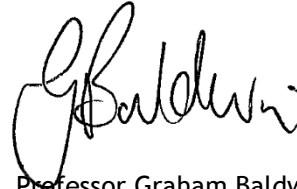
- Relocation of the Southampton Business School to the Sir James Matthews Building (Phase 1), for the Faculty of Business, Sport and Enterprise. The £500k project will provide dedicated facilities for the Business School and provide a new base in a highly prominent location to enable the School to extend its work with employers and businesses.
- Redevelopment of the top floor of the John Everett Millais Building to provide dedicated teaching space and high quality open plan work space for academic and support staff. This project, costing £1.3 m, will facilitate the future redevelopment of the building and will increase its overall space utilisation and efficiency in use.
- Replacement of kitchens and furniture in Halls at Southampton with a project value of over £500k.
- Upgrading of building infrastructure. Over £2m has been earmarked from 2013-14 budgets (from both capital and revenue streams) to replace and upgrade fire alarm systems, lifts, redecoration of the Student Union facilities and general upgrading including refurbishing numerous toilet facilities around campus.

## CONCLUSION

Although the position remains challenging, once again the University recruited successfully and with an improvement in conversion was again in a strong financial position. Increased efforts are being made with marketing to support recruitment as we move towards the era of no student number controls. Additionally efforts are being made to enhance partnerships and recruitment at home and internationally - other than recruitment the student experience and student achievement are the main priorities. The annual financial target surplus was met and is key to supporting the current and planned estate developments.



Jonathan Cheshire  
Chairman of the Board of Governors  
26 November 2014



Professor Graham Baldwin  
Vice-Chancellor



# Corporate Governance Statement

The following statement is provided to enable readers of the Financial Statements of the University to obtain a better understanding of the governance and legal structure of the institution.

The University is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to higher education institutions (HEIs) which has been provided by the Committee of University Chairmen (CUC) in its *Guide for Members of Governing Bodies in the UK*. The University has put systems in place for identifying, evaluation and managing its significant risks. The processes are reviewed regularly by the University under the guidance of a Risk Management Group, which reports to the Audit Committee.

The institution is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Instrument and Articles of Government, the latest version of which were approved by the Privy Council in July 2005.

The Articles require the institution to have a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

**The Board** is the executive governing body, responsible for the finance, property, and human resource and employment policy of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction; and to appoint and determine the pay and conditions of service of the Vice-Chancellor, the Clerk to the Governors, and the holders of such other senior posts as the Board of Governors may determine.

The Board has adopted the **Statement of Primary Responsibilities** as set out by the CUC in its *Governance Code of Practice and General Principles*, namely:

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be - where possible and appropriate - benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.

12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the senate or academic board.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

The Board has a majority of independent members, chosen in line with strict criteria contained in the legislation. The Chairman of the Board is elected from the independent members. There is also provision for the appointment of co-opted members, some of whom are members of the staff of the institution, and for the appointment of a representative of the student body.

In accordance with the Articles of Government, the University has appointed a **Clerk to the Board**. The Clerk provides independent advice on matters of governance to all Board members.

Board members have no financial interest in the Corporation and receive no remuneration from the University in respect of their duties as Governors other than reimbursement of reasonable expenses for travelling and subsistence.

The University maintains a **Register of Interests** of members of the Board and senior officers. The register is publicly available on the University's website.

Although the Board of Governors meets at least four times each academic year, much of its detailed work is initially handled by its **committees**: Resources; Audit; Governance; Remuneration; and Student Liaison and Experience. The decisions of these committees are formally reported to the Board. All of these committees are formally constituted with terms of reference and, with the exception of the Student Liaison and Experience Committee, comprise mainly independent and co-opted members of the Board, other than co-opted student and staff members. An evaluation of the business conducted by the Board and each of its committees concluded that each Committee's terms of reference had been covered during the year.

#### Resources Committee

The Resources Committee considers and keeps under review such strategic aspects of finance and resource management as are required for the fulfilment of the Strategic Plan. These include: the recommendation to the Board of Governors of an annual budget, both revenue and capital; regular monitoring of management accounts and progress of the capital programme against approval; review and recommendation to the Board of Governors of annual Financial Statements; advice to the Board of Governors on employment policy; approval of a framework for the pay and conditions of staff other than senior post-holders.

#### Audit Committee

The Audit Committee's remit includes advising the Board of Governors on the appointment of both external and internal auditors, their respective audit fee, and any questions of resignation or dismissal of the auditors; it considers and agrees an audit plan each year and scope for the internal auditors in the context of key risks faced by the University; and reviews both the internal and external auditors' respective recommendations for improvement of the University's systems of internal control, together with management's responses and implementation plans. It considers arrangements that are in place to promote economy, efficiency and effectiveness, and for the management and quality assurance of data submitted to HEFCE and the other funding bodies; receives and considers reports from HEFCE as they affect the University's business, and monitors compliance with the regulatory requirements; oversees the institution's policy in fraud and irregularity, and on reporting serious incidents; and ensures that all significant losses have been properly investigated and reported.

In April 2013, the Audit Committee re-appointed Kingston City Group (KCG) as the University's internal auditors for a further two year period commencing 1 August 2013, KCG first having been appointed as internal audit provider in 2010.

In April 2014, after a tendering process, the Committee re-appointed BDO as the University's external auditors for a further three year period, BDO having served as the University's external audit provider since 2004. During 2011-2012 a new external audit partner was appointed, as the previous partner in charge had served for the maximum permitted term.

The membership of the Audit Committee during 2013-14 is given below:

Name	Occupation	Qualification
Alison Colley	Solicitor, Real Employment Law Advice	LLB Law Degree
Jenny Hill	Audit Partner, Baker Tilly	BA (Hons) Business Studies; ACA
Gary Little	Finance Director, Retail Banking Division, Close Brothers	Bachelor of Commerce, Economics; ACA
Dr Joanna Mountfield	Director of Education and Consultant Obstetrician, University Hospital Southampton NHS Foundation Trust	MA in Education; MBChB in Medicine
John Simpson	Chief Executive Rockschool Limited, Managing Director Sailing Rallies Limited & Retail Management Consultant	BA General Arts

Whilst senior executives attend the meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the external and internal auditors on their own prior to the start of the meeting which considers the University's annual Financial Statements.

Following an annual self-evaluation of the work of the Audit Committee, members were satisfied that the Committee had discharged its duties in accordance with its terms of reference.

#### Governance Committee

The Governance Committee keeps under review the membership of the Board of Governors and its Committees and makes recommendations to the Board for new, independent, and co-opted external members. It oversees the induction, training and development of the members of the Board; and ensures that the Board and its Committees evaluate their performance on a regular basis.

The Governance Committee also reviews the University's governing instruments on a regular basis, and considers the effectiveness of the arrangements to select and recruit the Chairman and Vice-Chairman of the Board, the Clerk to Governors, and the University Chancellor and Vice-Chancellor.

#### Remuneration Committee

The Remuneration Committee determines the annual remuneration of the University's Vice-Chancellor and senior post-holders, the scheme for remuneration of staff on management contracts, and individual severance arrangements.

#### Student Liaison and Experience Committee

The Student Liaison and Experience Committee operates as a channel of communication between the Board of Governors and the Students' Union. Its remit relates to the non-academic aspects of the student experience. It also receives quarterly and annual Student Union management accounts, and advises the Board on these, as appropriate.

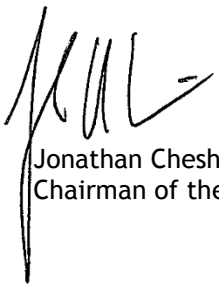
Subject to the overall responsibility of the Board of Governors, the **Academic Board** has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the institution. It is particularly concerned with general issues relating to the teaching and research work of the institution.

The **Vice-Chancellor** is the head of the institution who has a general responsibility to the Board of Governors for the organisation, direction and management of the University. Under the terms of the formal *Financial Memorandum (FM)* between the University and the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the designated officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons. He is required to advise the Board on the discharge of all its

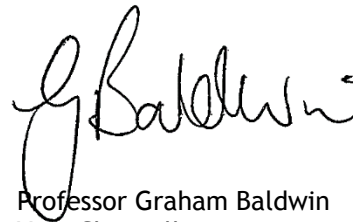
responsibilities under the FM and its *Audit Code of Practice* and is required, jointly with the Board, to ensure that all such responsibilities are discharged. He is required to advise the Board if, at any time, any action or policy under consideration by the Board appears to him to be incompatible with the terms of the Financial Memorandum. He is required to inform an appropriate officer of the Funding Council should the Board decide nevertheless to proceed with such an action or policy.

As the head of the institution, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The deputies to the Vice-Chancellor and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the head of the institution. Professor Van Gore CBE retired on 31 July 2014, following seven successful years as head of the institution. Professor Graham Baldwin was appointed by the Board of Governors in February 2014 to take up the post of Vice-Chancellor on 18 August 2014.

Approved by the Board of Governors on 26 November 2014  
And signed on its behalf by:



Jonathan Cheshire  
Chairman of the Board of Governors



Professor Graham Baldwin  
Vice-Chancellor

# Responsibilities of the University's Board of Governors

In accordance with the Education Reform Act 1988 and the Instrument and Articles of Government, the Board of Governors is responsible for the 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 to enable it to ensure that the Financial Statements are prepared in accordance with the Education Reform Act 1988; Statement of Recommended Practice: Accounting for Further and Higher Education; Accounts Direction of the Higher Education Funding Council for England (HEFCE); and other relevant accounting standards.

In addition, within the terms and conditions of the Financial Memorandum which sets out the conditions of funding from HEFCE, the Board of Governors, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

## Financial Statements

In causing the Financial Statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures 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 of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

## Internal Controls

As the Board of Governors of Southampton Solent University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles and the Financial Memorandum with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place throughout the year and up to the date of approval of the Financial Statements and accords with the HEFCE guidance.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The University has established the following processes:

- the Board of Governors annually monitors the delivery of the University's Strategic Plan. As part of its monitoring process, the Board approves the University's Annual Monitoring Statement and Financial Forecast, which are subsequently submitted to HEFCE;
- the Board of Governors has requested the Audit Committee to provide oversight of risk management. A Risk Management Group has been established and the Audit Committee receives a report at each of its meetings on any movement in the ten major risks for the University identified for that year. Any matters of concern are reported to the Board of Governors;
- the Board of Governors has requested the Audit Committee to provide an opinion on the quality assurance of data provided to HEFCE, HESA and other public bodies. In order to provide the opinion, the Committee seeks and assesses information and evidence from management and auditors during the course of the year;
- the Board of Governors receives regular reports from the chair of the Audit Committee concerning internal control;
- the Audit Committee receives regular reports from Internal Audit which includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement;

- a regular process of meetings, workshops and discussions is used at both University level and cascaded through individual faculties and services to identify and keep up to date the record of risks facing the University;
- a programme of risk awareness training is ongoing;
- a system of key performance and risk indicators has been developed;
- the Board of Governors sets the policy where the University does not seek to recover the full cost of its activities. A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established;
- a University-wide risk register is maintained;
- reports are received from budget holders, department heads and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Kingston City Group (KCG), a shared services Consortium of London and South East universities, has been appointed to serve as the University's internal auditor. The consortium operates to standards defined in the Audit Code of Practice published by HEFCE in July 2010. The internal auditor submits regular reports which include the internal auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement.

Through its Assurance Services, HEFCE visits higher education institutions every three to five years with the objective of evaluating each University's risk management, control and governance and its arrangements to achieve value for money. An auditor from HEFCE visited the University in November 2010. The following core aspects of operation were reviewed: risk management, control and governance; audit arrangements; and accountability. Subsequent to the visit, the Funding Council issued its Final Report in September 2011, which confirmed a satisfactory level of assurance in each of the areas that were assessed and advised HEFCE's overall conclusion that it was able to place reliance on the accountability information provided by Southampton Solent University.

Guidance issued by the Committee of University Chairmen (CUC) recommends that a governing body should keep its effectiveness under regular review. According to the CUC this should include a "formal and rigorous evaluation of its own effectiveness and that of its committees .... not less than every five years". At its meeting in February 2011, the Board of Governors agreed to conduct a four-yearly review of its governance arrangements and to establish a small group to undertake this review. The working group comprised two independent governors, a Deputy Vice-Chancellor and the Clerk to the Governors.

The main purpose of the review was to assess the quality of enabling factors required for effective governance, namely: commitment to the organisation and vision, structures and processes, effective membership, strategic development and performance measurement, communication and information, and future governance. It also sought feedback on the quality of working relationships and boardroom behaviour, and the outcomes of Board and committee proceedings.

As part of the review, a detailed survey of the effectiveness of the University's governing body was undertaken using Allan Schofield's framework which was launched by the Leadership Foundation in Higher Education (LFHE) and CUC in May 2011.

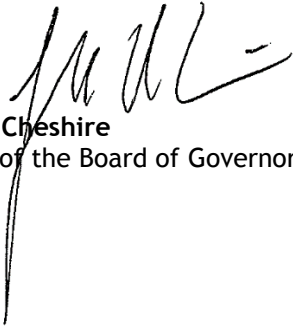
The results were very positive and confirmed a high level of confidence in the current governance arrangements, good communication and relationships. A few recommendations for continuing to improve board effectiveness were made by the working party. These were approved by the Board of Governors on 16 November 2011.

In July 2014, the University's internal auditors, Kingston City Group, carried out its regular audit of the effectiveness of the institution's governance arrangements and these were found to provide satisfactory assurance.

In February 2013, the Board of Governors approved the formation of a Selection Panel to manage the project to recruit a new Vice-Chancellor for August 2014, as a result of the planned retirement of Professor Van Gore. The Panel comprised five independent governors (including the Chairman) and one external representative. The Panel, under the guidance of the Clerk to the Governors and the HR Director, applied current best practice, as outlined by the CUC/GuildHE/UUK: *'Appointing heads of higher education institutions'* and reported regularly to the Board of Governors.

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

Approved by the Board of Governors on 26 November 2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Cheshire', written over a vertical line that extends downwards from the signature.

**Jonathan Cheshire**  
Chairman of the Board of Governors

# Independent Auditor's Report

## Independent Auditors' Report to the Governors of Southampton Solent University

### **Independent Auditors' Report to the Governors of Southampton Solent University**

We have audited the financial statements of Southampton Solent University for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Historical Cost Surpluses and Deficits, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, Consolidated Statement of Total Recognised Gains and Losses, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governors, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the University's Governing Body and Auditors**

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

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2014 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

### **Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice**

In our opinion, in all material respects:

- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.
- 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.
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.



**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the Group and the University.

BDO LLP

**BDO LLP**  
Statutory Auditor  
Southampton  
United Kingdom

Date: 27 November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

## Basis of preparation

These Financial Statements have been prepared under the historical cost convention (modified by the revaluation of certain land and buildings), in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education July 2007 and in compliance with applicable Accounting Standards.

## Fixed Assets

### i. Inherited Assets - land and buildings

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University was transferred from Hampshire County Council with effect from 1 April 1989. These were not valued prior to transfer. On 31 July 1998 a valuation of the open market for existing use was made by Chesterton International Limited, a firm of international property advisors, using the depreciated replacement cost basis. The property is recorded in the Financial Statements at this value, as adjusted for subsequent disposals. It is the University's policy to recognise a related revaluation reserve in respect of this property. Under the transitional arrangements of FRS 15, this 1998 valuation is retained as the carrying amount for those assets within that valuation, subject to annual testing for indicators of impairment under FRS 11.

### ii. Assets acquired after incorporation

Tangible asset additions whose cost of acquisition exceeds £10,000 are capitalised. Items costing less than this are written off in the year of purchase.

### iii. Assets under construction

Assets under construction represent the costs of assets under development. As these assets become complete and operational they are transferred to the appropriate asset category and depreciated over their useful lives.

## Capital Grants

Capital grants are released to revenue over the useful life of relevant assets, or where permitted applications to non-capitalised expenditure occur, to match that expenditure in the year of application.

## Depreciation

Depreciation is provided on all tangible assets other than freehold or long leasehold land and assets under construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Freehold buildings	- over 50 years
Long Leasehold buildings	- over the life of the lease up to 50 years. For leases longer than 50 years, over the greater of 50 years or 75% of the life of the lease.
Computer equipment and software	- over 3 to 5 years
Other equipment	- over 5 to 15 years
Vehicles	- over 5 years
Vessels	- over 5 to 15 years

## Stocks

Stocks are mainly departmental and have limited realisable value. They are written off in the year, as their value is not material to the accounts of the University. Expenditure on consumables is charged fully to revenue in the year of purchase.

## Revenue Recognition

Grants from HEFCE and similar bodies are included in income in the year, except for grants received for specific initiatives which span more than one year. In such cases grant income is deferred to the extent it is not matched by qualifying expenditure. All income from short-term deposits, tuition fees and other operating income is credited to the Income & Expenditure Account on a receivable basis.

## Building Maintenance

Expenditure on building maintenance is charged to the Income and Expenditure Account in the year in which it is incurred. The University maintains a rolling ten-year long-term maintenance plan, which is reviewed on a regular basis. Only to the extent that the costs arise under dilapidation clauses within operating leases is a regular charge made to the Income and Expenditure Account on the basis that the dilapidating event is deemed to be the passage of time, subject to periodic valuation.

## Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and, is considered to pass the tests set out in Paragraph 1 Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471 and 478-488 of the CTA2010 (formerly s505 ICTA 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

# Statement of Principal Accounting Policies

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

## Provisions

A provision is recognised in the Financial Statements when a present legal or constructive obligation arising from past events exists and it is probable that an outflow of economic benefits will be required to settle the obligation.

## Basis of Consolidation

The activities of two subsidiary undertakings, Southampton Solent University Limited (SSUL) and Sport Solent in the Community (SSIC), are consolidated within the University's accounts in accordance with FRS 2. SSUL is a wholly owned subsidiary of the University and SSIC is deemed to be a subsidiary undertaking as the University appoints the trustees of the charity.

The consolidated Financial Statements do not include those of the Solent Students' Union as it is a separate unincorporated association in which the University has no financial interest and no control or significant influence over policy decisions.

## Listed Investments

Listed investments are shown at market value.

## Research and Development

Research and development expenditure is written off in the year incurred.

## Pensions

The University has 2 principal pension schemes for staff, the Teachers' Pension Scheme (TPS) and the Hampshire County Council Local Government Pension Scheme (HCCLGPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The assets of the TPS are held in a separate trustee-administered fund. Because of the nature of the scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these scheme on a consistent and reasonable basis and therefore as required by FRS 17

Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

The University is able to identify its share of assets and liabilities of the HCCLGPS and therefore fully adopts FRS 17 in respect of this scheme.

## Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. 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. No investments, however liquid, are included in cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and bank certificates of deposit held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

## Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

## Leased Assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the University and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Balance Sheet.

The interest elements of the rental obligations are charged in the Income and Expenditure Account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Income and Expenditure Account on a systematic basis.

## Consolidated Income & Expenditure Account for the Year Ended 31 July 2014

	Notes	2014 £000	2013 £000
<b>INCOME</b>			
Funding Body Grants	1	19,502	27,047
Tuition Fees and Education Contracts	2	73,621	62,064
Research Grants and Contracts	3	293	321
Other Operating Income	4	16,196	16,495
Endowment and Investment Income	5	458	488
		<b>110,070</b>	<b>106,415</b>
<b>EXPENDITURE</b>			
Staff Costs	6	56,575	54,342
Other Operating Expenses		38,489	36,772
Depreciation	10	4,952	4,357
Interest Payable	8	2,808	3,247
	7	<b>102,824</b>	<b>98,718</b>
<b>Surplus after depreciation of assets and before tax</b>		<b>7,246</b>	<b>7,697</b>
Taxation	9	-	-
		<u><b>7,246</b></u>	<u><b>7,697</b></u>
All amounts relate to continuing activities.			

## Consolidated Statement of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2014

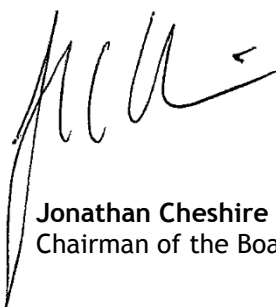
	Notes	2014 £000	2013 £000
Surplus after depreciation of assets and before tax		7,246	7,697
Difference between the Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year calculated on the relevant amount	20	90	91
<b>Historical Cost Surplus before Tax</b>		<u><b>7,336</b></u>	<u><b>7,788</b></u>
<b>Historical Cost Surplus after Tax</b>		<u><b>7,336</b></u>	<u><b>7,788</b></u>

The Notes on pages 31 to 45 form part of these Financial Statements.

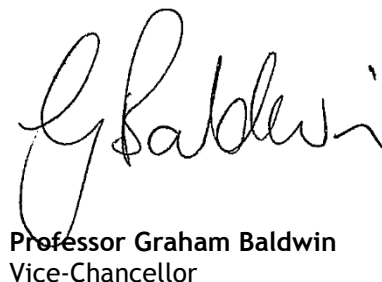
# Balance Sheet as at 31 July

	Notes	Consolidated		University	
		2014	2013	2014	2013
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Assets	10	92,898	90,085	89,965	87,122
Investments	11	-	50	2,700	2,750
		<b>92,898</b>	<b>90,135</b>	<b>92,665</b>	<b>89,872</b>
<b>Endowment Asset Investments</b>	12	752	713	752	713
<b>Current Assets</b>					
Debtors	13	5,597	4,730	5,954	5,025
Investments	14	13,902	21,083	13,902	21,083
Cash at Bank and in Hand	30	23,240	11,482	22,840	11,060
		<b>42,739</b>	<b>37,295</b>	<b>42,696</b>	<b>37,168</b>
<b>Creditors: amounts falling due within one year</b>	15	17,386	15,680	17,284	15,421
<b>Net Current Assets</b>		<b>25,353</b>	<b>21,615</b>	<b>25,412</b>	<b>21,747</b>
<b>Total Assets less Current Liabilities</b>		<b>119,003</b>	<b>112,463</b>	<b>118,829</b>	<b>112,332</b>
<b>Creditors: amounts falling due after more than one year</b>	16	25,986	27,466	25,986	27,466
<b>Provisions for liabilities and charges</b>	17	2,017	1,581	2,017	1,581
<b>Net Assets Excluding Pension Liabilities</b>		<b>91,000</b>	<b>83,416</b>	<b>90,826</b>	<b>83,285</b>
<b>Net Pension Liability</b>	17	36,800	36,870	36,800	36,870
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b><u>54,200</u></b>	<b><u>46,546</u></b>	<b><u>54,026</u></b>	<b><u>46,415</u></b>
<b>Deferred Capital Grants</b>	18	8,202	8,783	8,202	8,783
<b>Expendable Endowments</b>	19	752	713	752	713
<b>Reserves</b>					
Income and Expenditure Account excluding Pension Reserve		74,877	66,661	74,703	66,530
Pension Reserve	17	(36,800)	(36,870)	(36,800)	(36,870)
Income and Expenditure Account including Pension Reserve	21	38,077	29,791	37,903	29,660
Revaluation Reserve	20	7,169	7,259	7,169	7,259
<b>Total Reserves</b>		<b>45,246</b>	<b>37,050</b>	<b>45,072</b>	<b>36,919</b>
<b>TOTAL FUNDS</b>		<b><u>54,200</u></b>	<b><u>46,546</u></b>	<b><u>54,026</u></b>	<b><u>46,415</u></b>

These Financial Statements were approved and authorised for issue by the Board of Governors on 26 November 2014.



Jonathan Cheshire  
Chairman of the Board of Governors



Professor Graham Baldwin  
Vice-Chancellor

The Notes on pages 31 to 45 form part of these Financial Statements.

## Consolidated Cash Flow Statement for the Year Ended 31 July 2014

	Notes	2014 £000	2013 £000
Net Cash Inflow from Operating Activities	26	14,856	14,475
Returns on investments and servicing of finance	27	(1,832)	(1,814)
Taxation		-	-
Capital expenditure and financial investment	28	(7,054)	(6,920)
Management of liquid resources	30	7,181	(3,413)
Financing	29	(1,369)	(1,097)
<b>Increase in Cash</b>		<b><u>11,782</u></b>	<b><u>1,231</u></b>

## Reconciliation of Net Cashflow to Movement in Net (Debt)/Funds

	Notes	2014 £000	2013 £000
Increase in Cash	30	11,782	1,231
Repayment of Long Term Loans	29	924	851
Repayment of Capital Elements of Finance Leases	29	445	423
New Loans Acquired	29	-	(177)
Increase/(Decrease) in Short Term Deposits	30	(7,181)	3,413
<b>Movement in Net Debt/Funds</b>		<b>5,970</b>	<b>5,741</b>
Net Debt at 1 August	30	3,732	(2,009)
<b>Net Funds at 31 July</b>	<b>30</b>	<b><u>9,702</u></b>	<b><u>3,732</u></b>

## Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2014

	Notes	2014 £000	2013 £000
Surplus after Depreciation of Assets at Valuation and Tax		7,246	7,697
Unrealised Gain on Endowment Asset Investments	12	46	7
Endowment Surplus Retained in the Year	12	(7)	-
Actuarial Gain on Pension Scheme	17	950	3,750
<b>Total Recognised Gains and Losses Relating to the Year</b>		<b><u>8,235</u></b>	<b><u>11,454</u></b>
<b>Reconciliation</b>			
Opening Reserves and Endowments		37,763	26,309
Total Recognised Gain for the Year		8,235	11,454
<b>Closing Reserves and Endowments</b>		<b><u>45,998</u></b>	<b><u>37,763</u></b>

The Notes on pages 31 to 45 form part of these Financial Statements.

## Notes to the Accounts for the Year Ended 31 July 2014

<b>1. FUNDING BODY GRANTS</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Recurrent Grant</b>		
HEFCE	16,419	24,123
FE Funding Bodies	240	215
<b>Specific HEFCE Grants</b>		
Special Initiatives	1,626	1,452
<b>Deferred Capital Grants Released in Year</b>		
Buildings (Note 18)	751	609
Equipment (Note 18)	466	648
	<u>19,502</u>	<u>27,047</u>

<b>2. TUITION FEES AND EDUCATION CONTRACTS</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Full time undergraduate and postgraduate fees home and EU	56,634	44,225
Part time undergraduate and postgraduate fees home and EU	1,530	2,001
Overseas (Non-EU) domicile students	6,128	7,460
Non credit bearing course fees	9,317	8,239
Other	12	139
	<u>73,621</u>	<u>62,064</u>

<b>3. RESEARCH GRANTS AND CONTRACTS</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
EU Grants	168	227
Research Councils	-	17
Other Sources	125	77
	<u>293</u>	<u>321</u>

<b>4. OTHER OPERATING INCOME</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Residences, Catering and Conferences	12,816	12,712
Other Services Rendered	736	384
Other Income	2,644	3,399
	<u>16,196</u>	<u>16,495</u>

<b>5. ENDOWMENT AND INVESTMENT INCOME</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Income from Expendable Endowments (Trust Funds) (Note 19)	15	1
Income from Short Term Investments	443	466
Income from Long Term Investments	-	21
	<u>458</u>	<u>488</u>

## Notes to the Accounts for the Year Ended 31 July 2014

<b>6. STAFF COSTS</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	44,924	43,973
Social Security Costs	3,618	3,715
Other Pension Costs	6,507	6,192
Redundancy Costs	1,526	462
	<b>56,575</b>	<b>54,342</b>
Average staff numbers by major category:	Number	Number
Academic Departments	836	820
Academic Services	139	131
Research Grants and Contracts	2	2
Residences, Catering and Conferences	23	24
Premises	56	61
Administration	271	263
	<b>1,327</b>	<b>1,301</b>
Members of the Senior Management Team	18	18
Emoluments of Vice-Chancellor:	£	£
Emoluments of Vice-Chancellor	246,213	234,144
Employer's pension contributions (Teachers' Pension Scheme)	-	-
Other benefits	-	4,718
	<b>246,213</b>	<b>238,862</b>
Remuneration of other higher paid staff (excluding employer's pension contributions), but including payment for compensation for loss of office	Number	Number
£100,000 to £109,999	1	3
£110,000 to £119,999	4	1
£120,000 to £129,999	1	-
The Governors received no remuneration for services provided during the current or prior year.		

<b>7. ANALYSIS OF TOTAL EXPENDITURE</b>	<b>2014</b>	<b>2013</b>
<b>Analysed by Activity:</b>	<b>£000</b>	<b>£000</b>
Academic Departments	43,068	42,818
Academic Services	11,005	9,561
Administration and Central Services	22,193	20,519
Premises	12,297	11,411
Research Grants and Contracts	298	293
Residences, Catering and Conferences	13,083	13,056
Other Expenditure	880	1,060
	<b>102,824</b>	<b>98,718</b>
<b>Other Operating Expenses include:</b>		
External Auditor's Remuneration - Audit Fees *	44	42
External Auditor's Remuneration - Other Fees	21	28
Governors Expenses **	4	3
Internal Auditor's Remuneration - Audit Fees	53	51
Operating Lease Rentals Land/Buildings	4,986	4,815
Operating Lease Rentals Plant/Machinery	58	60

\* £32,700 relates to net fee payable by the University (2013: £31,800).

\*\*Governors have been reimbursed for travel and subsistence expenses relating to attendance at Board and Committee meetings and other events attended in their official capacity. A total of £3,550 was paid to 8 Governors for reimbursement of expenses (2013: £2,761 paid to 8 Governors).



## Notes to the Accounts for the Year Ended 31 July 2014

8. INTEREST PAYABLE	2014	2013
	£000	£000
Loans not wholly repayable within five years	2,125	1,861
Finance Leases	163	596
Pension finance costs	520	790
	<b>2,808</b>	<b>3,247</b>

Interest payable relating to loans has increased and finance lease charges have decreased due to the conversion, in February 2013, of the Finance lease of a building to ownership with a loan.

**9. TAXATION**

No corporation tax charge (2013: no charge) arises on consolidation as a result of taxable profits in a subsidiary undertaking. Under the Education Reform Act 1998 the University obtained charitable status, consequently it is not liable to corporation tax on its income and gains. No deferred taxation has been provided in the accounts on the basis that future taxable profits of all subsidiary companies will be paid to the University by way of Deed of Covenant.

**10. TANGIBLE ASSETS**

	Freehold and Leasehold		Assets under Construction	Equipment	Total
	Land	Building			
	£000	£000	£000	£000	£000
<b>Consolidated</b>					
At valuation 31 July 1998	6,454	15,182	-	-	21,636
At cost	13,128	70,604	2,392	17,933	104,057
Additions	-	-	5,238	2,529	7,767
Disposals	-	-	-	(2,795)	(2,795)
Transfers	-	2,348	(2,373)	25	-
<b>At 31 July 2014</b>	<b>19,582</b>	<b>88,134</b>	<b>5,257</b>	<b>17,692</b>	<b>130,665</b>
<b>Depreciation</b>					
At 1 August 2013	-	23,706	-	11,902	35,608
Disposals	-	-	-	(2,793)	(2,793)
Provided during period	-	3,006	-	1,946	4,952
<b>At 31 July 2014</b>	<b>-</b>	<b>26,712</b>	<b>-</b>	<b>11,055</b>	<b>37,767</b>
<b>Net Book Value at 31 July 2014</b>	<b>19,582</b>	<b>61,422</b>	<b>5,257</b>	<b>6,637</b>	<b>92,898</b>
<b>Net Book Value at 31 July 2013</b>	<b>19,582</b>	<b>62,080</b>	<b>2,392</b>	<b>6,031</b>	<b>90,085</b>
<b>University</b>					
At valuation 31 July 1998	6,454	15,182	-	-	21,636
At cost	12,808	68,099	2,392	17,423	100,722
Additions	-	-	5,238	2,478	7,716
Disposals	-	-	-	(2,795)	(2,795)
Transfers	-	2,347	(2,373)	26	-
<b>At 31 July 2014</b>	<b>19,262</b>	<b>85,628</b>	<b>5,257</b>	<b>17,132</b>	<b>127,279</b>
<b>Depreciation</b>					
At 1 August 2013	-	23,593	-	11,643	35,236
Disposals	-	-	-	(2,793)	(2,793)
Provided during period	-	2,951	-	1,920	4,871
<b>At 31 July 2014</b>	<b>-</b>	<b>26,544</b>	<b>-</b>	<b>10,770</b>	<b>37,314</b>
<b>Net Book Value at 31 July 2014</b>	<b>19,262</b>	<b>59,084</b>	<b>5,257</b>	<b>6,362</b>	<b>89,965</b>
<b>Net Book Value at 31 July 2013</b>	<b>19,262</b>	<b>59,688</b>	<b>2,392</b>	<b>5,780</b>	<b>87,122</b>

## Notes to the Accounts for the Year Ended 31 July 2014

**10. TANGIBLE ASSETS (CONTINUED)**

Included in Land and Buildings is one asset (2013: one asset) with a net book value of £4 million (2013: £4.1 million) held under finance lease. In February 2013 one of the assets held under finance lease was converted to ownership with a loan. Depreciation for the year on leased assets was £0.1 million (2013: £0.1 million), this includes depreciation relating to the Sir James Matthews building until February 2013 when the finance lease was converted to a bank loan.

The University commissioned a revaluation of its land and buildings held at valuation, undertaken by Chesterton International Ltd as at 31 July 1998. The valuation was undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The basis of the valuation was open market value for existing use. Those properties for which no open market value was readily ascertainable were valued on the depreciated replacement cost basis. Other assets continue to be shown at historic cost.

Under the transitional arrangements of FRS 15 this valuation (after impairment charges) has been retained as the carrying amount for those assets within the valuation.

11. INVESTMENTS	Consolidated		University	
	2014	2013	2014	2013
	£000	£000	£000	£000
Subsidiaries	-	-	2,700	2,700
Other Investments	-	50	-	50
	<u>-</u>	<u>50</u>	<u>2,700</u>	<u>2,750</u>

**Subsidiary Undertakings**

The University owns 100% of the issued ordinary share capital of £2.7 million (2013: £2.7 million) of Southampton Solent University Limited, a company registered in England.

The main activities of this undertaking are to provide short courses, training and facilities, consultancy services, and meals and accommodation for employees of other organisations using the company's facilities for their own training programmes.

**Other Investments**

The University had an investment of £50,000 representing an 11% share of the capital of Learning Network South East (LNSE), a company formed by the collaboration of a number of Institutions in order to provide internet access. LNSE was wound up and two dividend payments were made in the year. A payment of £450 per share dividend was paid in August 2013 and a payment of £20 per share dividend was received in June 2014.

12. ENDOWMENT ASSET INVESTMENTS	Consolidated and University	
	2014	2013
	£000	£000
Balance at 1 August	713	706
Appreciation on Revaluation	46	7
Additions	683	677
Disposals	(716)	(658)
Decrease in net current assets excluding cash	2	(2)
Increase/(Decrease) in cash balances	24	(17)
<b>Balance at 31 July</b>	<u><b>752</b></u>	<u><b>713</b></u>
COIF	726	-
Co-operative Bank	-	678
MIM Britannia Maximum Income Fund	-	-
Shares and securities not incorporated in above funds	-	35
Net Current Assets/(Liabilities) excluding cash	-	(2)
Cash balances	26	2
<b>Balance at 31 July</b>	<u><b>752</b></u>	<u><b>713</b></u>

## Notes to the Accounts for the Year Ended 31 July 2014

13. DEBTORS	Consolidated		University	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade Debtors	3,175	2,918	2,739	2,576
Other Debtors	2,422	1,812	2,423	1,878
Amount owed by subsidiary undertakings	-	-	792	571
	<u>5,597</u>	<u>4,730</u>	<u>5,954</u>	<u>5,025</u>

Amounts owed by subsidiary undertakings includes £5,000 due after one year (2013: £5,000).

14. CURRENT ASSET INVESTMENTS	Consolidated and University	
	2014	2013
	£000	£000
Deposits Maturing:		
In one year or less	8,547	16,144
In more than one year	5,355	4,939
	<u>13,902</u>	<u>21,083</u>

15. CREDITORS: amounts falling due within one year	Consolidated		University	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade Creditors	9,055	7,574	8,973	7,458
Taxation and social security	1,146	1,169	1,146	1,169
Salary and wages creditor	1,041	1,033	1,041	1,033
Other Creditors	4,664	4,535	4,644	4,392
Bank loan (Note 22b)	969	890	969	890
Other loan (Note 22c)	34	34	34	34
Obligations under finance leases (Note 22a)	477	445	477	445
	<u>17,386</u>	<u>15,680</u>	<u>17,284</u>	<u>15,421</u>

16. CREDITORS: amounts falling due after one year	Consolidated		University	
	2014	2013	2014	2013
	£000	£000	£000	£000
Long Term Bank loan (Note 22b)	24,286	25,256	24,286	25,256
Other loan (Note 22c)	51	85	51	85
Obligations under finance leases (Note 22a)	1,649	2,125	1,649	2,125
	<u>25,986</u>	<u>27,466</u>	<u>25,986</u>	<u>27,466</u>

## Notes to the Accounts for the Year Ended 31 July 2014

17. PROVISIONS FOR LIABILITIES AND CHARGES	Consolidated and University				
	National Minimum Wage	Heritable	Dilapidation	Reorganisation	Total
	£000	£000	£000	£000	£000
At 1 August 2013	154	121	1,072	234	1,581
Charge to Income & Expenditure Account	-	-	40	565	605
Payments made in the year	-	-	-	(129)	(129)
Release in the year	(10)	-	(30)	-	(40)
At 31 July 2014	<u>144</u>	<u>121</u>	<u>1,082</u>	<u>670</u>	<u>2,017</u>

**Teachers' Pension Scheme**

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2013 to 31 July 2014.

The total pension contributions for the University in respect of current employees were:

	2014	2013
	£000	£000
Contributions to Teachers' Pension Scheme	<u>2,755</u>	<u>2,723</u>

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

# Notes to the Accounts for the Year Ended 31 July 2014

## 17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The last valuation of the TPS related to the period 1 April 2004 to 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed real rate of return is 3% in excess of prices and 1.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

The next formal actuarial valuation is due as at 31 March 2016.

### Hampshire County Council Local Government Pension Scheme

The Hampshire County Council Local Government Pension Scheme (HCCLGPS) is valued every three years by a professionally qualified independent actuary using the Projected Unit method, the rates of contribution being determined by the actuary. The latest actuarial assessment of the HCCLGPS was at 31 March 2013. The level of employers' contributions is set out below:

	At 31 March 2014	At 31 March 2013	At 31 March 2012
Non teaching staff - HCC	19.1%	19.1%	19.1%

The University also has unfunded obligations in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

### Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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 linked 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 FRS 17 "Retirement 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

The total pension contributions for the University in respect of current employees were:

	2014 £000	2013 £000
Contributions to USS	71	58

## Notes to the Accounts for the Year Ended 31 July 2013

**17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)****FRS 17**

Details in respect of the pension liabilities are provided in accordance with FRS 17. As noted earlier it is not possible to identify the University's share of the underlying assets and liabilities of the Teachers' Pension Scheme or USS and therefore the following disclosures relate to the HCCLGPS.

The regular contributions to the Fund for the accounting period ending 31 July 2014 are estimated to be £3.42 million.

In the budget of 22 June 2010 the Government announced that the Consumer Price Index (CPI) will be used for the price indexation of pensions from April 2011, rather than the Retail Price Index (RPI). This statutory change to pensions increases was reflected as a change to actuarial assumptions and included as an actuarial gain on liabilities in the accounting period ending 31 July 2010.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 March 2013. The major assumptions used by the actuary for the purposes of FRS 17 were:

	31 July 2014	31 July 2013	31 July 2012
Discount Rate	4.1% pa	4.5% pa	4.1% pa
Rate of increase in salaries	3.7% pa	4.6% pa	4.6% pa
Rate of increase in pensions in payment	2.2% pa	2.7% pa	2.1% pa
Rate of inflation (RPI)	3.2% pa	3.6% pa	3.1% pa
Rate of inflation (CPI)	2.2% pa	2.7% pa	2.1% pa
<b>Mortality Assumptions</b>	<b>At 31 July 2014</b>		
		Retiring Today	Retiring in 20 years
Male		24.4	26.5
Female		26.2	28.5

The University's share of the assets in the scheme and the expected rate of return were:

	At 31 July 2014		At 31 July 2013		At 31 July 2012	
	Rate of Return	Value	Rate of Return	Value	Rate of Return	Value
Equities	7.5%	38,468	7.8%	35,606	7.5%	27,351
Government bonds	3.2%	15,272	3.3%	15,135	2.5%	13,902
Corporate bonds	3.7%	831	4.0%	744	3.2%	705
Property	6.8%	4,920	7.3%	4,652	7.0%	4,030
Cash	1.1%	2,428	0.9%	1,861	1.4%	1,712
Other assets	7.5%	1,981	7.8%	4,032	7.5%	2,670
		<u>63,900</u>		<u>62,030</u>		<u>50,370</u>
Average rate of return	6.1%		6.4%		5.8%	

The scheme actuaries employ a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2014.

## Notes to the Accounts for the Year Ended 31 July 2014

**17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**

The following amounts were measured in accordance with the requirements of FRS 17:

Reconciliation to Balance Sheet	Value at 31 July 2014 £000	Value at 31 July 2013 £000
<b>Funded Benefits</b>		
Fair Value of Fund Assets	63,900	62,030
Present Value of Liabilities	100,280	98,470
Funded Net Pension Liability	(36,380)	(36,440)
<b>Unfunded Benefits</b>		
Present Value of Liabilities	420	430
Unfunded Net Pension Liability	(420)	(430)
<b>Total Net Pension Liability</b>	<b><u>(36,800)</u></b>	<b><u>(36,870)</u></b>
<b>Analysis of Charge to Income &amp; Expenditure Account</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Current Service Cost (included in Other Pension Costs - Note 6)	3,720	3,460
Past Service Cost (included in Other Pension Costs - Note 6)	70	70
Interest Cost (included in Pension Finance Costs - Note 8)	4,520	3,760
Expected Return on Assets (included in Pension Finance Costs - Note 8)	(4,000)	(2,970)
Expense Recognised	<u>4,310</u>	<u>4,320</u>
The expense recognised includes £20,000 (2013: £20,000) in respect of unfunded benefits.		
<b>Changes to the Present Value of Liabilities during the year</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Opening Value of Liabilities	98,900	89,930
Current Service Cost	3,720	3,460
Interest Cost	4,520	3,760
Contributions by Participants	1,320	1,220
Actuarial (Gains)/Losses	(5,520)	1,730
Net Benefits Paid Out	(2,310)	(1,270)
Past Service Cost	70	70
Closing Value of Liabilities	<u>100,700</u>	<u>98,900</u>
The closing liability includes £420,000 (2013: £430,000) in respect of unfunded benefits.		

## Notes to the Accounts for the Year Ended 31 July 2014

**17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**

Changes to the Fair Value of Assets during the year	2014	2013			
	£000	£000			
Opening Value of Assets	62,030	50,370			
Expected Return on Assets	4,000	2,970			
Actuarial (Loss)/Gain on Assets	(4,570)	5,480			
Contributions by the Employer	3,390	3,220			
Contributions by Participants	1,320	1,220			
Net Benefits Paid Out	(2,270)	(1,230)			
Closing Value of Assets	<u>63,900</u>	<u>62,030</u>			
Actual Return on Assets	2014	2013			
	£000	£000			
Expected Return on Assets	4,000	2,970			
Actuarial (Loss)/Gain on Assets	(4,570)	5,480			
Actual Return on Assets	<u>(570)</u>	<u>8,450</u>			
Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses	2014	2013			
	£000	£000			
Actuarial (Loss)/Gain on Assets	(4,570)	5,480			
Actuarial Gain/(Loss) on Liabilities	5,520	(1,730)			
Total Actuarial Gain	<u>950</u>	<u>3,750</u>			
The actuarial loss includes a loss of £10,000 (2013: loss of £20,000) in respect of unfunded benefits.					
5 Year History	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present Value of Liabilities	100,700	98,900	89,930	74,970	62,780
Fair Value of Assets	63,900	62,030	50,370	45,930	38,580
Deficit on the Scheme	<u>36,800</u>	<u>36,870</u>	<u>39,560</u>	<u>29,040</u>	<u>24,200</u>
Experience (Losses)/Gains on Assets	(4,570)	5,480	(1,240)	1,700	2,880
Experience Gains/(Losses) on Liabilities	390	(4)	(40)	(4,180)	490



## Notes to the Accounts for the Year Ended 31 July 2014

18. DEFERRED CAPITAL GRANTS	Consolidated and University		
	Buildings £000	Equipment £000	Total £000
At 1 August 2013	7,240	1,543	8,783
Cash Received	636	-	636
Released to Income and Expenditure	(751)	(466)	(1,217)
At 31 July 2014	<u>7,125</u>	<u>1,077</u>	<u>8,202</u>

19. EXPENDABLE ENDOWMENTS AND LINKED CHARITIES	Consolidated and University	
	2014 £000	2013 £000
Capital Value	693	686
Accumulated Income	20	20
At 1 August	713	706
Appreciation of Endowment Asset Investments	46	7
Income for the Year	15	1
Expenditure for the Year	(22)	(1)
At 31 July	<u>752</u>	<u>713</u>
<b>Represented by:</b>		
Capital Value	726	693
Accumulated Income	26	20
	<u>752</u>	<u>713</u>

All endowments are classified as restricted expendable endowments. The endowments are made up of four linked (paragraph w) charities with the aim of supporting research.

20. REVALUATION RESERVE	Consolidated and University	
	2014 £000	2013 £000
At 1 August	7,259	7,350
Transfer to the Income and Expenditure Account (Note 21) - Depreciation for the period on revalued inherited assets	(90)	(91)
At 31 July	<u>7,169</u>	<u>7,259</u>

21. INCOME AND EXPENDITURE ACCOUNT	Consolidated		University	
	2014 £000	2013 £000	2014 £000	2013 £000
At 1 August	29,791	18,253	29,660	18,257
Retained Surplus for the Period	7,246	7,697	7,203	7,562
Gain on Pension Liability (Note 17)	950	3,750	950	3,750
Transfers from Revaluation Reserve (Note 20)	90	91	90	91
At 31 July	<u>38,077</u>	<u>29,791</u>	<u>37,903</u>	<u>29,660</u>

The University has taken advantage of the exemption within section 408 of the Companies Act 2006 and only presented a Consolidated Income and Expenditure Account for the group, the unconsolidated surplus for the year relating to Southampton Solent University is shown above.

## Notes to the Accounts for the Year Ended 31 July 2014

<b>22. OBLIGATIONS UNDER LEASES AND LOANS</b>		<b>Consolidated and University</b>	
<b>a) Finance Leases</b>		<b>2014</b>	<b>2013</b>
		<b>£000</b>	<b>£000</b>
<b>Amounts Payable:</b>			
Within one year		615	615
In more than one year and less than two years		615	615
In more than two and less than five years		1,229	1,843
After more than five years		-	-
		<b>2,459</b>	<b>3,073</b>
Less: finance charges allocated to future periods		(333)	(503)
		<b>2,126</b>	<b>2,570</b>
<b>Analysed as:</b>			
Amounts due in less than one year		477	445
Amounts due after more than one year		1,649	2,125
		<b>2,126</b>	<b>2,570</b>
The above balance is comprised of a finance lease due for repayment in 2018. All long term borrowing is at applicable market determined rates (fixed) from the commencement of the borrowing.			
<b>b) Bank Loans</b>		<b>2014</b>	<b>2013</b>
		<b>£000</b>	<b>£000</b>
Instalments due within one year		969	890
Instalments due in more than one and less than two years		1,039	969
Instalments due in more than two and less than five years		11,562	3,358
Instalments not due within five years		11,685	20,929
		<b>25,255</b>	<b>26,146</b>
<b>Analysed as:</b>			
Amounts due within one year		969	890
Amounts due after more than one year		24,286	25,256
		<b>25,255</b>	<b>26,146</b>
The above balance is comprised of two loans due for repayment in 2019 and 2026. All long term borrowing is at applicable market determined rates (fixed) from the commencement of the borrowing.			
<b>c) Other Loans</b>		<b>2014</b>	<b>2013</b>
		<b>£000</b>	<b>£000</b>
Instalments due within one year		34	34
Instalments due in more than one and less than two years		34	34
Instalments due in more than two and less than five years		17	51
		<b>85</b>	<b>119</b>
<b>Analysed as:</b>			
Amounts due within one year		34	34
Amounts due after more than one year		51	85
		<b>85</b>	<b>119</b>
The above balance relates to an interest free loan from HEFCE due for repayment in 2016.			
<b>d) The current annual commitment under non-cancellable operating leases for land and building is as follows:</b>		<b>2014</b>	<b>2013</b>
		<b>£000</b>	<b>£000</b>
Amounts payable under lease expiring within five years		752	-
Amounts payable under leases expiring after more than five years		4,085	4,672
		<b>4,837</b>	<b>4,672</b>

## Notes to the Accounts for the Year Ended 31 July 2014

23. CAPITAL COMMITMENTS	Consolidated		University	
	2014	2013	2014	2013
	£000	£000	£000	£000
Authorised and Contracted	<u>26,133</u>	<u>1,605</u>	<u>26,132</u>	<u>1,553</u>
Authorised but not Contracted	<u>14,136</u>	<u>9,982</u>	<u>14,136</u>	<u>9,981</u>

**24. CONTINGENT LIABILITIES**

At 31 July 2014 the Governors were not aware of any liabilities for which full provision has not been made.

**25. POST BALANCE SHEET EVENTS**

The Governors are not aware of any post balance sheet events that they feel attention should be drawn to.

**26. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2014	2013
	£000	£000
Surplus before taxation	7,246	7,697
Less: Investment Income	(458)	(488)
	<b>6,788</b>	<b>7,209</b>
Add back Interest Payable	2,808	3,247
<b>Surplus from Operating Activities</b>	<b>9,596</b>	<b>10,456</b>
Release of Capital Grant	(1,217)	(1,257)
Depreciation	4,952	4,357
Pension contribution less amounts charged to operating surplus	360	270
Increase in Debtors	(867)	(774)
Increase/(Decrease) in Creditors	1,597	1,971
(Decrease)/Increase in Provisions	436	(549)
Decrease in Endowment net current assets	(6)	2
Loss on disposal of investment	3	-
Asset write-offs	2	(1)
	<u>14,856</u>	<u>14,475</u>

**27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2014	2013
	£000	£000
Income from Endowments	15	1
Interest Received	443	530
Interest Paid under Finance Leases	(170)	(600)
Other Interest Paid	(2,120)	(1,745)
<b>Returns on Investments and Servicing of Finance</b>	<u>(1,832)</u>	<u>(1,814)</u>

## Notes to the Accounts for the Year Ended 31 July 2014

<b>28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Purchase of Fixed Assets	(7,767)	(7,199)
Deferred Capital Grants Received	636	298
Receipt on Disposal of Investments	47	-
Endowment Investment Addition	30	(19)
	<u>(7,054)</u>	<u>(6,920)</u>

<b>29. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR</b>	<b>At 1 August 2013</b>	<b>New Loans Acquired</b>	<b>Capital Repayments In the year</b>	<b>At 31 July 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Kimber College Finance Lease	2,570	-	(445)	2,125
Sir James Matthews Building Loan	7,950	-	-	7,950
Deanery College Loan	9,847	-	(482)	9,365
Chantry College Loan	5,627	-	(275)	5,352
David Moxon Annex Loan	2,722	-	(133)	2,589
HEFCE Revolving Green Fund	119	-	(34)	85
	<u>28,835</u>	<u>-</u>	<u>(1,369)</u>	<u>27,466</u>

Changes in financing as disclosed in the Cashflow Statement may be analysed as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Repayment of Loans	(924)	(851)
Repayment of Capital Element of Finance Leases	(445)	(423)
New Loans Acquired	-	177
	<u>(1,369)</u>	<u>(1,097)</u>

In February 2013 one of the assets held under finance lease was converted to ownership with a loan, resulting in a cash inflow attributable to financing of £109,000.

<b>30. ANALYSIS OF CHANGES IN NET DEBT</b>	<b>At 1 August 2013</b>	<b>Cash Flow</b>	<b>Non Cash Movement</b>	<b>At 31 July 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash at Bank and in Hand:</b>				
Endowment Assets	2	24	-	26
Cash	11,482	11,758	-	23,240
	<u>11,484</u>	<u>11,782</u>	<u>-</u>	<u>23,266</u>
Short Term Deposit	21,083	(7,181)	-	13,902
Debt Due within one year	(1,369)	1,369	(1,480)	(1,480)
Debt Due after one year	(27,466)	-	1,480	(25,986)
	<u>3,732</u>	<u>5,970</u>	<u>-</u>	<u>9,702</u>

Non-Cash Movement relates to the portion of long-term borrowings due within one year.

## Notes to the Accounts for the Year Ended 31 July 2014

31. ACCESS FUNDS	2014	2013
	£000	£000
Balance Brought Forward	-	-
Funding Council Grants	228	231
	<b>228</b>	<b>231</b>
Disbursed to Students	(221)	(224)
Administration Costs	(7)	(7)
<b>Balance Unspent at 31 July</b>	<b>-</b>	<b>-</b>

**32. RELATED PARTY TRANSACTIONS**

Governors receive no payments in respect of their duties as Governors other than for the reimbursement of travel and subsistence expenses incurred in the course of those duties.

During the year ended 31 July 2014 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS 8. Transactions are disclosed where members of the Board of Governors and senior members of staff disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party. Due to the nature of the University's operations and the composition of the Board of Governors, being drawn largely from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

The University has taken advantage of the exemption within FRS 8 and has not disclosed transactions with wholly owned subsidiary companies.

Southampton Solent University	Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party	Grants and loans made to related party
	£000	£000	£000	£000	£000
<b>Solent Students Union</b>					
Trade	30	24	30	-	-
Grant	-	-	-	28	434

## Principal Address & Advisors

<b>CORPORATE OFFICE</b>	
	Southampton Solent University East Park Terrace Southampton SO14 0YN
<b>AUDITORS</b>	
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<b>Internal</b>	Kingston City Group Head Office Millennium House 21 Eden Street Kingston upon Thames Surrey KT1 1BL
<b>BANKERS</b>	
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	Lloyds Bank PLC 3 Town Quay Southampton SO14 2AQ
<b>SOLICITORS</b>	
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	Weightmans LLP 100 Old Hall Street Liverpool L3 9QJ