



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

ATTENDANCE

GOVERNORS		ATTENDANCE AT BOARD MEETINGS %	
Professor G Andrews	Staff Governor	Until 21 September 2015	0
Professor G Baldwin	Vice-Chancellor, Ex-officio Governor		100
Mr J Barfoot	Staff Governor	From 01 August 2015	100
Mr S Bolton	Independent Governor	From 18 November 2015	100
Mr P Boyd-Smith	Independent Governor		75
Mr P Cardy	Independent Governor		75
Mr J Cheshire OBE	Independent Governor, Chairman		100
Ms A Colley	Independent Governor		100
Mr P Cotton	Independent Governor	From 18 November 2015	75
Prof R Farwell CBE	Independent Governor	From 01 October 2015	100
Mr G Holland	Independent Governor		100
Councillor S Kaur	Co-opted External Governor		25
Mr O Khan	Staff Governor	From 18 November 2015	100
Mr G Little	Independent Governor	Until 31 July 2016	100
Dr J Mountfield	Independent Governor, Vice Chair	Until 31 July 2016	75
Miss N Oiku	Student Governor	Until 30 June 2016	75
Mr J Simpson	Independent Governor		100
Dr J Stopp	Independent Governor		100
Clerk to the Governors	Ms B Woolven		100

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W E L C O M E

FROM THE CHAIRMAN OF GOVERNORS AND THE VICE-CHANCELLOR



We are delighted to introduce Southampton Solent University's operating and financial review for 2015/16, a year which has witnessed significant change and development within the Institution. It has once again been a successful year and effective cost control aligned with planned student recruitment enabled the achievement of the budgeted financial surplus of 6%.

As an Institution which is first and foremost a University we reinvest such surpluses in order to maintain and enhance the experience and opportunities offered to our students and to safeguard high quality delivery for the future. The best example of this in 15/16 was the completion of the much vaunted learning and teaching building, "the Spark". This innovative and striking building has transformed the East Park Terrace campus and will provide a catalyst for further innovations in learning and teaching, as well as providing the highest quality conferencing and hospitality facilities.

Other improvements were made to the estate including the creation of a Sports Therapy Clinic, the redevelopment of space for Psychology, Photography, Interior Design, Fashion Styling and TV and Radio studios. We refurbished space for Solent Creatives and opened the new East Park Deli. Work also started on the planning for the new indoor sports complex. Most importantly improvements were made in the academic performance of the University in the areas of student satisfaction, student achievement, international development, employability and research excellence.

The University won the Times Higher Education (THE) award for the most improved student experience resulting from achieving its highest ever scores in the National Student Survey. It continued to be a leading University for the development of student business start-ups and its employer engagement and business interaction was underpinned by the continuing success of its programme

of continuing professional development. Much of this is delivered in the area of Maritime Education and 2015/16 saw the launch of the latest Maritime Education and Training Strategy, stating our ambition to be the leading university provider of maritime education. This is a precursor to further investment and the relocation of some parts of maritime education from the Warsash campus to more modern facilities in Southampton.

In fulfilment of its mission the University further increased the proportion of its recruitment from low participation neighbourhoods and state schools and most importantly it exceeded benchmark with regard to the progression and completion of its students. International partnerships increased and we hosted a delegation of Presidents from Chinese Universities through the Chinese National Academy of Education Administration. The University's work with business and international partners along with a city centre presence and large numbers of students makes a considerable contribution to the local and regional economy. This was recognised by the City Council and by the Hampshire Chamber of Commerce who jointly awarded the University the Southampton Business Award for 2016.

The University continued to implement its strategic plan "Building an excellent university" and for the first time operated within a six school structure as opposed to three faculties. The Schools had a successful year as demonstrated by the academic achievements. These were also reflected in improvements in the majority of the metrics used in newspaper league tables enabling the University to rise in the latest Complete University Guide and the Guardian University Guide. We entered the world's top 100 fashion schools for the first time. The new structures were complemented by investment in, and appointment of, a number of key posts including new Directors for the Schools of Business and Law and Maritime Science and Engineering respectively, the Director of Finance, the Director of International Development and the innovative post of Professor of Research Informed Teaching. Research continued as an increasingly emerging element of the University and in 2015/16 it secured considerably increased

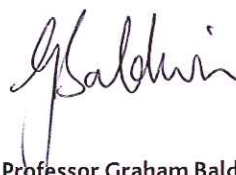
funding for research and innovation activity whilst also undergoing the process of scrutiny following the application for Research Degree Awarding Powers.

Internal change was accompanied by external developments, most notably the development of the Higher Education (HE) and Research Bill, the Nurse and Stern Reviews of Research Councils and the REF respectively as well as the move for Universities from the old Department of Business Innovation and Skills to the Department for Education. We saw further evidence of the impact of the removal of the student number cap with competition for students increasing across the sector further underpinning the need to invest in developments as described above and to continue to put our students at the heart of all we do. To that end we further developed the Student Hub and increased the level of central support provided.

Despite a most successful year uncertainty remains as we await the details of Brexit and the passing of the HE and Research Bill. We are however well placed, as a consequence of our strategy, to meet the emerging requirements with a focus on practice and application, or what we call "Real World Learning". We will continue to work with stakeholders, employers and most importantly our students to ensure that we are increasingly nationally and internationally recognised whilst continuing to fulfil our role as a University for the City and the Solent Region.



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

FINANCIAL HIGHLIGHTS

RESULTS, CASH FLOWS, ASSETS AND RESERVES	2016	2015
	£000	£000
Academic Fees and Support Grants	92,393	87,608
Funding Council Grants	9,686	11,160
Research Grants and Contracts	272	278
Other Operating Income	17,251	17,635
Endowment and Investment Income	224	229
Total Income	119,826	116,910
Surplus for the Year After Tax	7,386	10,372
Actuarial loss in respect of pension schemes	(17,940)	(3,990)
Net cash inflow from operating activities	18,725	19,186
Fixed Assets	128,273	112,348
Debtors	5,031	4,956
Investments	890	816
Cash	33,688	39,957
Creditors: amounts falling due within one year	(19,128)	(17,363)
Total Assets less Current Liabilities	148,754	140,714
Unrestricted Reserves	119,260	109,523
Total Reserves including Pension Liability	57,075	67,629
Other Key Statistics	2015-16	2014-15
Number of Higher Education Full-Time Equivalents	10,086	10,445
Total Number of Higher Education Students	11,286	11,306
Number of Employees	1,378	1,325

STRATEGIC REPORT

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, Building an Excellent University for 2015-2020, relate to the University's financial position:

Performance Indicator	Criteria	Outcome for 2015-2016	Outcome for 2014-2015
Annual surplus (after tax and FRS 102 pension costs)	At least 6% of income over the period of the Plan	6.16%	8.87%
Net cash inflow from operating activities	At least 6% of income	15.63%	16.41%
Cash reserves	Available cash reserves of £6m	£33.7m	£40.0m

RESULTS FOR THE YEAR

The University's results are summarised in the Financial Highlights on page 6.

Total income increased by £2.9 million (2.5%) to £119.8 million.

Funding body grants decreased by £1.5 million (13.2%) to £9.7 million, all this income was received from the Higher Education Funding Council for England (HEFCE). This reduction has been offset by increased tuition fee income of £92.4 million (a rise of 5.5%), which is largely due to higher tuition fees from home and EU students with all cohorts of students now coming under the higher fee regime.

The HEFCE recurrent grant for 2015-2016 totalled £7.5 million, representing a decrease of 1.5 million (16.8%) from 2014-2015, 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 £4.5 million, down slightly from £4.7 million in 2014-2015.

Other operating income reduced slightly by £0.4 million (2.2%) to £17.3 million, and investment income remained relatively unchanged at £0.2 million.

Overall total expenditure has increased by 5.5% to £112.5 million.

Staff costs increased by £4.8 million (8.4%) to £61.7 million. Higher salaries from the annual 1% pay award, staff increments and redundancy costs, an increase in the FRS 102 pension costs of £0.2 million and a higher level of staff account for the rise.

Other operating expenses marginally increased to £42.2 million, with interest payable remaining at £3.4m.

The surplus for 2015-2016 was £7.4 million, compared with the 2014-2015 surplus of £10.4 million and in line with the budgeted surplus of £7.5 million.

INVESTMENTS AND CASH RESERVES

Overall investments and cash reserves have reduced by £6.2 million, which is a result of the lower surplus generated for 2015-16 compared to 2014-2015 and the financing of the new academic teaching building development.

The University has continued to invest its funds in short term, highly liquid investments that are readily convertible to known amounts of cash with a short maturity and insignificant risk of change in value.

CASH FLOW

The Financial Highlights on page 6 show that the University generated a net cash inflow from operating activities of £18.7 million, a decrease of £0.5 million. The factors contributing to the level of net cash inflow include:

- a surplus of £7.4 million was achieved in 2015-2016, compared to £10.4 million in the previous year.
- an increase in debtors this year of £0.1 million, compared to a decrease last year of £0.6 million. Resulting in debtors of £5.0 million in 2014-15 and 2015-16.
- an increase in creditors this year of (£1.7) million, primarily due to the programme of estate investment, which includes the creditors on the new Spark building of £1 million.

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 2016 is £15.4 million and will be repaid by July 2026.

The University also has a loan with the Bank of Scotland, secured on the Sir James Matthews building, to be repaid on a principal and interest basis in 2019. The amount outstanding as at 31 July 2016 is £2.1 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 2016 is £1.1 million and will be repaid in 2018.

During 2014-15, the University drew down a secured loan of £10 million with Lloyds Bank for the new teaching building, which is a 5 year committed facility with capital repayments structured over a 20 year profile. A £10 million working capital facility with the bank continues to be in place, although it was not utilised in 2015-2016.

POST BALANCE SHEET EVENTS

The Governors are not aware of any significant post balance sheet events.

FINANCIAL STRATEGY

The financial strategy in 2014-2015 supported 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; the three key financial indicators are included on page 7.

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 CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition).

ACCOUNTING POLICIES

The University's Financial Statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 30 to 33.

In accordance with FRS 102, The Financial Reporting Standard, 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 disclosure notes on pages 46 to 49 relate primarily 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 2016.

The University's share of the deficit in the HCCLGPS has increased by 48% to £62.2 million as at 31 July 2016 (2014-2015: £42.0 million). Although assets performed above expectations 13%, liabilities increased by £33 million due to a 1.2% reduction in the discount rate to 2.4%. The discount rate is linked to the return of Government bonds (gilts) which have seen a significant reduction of yield following the Brexit referendum. The liabilities are particularly sensitive to gilt yields, a 0.1% change increasing or decreasing liabilities by 2.1%.

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 Reserves.



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 Chief Financial and Operating Officer provides

a direct link with VCG in reviewing all levels of risk across the University.

Currently the top University risks reflect the uncertainty around the recruitment of home/EU students and Britain's exit from Europe. BREXIT could potentially mean a reduction in student numbers of approximately 800-900 and a loss of research income.

CREDITOR PAYMENT POLICY

It is the University's policy to pay suppliers 30 days on receipt of invoice, unless special terms have been negotiated.

STRATEGIC PLAN

In March 2015 our new Strategic Plan (2015-20) was approved by the Board of Governors and further shared across the University. This seeks to build on the ten years since we were granted University status. Greater competition, higher expectations from students and employers, and the need to adapt to an increasingly globalised world means we need to find innovative ways of responding to the opportunities and resourceful ways to overcome the challenges. Over the next five years we intend to create an outstanding experience for students, deliver innovative and research informed learning and teaching, and we will have successfully achieved research degree awarding powers. We aim to increase our international student numbers, deliver moderate growth in recruitment and build on our commitment to social justice.

The University's Strategic Plan 2015-20 is set out below.
Southampton Solent University's Vision is to be:

- A vibrant and successful University that is known nationally and internationally for the excellence of our teaching and for our sector-leading integration of theory and practice;
- Research active and informed with areas of world leading activity underpinning key and distinctive curriculum areas in support of 'real world' learning;
- The 'applied' university for Southampton and the Solent region, with accelerating national and international influence enabled by imaginative partnerships at home and abroad;

- An inclusive university which is a catalyst for social justice, social mobility and economic prosperity, providing access to top-class education for all those qualified and able to benefit and offering an outstanding student experience, characterised by the highest quality engagement and intellectual challenge.

Southampton Solent University's Mission is:

- The pursuit of excellent university education that enables learners from all backgrounds to become enterprising citizens and responsible leaders, while also promoting economic and social prosperity for the communities we serve.

Southampton Solent University's Strategic Plan 2015-20 includes seven key priority areas:

- People Experience;
- Learning and Teaching;
- Research and Innovation;
- Student Achievement;
- Internationalisation;
- Recruitment;
- Reputation.

The University continues to progress its strategic plan and a series of sub-strategies. Our new Maritime Strategy in particular was shaped by the recent review of our provision in light of global shipping changes.

KEY PERFORMANCE INDICATORS

Generic indicator	KPI	Performance				
		2011-12	2012-13	2013-14	2014-15	2015-16
STUDENT DEMAND The University enjoyed continued success in its mission to widen participation by students from diverse backgrounds. Applications for places rose. The volatile external environment combined with changes in sector recruitment behaviour, however, increased the competition from higher tariff institutions making enrolment more challenging.	UCAS application					
	Enrolments (new and returning students)					
	International fees (£000s)					
	Students from low participation neighbourhoods					
STUDENT RETENTION, SATISFACTION AND ACHIEVEMENT The University made good progress in its retention of students, achieving its highest rate to date and outperforming the national benchmark. Further progress was made with more students achieving higher classified degrees. Rates of student satisfaction were broadly maintained. There was continuing and steady improvement in graduate employment and further study.	Retention (%)					
	Student satisfaction (%)					
	Good degrees (%)					
	Employability					
RESEARCH AND ENTERPRISE OUTPUTS AND SUSTAINABILITY Income from research contracts remained steady during the year. However, the University achieved a substantial increase in the number of successful research and innovation bids awarded this year. Much of the University's innovation activity relates to its specialist provision for the maritime industry which was impacted by the international economic downturn. The number of business start-ups by Solent graduates continued to increase, consolidating the Solent's position as one of the leading universities in the field.	Income from research and from enterprise activity £m					
	Number of student start ups					

Generic indicator	KPI	Performance				
		2011-12	2012-13	2013-14	2014-15	2015-16
FINANCIAL HEALTH AND SUSTAINABILITY The key financial indicators are at or above target. The University continues to be financially stable as indicated by the financial health indicator being greater than 1.5.	Operating surplus (% EBITDA)					
	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)					
	Free Cashflow (£,000)					
	Long Term Debt (as a % of Income)					
	Financial health, aggregate					
ESTATES This year saw the completion of the Spark together with other improvements to the academic and social environments including enhancements to the Millais Building, the relocation of Solent Creatives and to the refurbished accommodation for the School of Business and Law. Work has commenced on the new sports building.	Condition of the estate (% good or above)					
	Spend on infrastructure (3 year average % of IRV)					
	Carbon dioxide (CO2) emissions					

NOTES ON THE KEY PERFORMANCE INDICATORS

STUDENT RETENTION, SATISFACTION AND ACHIEVEMENT

Retention – these figures are derived from the national non-continuation PI which shows the proportion of students who started a course but did not continue into the next academic year. The KPIs are noted under the year in which they were published by HEFCE, so for example, the retention figure reported in 2015-16 shows the proportion of students who started in 2013-14 and who returned to study in 2014-15.

EMPLOYABILITY – this indicator uses the national employability performance indicator figure from the Destination of Leavers of Higher Education (DLHE) survey. This national survey gathers data on the destination of leavers each January. The percentage shown for 2015-16 refers to students graduating in 2015.

RESEARCH AND INNOVATION OUTPUTS

Income received from innovation activity is calculated as per the HEIF methodology, using short course income (NCB) and other services rendered.

FINANCIAL HEALTH AND SUSTAINABILITY

Operating surplus (EBITDA) as a percentage of turnover. EBITDA stands for 'Earnings before interest, tax, depreciation and amortisation'.

Margin for Sustainability and Investment (MSI) is a mandatory KPI introduced by HEFCE. It is a measure of average cash generation over five years as a percentage of adjusted turnover.

Free Cashflow is a measure of financial performance representing the cash that an institution is able to generate after capital expenditure. The calculation is EBITDA (see above) less the change in debtors minus current creditors less capital expenditure.

Financial health aggregate is a calculation to show the financial sustainability of an institution by combining three measures which include the ability to cover future costs, meet financial liabilities and generate funds. This measure is

used by the US Department of Education. Each component is weighted and capped to reduce the impact of one-off or extreme results. The US state department considers that a score of 1.5 or greater indicates that an institution is financially "responsible" and requires no additional oversight.

ESTATES

Spend on infrastructure (percentage of IRV, three year average). IRV stands for Insurance Replacement Value.

Carbon dioxide emissions are measured in tonnes per student and staff (full-time equivalent).

The figures are derived from the HEFCE Capital Investment Framework 2 metrics which report on performance in the previous year, thus figures published in 2015-16 relate to performance in 2014-15.

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.

The University's mission and vision (detailed on page 11) are translated into the University's current strategic plan, as set out in the University's 'Building an Excellent University 2015-2020'. It is this strategy which enables the University to fulfil its charitable objects.

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 which offers excellence and distinctiveness. We are an engine of social mobility, performing well in the published HEFCE benchmarks for widening participation (see below).

We offer practical and professional education with distinctive courses uniquely tailored to industry needs. Our approach is creative, inclusive and student focused and we have strong international ties. We are one of the world's leading maritime training providers with a range of unique resources and facilities. We additionally have one of the UK's leading competitive sports programmes.

The University's undergraduate and postgraduate students are the prime beneficiaries of the University's activities and are directly engaged in learning or research. In the 2015/16 academic year, the University enrolled approximately 11,200 students from the UK, EU and overseas on full and part time programmes at all levels from HND and Foundation Degree to PhD. The quality of the University's teaching and the positive student experience is reflected in its continuing success in the National Student Survey (NSS), with significant improvements in satisfaction in the 2015 survey.

This links with our Mission to pursue excellent university education that enables learners from all backgrounds to become enterprising citizens and responsible leaders.

SUPPORTING ECONOMIC GROWTH

Our Mission also refers to promoting economic and social prosperity for the communities we serve and the University is characterised by close engagement with all such communities as well as by a broad curriculum for the professions, applied research, and innovative knowledge transfer activities. Based on a commitment to social justice and economic competitiveness for Southampton and its region, we continue to 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 we participate actively with the Solent Local Enterprise Partnership. We are also actively involved nationally as members of representative bodies and ensure that the benefits of university education are experienced on a national scale. International student recruitment significantly supports

the UK economy and the recruitment to Southampton Solent University provides valuable benefits to the local economy. The University's education development programmes for health service professionals (the majority of whom work in the local health economies) is an example of how the University provides a clear and distinct economic benefit to the region. Our relationship with 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 are also our official partners.

Southampton Solent University continued with its one-year intern programme, where it recruited 25 of its own graduates to fairly paid positions within the University and with the opportunity for further study. To this it added a 'Get Hired' programme to further support our graduates in getting employment either within the University or in external organisations. We continued to place great emphasis on student business start-ups providing the necessary support to help students establish businesses and operate them successfully. Such Businesses are predominantly located in the South but are across a broad area supporting the South East generally as well as the City and Solent region. The University is one of the sectors main providers of Continuing Professional Development and this brings significant external business to the region with students coming from all over the world.

The University is working with key stakeholders, in various regional initiatives to articulate and promote the interests of the Solent maritime sector, in its widest sense. In addition, the University is working closely with the Hampshire Chamber of Commerce whose Southampton office is located at the University adjacent to the Business School.

The University provides the local business community with a regular supply of highly qualified and skilled graduates who have developed knowledge and have been encouraged throughout their studies to create and maintain connections which are vital to the UK economy. For example in November 2016 we are launching Solent's Graduate Talent Pool to further support our graduates, helping them set up businesses in the region to support digital and creative economies.

SUPPORTING THE LOCAL COMMUNITY

Building on the successful work of previous years the University continued to add value and benefit to the many voluntary and community groups working to address deprivation, hardship, and better social and healthcare provision in the region. The University has continued and further developed its work with disadvantaged groups in developing sport coaching and mentoring activities, health and well-being initiatives, and employment awareness-raising campaigns through partnership projects.

The University continues to be responsible for a wider community remit incorporating the Schools Sports Partnership, School Games Organisation and the Local Authority Sports Development Unit which has been so successful that it has attracted interest from other universities with regard to its strategy and operation.

The involvement continues to attract unfavorable interest and attention from influential national organisations, including British University and Colleges Sport (BUCS). In terms of disability, the University has established Team Solent Sharks, a wheelchair rugby club that is open to the regional community.

Generally the public engagement activities benefit the regional community by engaging young people, parents, teachers and advisers, whilst also directly contributing towards its widening participation agenda, and increasing the reputation of the University.

WIDENING PARTICIPATION

The University continues to build on its record on widening participation and remains committed to promoting social mobility, in line with its Strategic Plan 2015-2020.

We have consistently performed better than the UK sector average for the three key performance measures: attracting students from low participation Neighbourhoods; lower social classes; and state schools (total UK sector averages in 2014-15 were 11.4%, 33.0% and 89.8% respectively). We have frequently met or exceeded our benchmark for these indicators and in five of the past six years have exceeded the location adjusted benchmarks (see table below). 2011-2012

data onwards has been produced by HEFCE using the new 'POLAR 3' methodology

SSU Results	State School		Social Class		Low Participation Neighbourhoods	
	% from group	Location Adjusted	% from group	Location Adjusted	% from group	Location Adjusted
2014-2015	97.1	95.6	43.8	38.7	14.8	13.0
2013-2014	96.3	95.3	36.8	38.0	14.3	12.2
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

The University engages with a wide range of schools, colleges and other partners to promote higher education to disadvantaged groups. These initiatives help to raise the aspirations of young people and inspire interest in higher education, inform prospective students of the costs of higher education, the financial and academic support available, as well as the benefits in terms of career potential and future earnings.

KEY ACTIVITY TO WIDENING PARTICIPATION

Our work with Primary Schools

- **Learning journey project** – Southampton Solent believes that higher education should be a choice that's open to all, and that each child should have an understanding of what university life can offer. The learning journey project aims to help Key Stage 2 pupils build this understanding through fun and interactive activities. The project delivers two types of activity. 'Get Set' activities bring our enthusiastic student ambassadors into a school to work with their learners and talk about the university experience, while 'Discover and Do' activities give learners a chance to visit Southampton Solent University and take part in fun introductory activities in the sorts of subjects they'll study at university. This project is also available at key stage 3.

- **Solent Showcase** – Solent Showcase Gallery is situated in the heart of Southampton’s city centre and forms part of the new cultural quarter. With an annual cycle of around 7 different exhibitions, all of which offer a range of free, creative and bespoke education workshops, school visits, talks and community events. Through its liaison with schools and colleges alone since December 2012 has engaged over 1500 visitors over a third of which have been primary students.

Our work with Secondary Schools

- **STEM in a box** – Southampton Solent University’s ‘STEM in a box’ challenge invites schools to participate in fun and exciting activities, focused on developing knowledge and skills in science, technology, engineering and maths. This event takes place as part of national STEM week.
- **Progression days** – Our Key Stage 3-4 progression days offer guidance that will help students to make informed choices about their future undergraduate courses. Students also get the chance to interact with real undergraduates, learn about UCAS and experience what a university is really like.
- **Southampton Education Forum** – we work closely with our partners in schools and colleges in the city to ensure that resources are deployed effectively to those at greatest disadvantage. We are board members of the Southampton Education Forum which consists of all secondary Head teachers and College Principals in the city.

Our work with Parents, Carers, Teachers and Advisors

- **Parents and Carers** – supporting a child through higher education can be overwhelming – particularly if they are the first member of the family to attend university. To help parents and carers through this process, Southampton Solent University’s partnerships team have designed a range of informative talks and workshops. There are also opportunities for parents and carers to visit the University at our general open days. Going forward through our collaborative work and beyond we want to explore launching parent ambassadors.

- **Teachers and Advisors** – Teachers play an important role in advising students about higher education. Southampton Solent University offer bespoke events that aim to give teachers a better understanding of the higher education sector, and help them to offer this support to their students in a more effective way. Working closely with UCAS, other universities and our own network of local businesses and educators, we provide both digestible sessions and full conferences on a range of higher education and career related topics. We can also provide resources and activity plans that will help them to carry out higher education focused sessions.

Our work with Sports

- **Solent Sport** – Over the past three years the University’s Sport and Recreation Service, ‘Solent Sport’ has been building substantial outreach activity. Solent Sport is responsible for the City Council’s Sports Development Unit, the Southampton PE and School Sport Partnership and hosts both of the School Games Organisers for the city; all of these areas of work are unique within the university sector. This variety of engagement brings together Southampton schools, local authorities, National Governing Bodies of Sport (NGBs), sports associations, community clubs and leisure providers, as well as skilled range of coaches and volunteers (student and external) providing young people (5-16 years) with high quality opportunities to take part in sport and physical activities.
- **Coach education programme** – this provides the sport specific training opportunities for students. In 2015/16 we exceeded 1,400 signups across 120 short courses and this is an area we are aiming to maintain and grow.
- **Schools partnerships** – we currently engage with over 80% of the schools in the city, across Infant, Junior, Primary, Secondary and Special Schools. More than 30 of these schools have signed service level agreements with Solent Sport and we will continue to build on these partnerships.



Our Student Ambassadors

- The Southampton Student Ambassador scheme employs approximately 120 students, a large proportion of whom are from WP backgrounds themselves, this is a paid role. Many of the University's outreach activities, as outlined in this Agreement, involve using current, undergraduate or postgraduate student ambassadors as positive role models to raise the educational and career aspirations of learners from primary through to post-16. By recruiting across all faculties, courses, ethnic groups and socio-economic backgrounds, we ensure the Ambassadors reflect the diverse population of the University, as well as the pupils we work with in schools and colleges.
- An intense training programme for Ambassadors exists, which is re-visited on an annual basis, with additional continuous professional development and specialist role training opportunities available to them

throughout the year. The scheme also allows the Ambassadors to get involved in a range of challenging and rewarding projects, all of which help them develop transferable skills, gain valuable extra-curricular experience and enhance their CV; supporting their future careers. Opportunities include open days, school talks and workshops, Higher Education fairs, one-to-one support, careers fairs, residential events, subject specific academic taster sessions, administrative support, student panels, on campus events, study skills sessions, project work and research.

A scheme of bursaries and scholarships has been continued 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

ENVIRONMENTAL AND SUSTAINABILITY STRATEGY

The University recognises 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.

To ensure progress is maintained, the University's Environmental Policy includes a commitment to continual improvement in environmental performance through the implementation of an accredited Environmental Management System (EMS) at all sites. This is being developed through the EcoCampus scheme, with EcoCampus Silver achieved in October 2014. External assessors will be auditing the submission for the Gold Award later this year. When fully embedded, the EMS will enable the University to achieve accreditation to ISO14001 standard.

The University's Environmental and Sustainability Strategy provides a route-map of aspirations and targets, extending to all areas of environmental impact, including energy, waste, water, biodiversity, construction, travel, procurement and student, staff and community engagement.

Staff and students play an important role in environmental initiatives. Members of staff are encouraged to join the long-established Green Impact programme, with achievements being audited by student and staff volunteers before the annual awards. Students participate in the popular Student Switch Off campaign, with teams in the halls of residence competing for prizes for achieving energy and waste reductions. For the past two years, the "Blackout" event has seen students and staff working together to minimise energy use by switching off all non-essential equipment over a weekend.

The Carbon Management Plan formally sets out the University's approach to tackling its carbon emissions. The University has agreed a target of reducing CO2 emissions by 33% (below the 2005/06 baseline level) by the end of 2020. A wide range of energy-saving projects have been completed and work continues towards achieving this ambitious target.

Developments at East Park Terrace are providing further opportunities to achieve lower carbon emissions, by incorporating best sustainable practices in design and construction. The Building Research Establishment Environmental Assessment Method (BREEAM) is being used to inform the design of new buildings, with an "Excellent" rating being achieved on the recently completed Spark building.

The University is committed to maintaining and enhancing the biodiversity of its estate, recently working with the Hampshire and Isle of Wight Wildlife Trust to produce biodiversity audits of the East Park Terrace and Warsash campuses. Habitats and species were assessed and the resulting Biodiversity Action Plan provides recommendations on how the biodiversity value of University grounds may be improved. Opportunities for implementing the various recommendations are being assessed as developments proceed. A conservation management plan is in place for the University's Timsbury Lake site, with progress monitored by ecological survey and assessment specialists.

EQUALITY, DIVERSITY AND INCLUSIVITY

We celebrated 10 years of being a University in 2015/16 and equality data for 2005 and 2015 reflects the considerable progress made during that time:

- we've reduced the gender pay gap by 29% in 10 years (and importantly at 2.7% for academic staff it remains significantly below the current national level);
- there has been a 28% increase between 2005 and 2015 in the number of women in senior management positions;
- 33% more job applicants declared a disability in 2015 than in 2005;
- there has been more than a 50% increase in the number of staff aged 24 or less;
- the number of staff from an ethnic minority has increased from 6% to 17%; and
- the number of countries of which staff are nationals has more than doubled since 2005 to just under 50 in 2015.

Good progress was made on all three of the priorities adopted by the University's Employee Equality Forum for 2015/16. The priorities were:

1. Reviewing the demographic data from the 2015 Staff Survey and making recommendations to increase participation in the 2016 survey and overall employee engagement. The recommendations, mainly around helping people to understand the reasons why personal profile data is an important component of the survey, have been adopted in their entirety for the 2016 survey.
2. Progressing Solent's position from its baseline-entry position in the 2014 Employers Workplace Index ('Stonewall'). The University first entered the Stonewall Workplace Index in 2014 and was pleased to see a better than anticipated increase in its position by about seven percentage points for the 2016 index: there is however some way yet to go. In support of this priority the University was delighted to be an official sponsor for the first Pride celebrations held in Southampton in over 12 years.
3. Recommending options for updating and enhancing training packages for Solent employees. This new e-learning packages, supported by materials for facilitated group work and video-clips were launched in June 2016 and are designed to underpin the ethos of equality, diversity and inclusivity in everything we do. Everyone working for Solent will be expected to complete this training. Specifically the training complies with the Equality Act 2010 as amended and also focuses on the practical aspects of avoiding causing unintentional offence to others at work and study.

Looking forward to 2016/17, the University is committed to completing equal pay reviews regularly and will be aligning its next equal pay review to the new statutory reporting arrangements that come into effect from April 2017.

ESTATES

The University has continued with its programme of estate investment over the last 12 months to ensure that its learning and teaching facilities are at the leading edge and

firmly support the academic curriculum and the University's pedagogic aims and objectives.

In May this year, the University completed its stunning new £33m teaching building, The Spark, in preparation for the 2016/17 academic year. The building features 40 teaching spaces which are all supported by the latest IT/AV learning technologies including lecture capture and 70-inch Clevertouch screens with two large lecture theatres, one seating 200 and the other 150 in a 'Harvard' style layout, both with 5.1 surround sound, cinema-quality projection and high definition screens.

The furniture has been very carefully chosen to reflect the needs of modern students and a high proportion of 'agile' furniture supports and facilitates collaborative learning environments. The building is also the most compliant teaching building in the HE sector in terms of the Equality Act 2010 with adjustable furniture in all teaching spaces to support a wide range of students with disabilities. Other features in the building include USB charge sockets in the lecture theatres, Wi-Fi throughout the building, charging lockers for smartphones, laptops etc., and a number of break out spaces overlooking the central atrium to provide student social learning and general meeting space.

The central feature of the building is a spectacular atrium space which incorporates a unique and distinctive 'pod'. As well as being a focal point that will serve to promote the Solent brand, the 'Pod' is also a timetabled teaching space with a 12-screen video wall and 5.1 surround sound which can hold up to 60 students. Additionally, the new building incorporates the Solent Conference Centre which supports both internal and external events outside of core teaching times, and provides fine dining facilities.

In support of the University's Environmental and Sustainability Strategy, the building has a high environmental performance and a BREEAM Excellent rating with optimal space utilisation based on timetabling modelling and stakeholder workshops that captured the needs of the academic staff and students.

To guide future estate development at East Park Terrace, an Estates Development Plan has been created which will act as a roadmap for future building and refurbishment on the campus. The Plan has been welcomed by Southampton City Council and has a number of key objectives to improve the quality, accessibility and use of the campus through a series of major and minor projects that can be taken forward incrementally thus ensuring a holistic approach to campus development.

The first phase of the Development Plan is a new sports complex at East Park Terrace which is currently in design and is targeting a construction start in spring 2017 with completion in the autumn of 2018. The building will replace the current St Mary's Leisure Centre that is leased from SCC, and will provide 2 new sports halls with seating for 250 spectators, a number of gyms including high performance spaces, and sports therapy rooms. The new building will provide high quality learning spaces for the broad delivery of sport and fitness related study and maximise the potential to support the University's Sport Performance strategy, in addition it will provide facilities for recreational and community sports use.

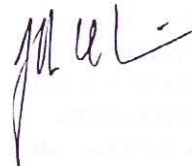
Significant estate projects also undertaken during 2015/16 included Phase 3 of the relocation of the School of Business and Law to the Sir James Mathews Building; refurbishment of specialist recording studios spaces for the School of Media and Technology; classroom upgrades in the Sir James Mathews Building; Warsash Pier refurbishment works; lift refurbishments; fire alarm upgrades and further upgrading of the kitchens and bedroom furniture in the Southampton Halls of Residence.

The projects are an essential part of ensuring the estate remains safe and delivers a 'fresh' and welcoming environment to students, staff, and visitors, and makes a positive contribution to student recruitment and retention.

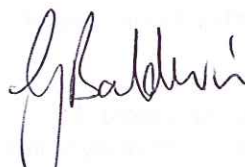
CONCLUSION

The year has seen considerable activity and has proven to be developmental and successful, despite the very challenging political and external environment. The University

continues to be in a strong financial position and its estate and resource base continues to improve. The strategy provides an excellent platform for the future and although uncertainties exist there are many opportunities as well as challenges ahead. The student experience and student achievement continue to be the main priorities, these will be greatly supported by our growing research and international activity. The annual financial surplus was met and will again go to enabling current and future estates and resource plans.



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

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 independent, 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 June 2015.

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 Higher Education Code of Governance 2014 Appendix 1, 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 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.
3. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource 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.
4. 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.
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 receive assurance that adequate provision has been made for the general welfare of students.
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.

The Board of Governors adopted an Equality & Diversity policy in respect of its own membership in April 2015. During 2015-2016 the Board comprised a 65/35 ratio in male/female members, with 20% of members of non-white British ethnicity. On joining the Board, all members complete an equality and diversity declaration and a summary of the information obtained is reported in the University's Annual Monitoring Statements.

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, estates 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.

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AUDIT COMMITTEE

The Audit Committee's remit includes advising the Board of Governors on the appointment of both external and internal auditors, agreeing their respective audit fees, and any questions of resignation or dismissal of the auditors; it considers and agrees an audit plan each year and the 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 whistleblowing and ensures that all significant losses have been properly investigated and reported.

In 2010, Kingston City Group (KCG), representing a consortium of HEIs, was appointed as the University's internal auditors for an initial two year period. KCG's contract with the University now operates on a rolling basis with a notice period for termination of six months' on either side.

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. In March 2015, Kim Hayward took over from Paul Anthony as the University's Business Assurance Partner.

The membership of the Audit Committee during 2015-2016 is given below:

Name	Occupation	Qualification
Alison Colley	Solicitor, Real Employment Law Advice	LLB Law Degree
Jenny Hill	Director, RSM	BA (Hons) Business Studies; ACA
Gary Little	Formerly, Finance Director, Retail Banking Division, Close Brothers; latterly, Consultant and non-executive Director	Bachelor of Commerce, Economics; ACA
John Simpson	Chief Executive Rockschool Limited, Director, Federation of Awarding Bodies	BA General Arts
Phil Cotton	Retired Senior Partner, and Chair of South Region, KPMG	BSocSc (Hons) FCA

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 Chair and Vice-Chair 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

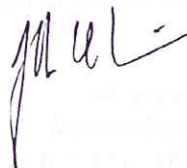
The Student Liaison and Experience Committee operates as a channel of communication between the Board of Governors and the Students' Union. Its remit relates to the non-academic aspects of the student experience. It also receives termly and Student Union management accounts, and advises the Board on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

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.

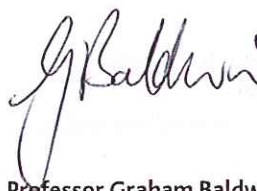
The Vice-Chancellor is the head of the institution who has a general responsibility to the Board of Governors for the organisation, direction and management of the University. Under the terms of the formal Memorandum of Assurance and Accountability (MAA) between the University and the Higher Education 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 MAA 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 Memorandum of Assurance and Accountability. 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 Graham Baldwin was appointed by the Board of Governors in February 2014 and took up the post of Vice-Chancellor on 18 August 2014.

Approved by the Board of Governors on
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 (2015); Accounts Direction of the Higher Education Funding Council for England (HEFCE); Financial Reporting Standards FRS 102; and other relevant accounting standards.

In addition, within the terms and conditions of the Memorandum of Assurance and Accountability (MAA) 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 Memorandum of Assurance and Accountability 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, SLC 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 June 2014. 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.

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.

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 March 2016. 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 April 2016, 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.

The CUC's Higher Education Code of Governance 2014 states that: 'governing bodies must conduct a regular, full and robust review of their effectiveness and that of their committees, ... reviews must be conducted at least every four years with... an annual summary of progress towards achieving any outstanding actions arising from the last effectiveness reviews.'

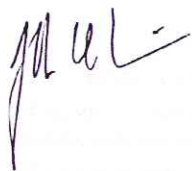
The previous effectiveness review was completed in 2015 using Allan Schofield's framework which was launched by the Leadership Foundation for Higher Education (LFHE) in 2011. The main purpose of the review was to assess the

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.

The results were very positive and confirmed a high level of confidence in the current governance arrangements, good communication and relationships. Recommendations for continuing to improve board effectiveness were approved by the Board in November 2015 together with an action plan and this was published on the University's website.

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 and signed on its behalf by:



Jonathan Cheshire
Chairman of the Board of Governors

INDEPENDENT AUDITOR'S REPORT

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 2016 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated Statement of Changes in Reserves, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement 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

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 Memorandum of Assurance and Accountability with the Higher Education Funding Council for England.

Opinion on the financial statements

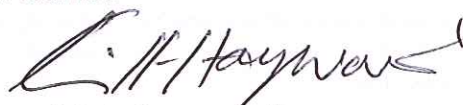
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group and University's income and expenditure, gains and losses, reserves and the Group's cash flows for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

- Funds from whatever source administered by the University 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 Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of the HEFCE's Accounts Direction have been met.



Kim Hayward, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: 29 November, 2016
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 fixed assets and derivative financial instruments), in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

TRANSITION TO 2015 SORP

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016

Southampton Solent University Limited (SSUL) is a wholly owned subsidiary of the University and Sport Solent in the Community (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.

INCOME RECOGNITION

All income from tuition fees, short-term deposits and other operating income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Fee income is stated gross of any expenditure which is not a discount. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

GRANT AND DONATIONS, INCLUDING CAPITAL AND RESEARCH

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

RESEARCH AND DEVELOPMENT

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

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.

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 University will account for its property, plant and equipment using the cost method. Under the transitional arrangements of FRS 102, a valuation of the University's inherited assets was carried out by BNP Paribas Real Estate as at 31 July 2014. This valuation is the deemed cost, subject to annual testing for indicators of impairment.

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.

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 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.

FINANCIAL INSTRUMENTS

i. Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

ii. Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

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.

The University receives no similar exemption in respect of Value Added Tax (VAT). 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, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

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 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and

Expenditure 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.

In addition, a small number of staff are members of the Universities Superannuation Scheme (USS). Under FRS 102, deficit recovery plans for multi-employer pensions schemes, such as USS will need to be recognised as a liability on the Balance Sheet and unwound over time as the liability is discharged.

EMPLOYMENT BENEFITS

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

Redundancy costs paid to employees predominately represent cash redundancy payments, pension contributions and payments in lieu of notice which are charged to the Income and Expenditure Account when the redundancy is confirmed with an employee.

RESERVES

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

CASH FLOWS AND CASH EQUIVALENTS

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.

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

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.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the University have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.

OTHER KEY SOURCES OF ESTIMATION

UNCERTAINTY:

i Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ii. Investments (see notes 12)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

iii. Trade receivables (see note 13)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on the debtor balances based on the ageing of debts and historic results of known recoverability.

iv. Compensated absences accrual (see note 15)

An estimate is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured as the undiscounted salary cost of the future holiday entitlement as accrued at the balance sheet date.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2016

	Notes	Consolidated		University	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1	92,393	87,608	91,005	86,101
Funding body grants	2	9,686	11,160	9,686	11,160
Research grants and contracts	3	272	278	269	278
Other income	4	17,251	17,635	18,125	18,627
Investment income	5	224	229	224	229
Total income before endowments and donations		119,826	116,910	119,309	116,395
Donations and endowments	6	3	5	3	5
Total Income		119,829	116,915	119,312	116,400
EXPENDITURE					
Staff costs	7	61,680	56,875	61,680	56,875
Other operating expenses		42,208	41,533	41,732	41,092
Depreciation	11	5,244	4,863	5,157	4,777
Interest and other finance costs	8	3,381	3,362	3,381	3,362
Total expenditure	9	112,513	106,633	111,950	106,106
Surplus before other gains		7,316	10,282	7,362	10,294
Gains on investments	19/20	70	90	70	90
Surplus before tax		7,386	10,372	7,432	10,384
Taxation	10	-	-	-	-
Surplus for the year		7,386	10,372	7,432	10,384
Actuarial loss in respect of pension schemes	18	(17,940)	(3,990)	(17,940)	(3,990)
Total comprehensive income for the year		(10,554)	6,382	(10,508)	6,394
Represented by:					
Endowment comprehensive income for the year		70	93	70	93
Pension Reserve		(20,246)	(5,991)	(20,246)	(5,991)
Restricted comprehensive income for the year		55	72	55	72
Unrestricted comprehensive income for the year		9,567	12,208	9,613	12,220
		(10,554)	6,382	(10,508)	6,394

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 JULY 2016

Consolidated	Endowment	Restricted	Pension	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1st August 2014	754	121	(36,905)	97,277	61,247
Surplus / (deficit) from the I&E statement	93	72	(2,001)	12,208	10,372
Other comprehensive income	-	-	(3,990)	-	(3,990)
Release of restricted funds spent in year	(36)	(2)	-	38	-
Total comprehensive income	57	70	(5,991)	12,246	6,382
Balance at 1 August 2015	811	191	(42,896)	109,523	67,629
Surplus / (deficit) from the I&E statement	70	55	(2,306)	9,567	7,386
Other comprehensive income	-	-	(17,940)	-	(17,940)
Release of restricted funds spent in year	(12)	(158)	-	170	-
Total comprehensive income	58	(103)	(20,246)	9,737	(10,554)
Balance at 31 July 2016	869	88	(63,142)	119,260	57,075


University	Endowment	Restricted	Pension	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1st August 2014	754	121	(36,905)	97,103	61,073
Surplus / (deficit) from the I & E statement	93	72	(2,001)	12,200	10,384
Other comprehensive income	-	-	(3,990)	-	(3,990)
Release of restricted funds spent in a year	(36)	(2)	-	38	-
Total comprehensive income	57	70	(5,991)	12,258	6,394
Balance at 1 August 2015	811	191	(42,896)	109,361	67,467
Surplus / (deficit) from the I & E statement	70	55	(2,306)	9,613	7,432
Other comprehensive income	-	-	(17,940)	-	(17,940)
Release of restricted funds spent in year	(12)	(158)	-	170	-
Total comprehensive income	58	(103)	(20,246)	9,783	(10,508)
Balance at 31 July 2016	869	88	(63,142)	119,144	56,959

BALANCE SHEET AS AT 31 JULY

	Notes	Consolidated		University	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	11	128,273	112,348	125,512	109,500
Investments	12	25	-	2,725	2,700
		<u>128,298</u>	<u>112,348</u>	<u>128,237</u>	<u>112,200</u>
Current assets					
Trade and other receivables	13	5,031	4,956	5,727	5,785
Investments	14	865	816	865	816
Cash and cash equivalents		33,688	39,957	32,698	38,924
		<u>39,584</u>	<u>45,729</u>	<u>39,290</u>	<u>45,525</u>
Less creditors falling due within one year	15	(19,128)	(17,363)	(18,889)	(17,173)
Net current assets		<u>20,456</u>	<u>28,366</u>	<u>20,401</u>	<u>28,352</u>
Total assets less current liabilities		<u>148,754</u>	<u>140,714</u>	<u>148,638</u>	<u>140,552</u>
Creditors: due after more than one year	16	(26,378)	(28,619)	(26,378)	(28,619)
Provisions					
Pension provisions	18	(63,142)	(42,896)	(63,142)	(42,896)
Other provisions	18	(2,159)	(1,570)	(2,159)	(1,570)
TOTAL NET ASSETS		<u>57,075</u>	<u>67,629</u>	<u>56,959</u>	<u>67,467</u>
Restricted Reserves					
Pension Reserves		(63,142)	(42,896)	(63,142)	(42,896)
I & E reserve – endowment reserve	19	869	811	869	811
I & E reserve – restricted reserve	20	88	191	88	191
Unrestricted Reserves					
I & E reserve – unrestricted		119,260	109,523	119,144	109,361
TOTAL RESERVES		<u>57,075</u>	<u>67,629</u>	<u>56,959</u>	<u>67,467</u>

These Financial Statements were approved and authorised for issue by the Board of Governors on 23 November 2016.


Jonathan Cheshire
 Chairman of the Board of Governors


Professor Graham Baldwin
 Vice-Chancellor

The Notes on pages 38 to 54 form part of these Financial Statements

CASH FLOW STATEMENT YEAR ENDED 31 JULY

	Notes	2016	2015
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		7,386	10,372
Adjustment for non-cash items			
Depreciation	11	5,244	4,863
(Gain) on investments	19	(70)	(90)
Decrease / (increase) in debtors	13	(75)	637
Increase in creditors	15	1,649	41
Increase in Pension cost less contribution payable	18	2,306	2,001
Increase / (increase) in other provisions	18	589	(327)
Adjustment for investing or financing activities			
Investment income	5	(224)	(229)
Interest payable	8	1,920	1,918
Net cash inflow from operating activities		18,725	19,186
Cash flows from investing activities			
Withdrawal of deposits		21	-
Investment income		224	229
Payments made to acquire fixed assets		(21,169)	(17,279)
New non-current asset investments		(25)	-
		<u>(20,949)</u>	<u>(17,050)</u>
Cash flows from financing activities			
Interest paid		(1,869)	(1,757)
Interest element of finance lease		(51)	(121)
New secured loans		-	10,000
Repayments of amount borrowed		(1,597)	(1,510)
Capital element of finance lease		(528)	(491)
		<u>(4,045)</u>	<u>6,121</u>
(Decrease) / increase in cash and cash equivalents in the year		<u>(6,269)</u>	<u>8,257</u>
Cash and cash equivalents at beginning of the year		39,957	31,700
Cash and cash equivalents at end of the year		33,688	39,957

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2016

1. TUITION FEES AND EDUCATIONAL CONTRACTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Full-time home and EU students	75,710	70,543	75,710	70,543
Full-time international students	5,556	5,890	5,556	5,890
Part-time students	2,063	1,754	2,063	1,754
Non credit bearing course fees	8,835	9,289	7,447	7,782
Other	200	129	200	129
Research Training Support Grant	29	3	29	3
	92,393	87,608	91,005	86,101

2. FUNDING BODY GRANTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Recurrent grant				
Higher Education Funding Council	7,480	8,985	7,480	8,985
Further Education Funding	-	162	-	162
Capital grant	658	975	658	975
Specific grants				
Special initiatives	1,548	1,038	1,548	1,038
	9,686	11,160	9,686	11,160

3. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Research charities	-	70	-	70
Government (UK and overseas)	137	63	134	63
Industry and commerce	131	49	131	49
Other	4	96	4	96
	272	278	269	278

4. OTHER OPERATING INCOME

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Residences, catering and conferences	13,927	13,863	13,397	13,302
Other services rendered	396	652	332	528
Other income	2,928	3,120	4,396	4,797
	17,251	17,635	18,125	18,627

5. INVESTMENT INCOME

	Notes	Consolidated		University	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Investment income on endowments	19	1	-	1	-
Other investment income		223	229	223	229
		224	229	224	229

6. DONATIONS AND ENDOWMENTS

	Notes	Consolidated		University	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Donations with restrictions	19	2	3	2	3
Unrestricted donations		1	2	1	2
		3	5	3	5

7. STAFF COSTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Salaries	48,133	45,404	48,133	45,404
Social security costs	4,091	3,678	4,091	3,678
Other pension costs	7,298	6,662	7,298	6,662
Movement on pension provision	846	597	846	597
Redundancy Costs	1,312	534	1,312	534
Total	61,680	56,875	61,680	56,875
	2016	2015	2016	2015
Emoluments of the Vice-Chancellor:	£	£	£	£
Salary	211,191	199,973	211,191	199,973
Performance-related pay	9,450	-	9,450	-
Relocation costs	-	20,500	-	20,500
Employers national Insurance contribution	28,622	27,747	28,622	27,747
Total before pension contributions	249,263	248,220	249,263	248,220
Pension contributions (Teachers Superannuation Scheme)	34,390	28,032	34,390	28,032
Total	283,653	276,252	283,653	276,252

The Vice-Chancellor joined the University on 18 August 2014.

7. STAFF COSTS (CONTINUED)

	Consolidated		University	
	2016	2015	2016	2015
Remuneration of other higher paid staff, excluding employer's pension contributions	No.	No.	No.	No.
£100,000 to £109,999	1	2	1	2
£110,000 to £119,999	-	-	-	-
£120,000 to £129,999	3	4	3	4
	4	6	4	6
Average staff numbers by major capacity:	No.	No.	No.	No.
Academic Departments	713	804	713	804
Administration	390	309	390	309
Academic Services	195	130	195	130
Premises	47	48	47	48
Residences, Catering and Conferences	30	33	30	33
Research Grants and Contracts	3	1	3	1
	1,378	1,325	1,378	1,325
Compensation for loss of office payable to higher paid staff	£'000	£'000	£'000	£'000
Compensation payable recorded within staff costs	50	-	50	-
Compensation for loss of office payable to higher paid staff	No.	No.	No.	No.
Compensation payable recorded within staff costs	1	-	1	-

Key Management Personnel

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

	£'000	£'000	£'000	£'000
Emoluments	3,073	2,644	3,073	2,644

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

8. INTEREST AND OTHER FINANCIAL COSTS

	Notes	Consolidated		University	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Loan interest		1,871	1,803	1,871	1,803
Finance lease interest		49	115	49	115
Net charge on pension scheme	18	1,461	1,444	1,461	1,444
		3,381	3,362	3,381	3,362

9. ANALYSIS OF TOTAL EXPENDITURE

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	45	44	40	40
External auditors in respect of non-audit services	21	25	18	18
Operating lease rentals:				
Land and buildings	4,535	4,384	4,535	4,384
Other	183	70	183	70

10. TAXATION

No corporation tax charge (2015: 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.

11. FIXED ASSETS

Consolidated	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	22,365	85,918	18,061	18,809	145,153
Additions	-	-	18,332	2,837	21,169
Transfers	-	33,769	(33,769)	-	-
Disposals	-	-	-	(2,194)	(2,194)
At 31 July 2016	22,365	119,687	2,624	19,452	164,128
Depreciation					
At 1 August 2015	-	20,286	-	12,519	32,805
Charge for the year	-	2,784	-	2,460	5,244
Disposals	-	-	-	(2,194)	(2,194)
At 31 July 2016	-	23,070	-	12,785	35,855
Net Book Value at 31 July 2016	22,365	96,617	2,624	6,667	128,273
Net Book Value at 31 July 2015	22,365	65,632	18,061	6,290	112,348
University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	22,045	83,412	18,061	18,249	141,767
Additions	-	-	18,332	2,837	21,169
Transfers	-	33,769	(33,769)	-	-
Disposals	-	-	-	(2,194)	(2,194)
At 31 July 2016	22,045	117,181	2,624	18,892	160,742
Depreciation					
At 1 August 2015	-	20,064	-	12,203	32,267
Charge for the year	-	2,729	-	2,428	5,157
Disposals	-	-	-	(2,194)	(2,194)
At 31 July 2016	-	22,793	-	12,437	35,230
Net Book Value at 31 July 2016	22,045	94,388	2,624	6,455	125,512
Net Book Value at 31 July 2015	22,045	63,348	18,061	6,046	109,500

11. FIXED ASSETS CONTINUED

Leased assets included above:

	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2016	712	3,204	-	-	3,916
Net Book Value at 31 July 2015	712	3,249	-	-	3,961

12. NON-CURRENT INVESTMENTS

Consolidated

	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
At 1 August 2015	-	-	-
Additions	-	25	25
At 31 July 2016	-	25	25

University

At 1 August 2015	2,700	-	2,700
Additions	-	25	25
At 31 July 2016	2,700	25	2,725

The non-current investments have been valued at cost

Subsidiary Undertakings

The University owns 100% of the issued ordinary share capital of £2.7 million (2015: £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 Fixed Asset Investments

	Consolidated and University £'000
HCB Holding Ltd	25
A not for profit bank, aimed at supporting the local economy	25

13. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	70	-	70	-
Trade receivables	3,247	3,473	2,920	3,116
Other receivables	108	80	67	54
Prepayments and accrued income	1,606	1,403	1,606	1,401
Amounts due from subsidiary companies	-	-	1,064	1,214
	5,031	4,956	5,727	5,785

14. CURRENT INVESTMENTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	865	816	865	816
	865	816	865	816

The investments are publically traded and are valued at the year end at fair value through profit & loss. The investment re-invests all income. The unrealised gain was 2016 £70k (2015 £90k), see note 19.

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Secured loans	1,682	1,565	1,682	1,565
Unsecured loans	17	34	17	34
Obligations under finance leases	549	530	549	530
Trade payables	9,982	8,467	9,863	8,341
Social security and other taxation payable	1,338	1,156	1,338	1,156
Salaries and wages	2,666	2,197	2,666	2,197
Accruals and deferred income	2,384	2,690	2,378	2,671
Other payables	510	724	396	679
	19,128	17,363	18,889	17,173

16. CREDITORS : DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Obligations under finance lease	568	1,116	568	1,116
Secured loans	25,810	27,486	25,810	27,486
Unsecured loans	-	17	-	17
Total creditors due after more than one year	26,378	28,619	26,378	28,619

Analysis of finance lease:

Due within one year or on demand (Note 15)	549	530	549	530
Due within one year	579	579	579	579
Due between one and two years	579	579	579	579
Due between two and five years	-	580	-	580
	1,158	1,738	1,158	1,738
less: finance charges allocated to future years	(41)	(92)	(41)	(92)
Total obligations under finance lease	1,117	1,646	1,117	1,646

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 15)	1,699	1,599	1,699	1,599
Due between one and two years	1,917	1,699	1,917	1,699
Due between two and five years	6,683	5,833	6,683	5,833
Due in five years or more	17,210	19,971	17,210	19,971
Due after more than one year	25,810	27,503	25,810	27,503
Total secured and unsecured loans	27,509	29,102	27,509	29,102

Secured loans repayable by 2035	27,492	29,051	27,492	29,051
Unsecured loans repayable by 2017	17	51	17	51
	27,509	29,102	27,509	29,102

Included in loans are the following:

Borrower	Lender	Interest rate %	Term	Amount	Amount	Amount	Amount
				£'000	£'000	£'000	£'000
University	Allied Irish Bank	8.11	2026	15,387	16,428	15,387	16,428
University	Lloyds Bank	3 Mth LIBOR + 1.50	2035	10,006	10,000	10,006	10,000
University	Bank of Scotland	4.30	2019	2,099	2,623	2,099	2,623
University	HEFCE	0.00	2017	17	51	17	51
				27,509	29,102	27,509	29,102

Allied Irish Bank hold security over Chantry, Deanery and David Moxon Annexe, for which the loan was used to purchase the freehold interest in the properties.

The Lloyds Bank and Bank of Scotland loans are secured by a first legal charge over the new academic teaching building (The Spark) and the St James Mathews building, for which they partially funded.

17. FINANCIAL INSTRUMENTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	37,113	43,510	35,755	42,094
Financial liabilities measured at amortised cost	(41,767)	(42,168)	(41,666)	(42,040)

Financial assets measured at amortised cost comprise cash, trade receivables, research grant receivables and other receivables.

Financial liabilities measured at amortised cost comprise secured loans, unsecured loans, finance leases, trade payables, salaries and wages, accruals and other payables.

18. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated and University

	USS Pension	HCC Pension	National Min. Wage	Leasehold Dilapidation	Reorganisation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	446	42,450	136	1,143	291	44,466
Utilised in year	-	-	-	-	(117)	(117)
Additions	56	20,190	-	51	690	20,987
Released in year	-	-	(35)	-	-	(35)
At 31 July 2016	502	62,640	101	1,194	864	65,301

National Minimum Wage

The national minimum wage provision represents underpayments in relation to students employed by the University up to 31 July 2011.

Leasehold Dilapidation provision

The leasehold dilapidation provision represents obligations under the leases of the existing properties to make good dilapidations prior to the expiry of each lease.

Reorganisation provision

The reorganisation provision represents obligations due to employees where restructuring agreements have been reached with employees under the Universities redundancy programme prior to the year end.

18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 102, 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 was 14.1% of pensionable salaries from 1 August 2015 rising to 16.48% from October 2015.

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

	2016	2015
	£000	£000
Contributions to Teachers' Pension Scheme	3,297	2,769

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.

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 0.25% 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%.

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 published actuarial assessment of the HCCLGPS was at 31 March 2013. The contribution level was separated in April 2011 into two components, a forward contribution rate, and an additional contribution to address the fund deficit set at each triannual valuation.

The level of employers' contributions is set out below:

	From 1 April 2016	From 1 April 2015	From 1 April 2014
Contribution Rate	13.1%	13.1%	13.1%
Additional contributions to address fund shortfall	£1,147,900	£1,055,100	£969,700

The University also has unfunded obligations of £410k in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

Universities Superannuation Scheme

The University 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 University is therefore exposed to actuarial risks associated with other universities' 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 102 (28), accounts for the scheme as if it were a defined contribution scheme.

The 31 March 2014 valuation identified a funding shortfall of £5.3bn. A deficit recover plan has been put in place raising the employers contribution from 16% to 18% from the 1st April 2016.

Under FRS 102 where there is a deficit recovery plan the University must recognise its liability:

	2015-16	2014-15
	£	£
Provision brought forward	445,718	104,581
Staff Costs	163,189	426,717
Interest Payable	10,697	3,765
Contributions	(117,526)	(89,345)
Provision carried forward	502,078	445,718

The University have 15 staff in the USS scheme and therefore it is deemed to be immaterial to the University's financial statements. No further disclosures are included.

FRS 102

Details in respect of the pension liabilities are provided in accordance with FRS 102. 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.

Date of last full actuarial valuation	31 March 2013
Expected employer contributions next year	£4.03m
Duration of Liabilities	21.2 years

18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The valuation used for FRS 102 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 102 were:

	31 July 2016	31 July 2015	31 July 2014
Discount Rate	2.4% pa	3.6% pa	4.1% pa
RPI Inflation	2.9% pa	3.2% pa	3.2% pa
CPI Inflation	1.8% pa	2.1% pa	2.2% pa
Rate of increase in salaries	3.3% pa	3.6% pa	3.7% pa
Rate of increase in pensions in payment	1.8% pa	2.1% pa	2.2% pa
Pension accounts revaluation rate	1.8% pa	2.1% pa	2.2% pa

Mortality Assumptions

	At 31 July 2016	
	Retiring Today	Retiring in 20 years
Male	24.6	26.7
Female	26.4	28.7

Asset Allocation

	Value at 31 July 2016	Value at 31 July 2015
Equities	56.7%	57.5%
Property	7.4%	8.2%
Government bonds	26.3%	25.8%
Corporate bonds	1.8%	1.7%
Cash	5.2%	3.3%
Other	2.6%	3.5%
Total	100.0%	100.0%

Reconciliation to Balance Sheet

	Value at 31 July 2016	Value at 31 July 2015
	£000	£000
Funded Benefits		
Fair Value of Fund Assets	86,760	74,210
Present Value of Liabilities	148,990	116,250
Funded Net Pension Liability	(62,230)	(42,040)
Unfunded Benefits		
Present Value of Liabilities	410	410
Unfunded Net Pension Liability	(410)	(410)
Total Net Pension Liability	(62,640)	(42,450)

Amounts recognised in income statement	2016	2015
	£000	£000
Operating cost		
Current Service Cost (included in Other Pension Costs – Note 7)	4,720	3,820
Past Service Cost (included in Other Pension Costs – Note 7)	60	190
Financing cost		
Interest Cost (included in Pension Finance Costs – Note 8)	1,450	1,440
Pension expense recognised in profit and loss	6,230	5,450
Allowance for administration expenses included in Current service cost	60	60
Amounts recognised in other comprehensive income	2016	2015
	£000	£000
Asset gains arising during the period	6,820	4,630
Liability losses arising during the period	(24,760)	(8,620)
Total amount recognised in other comprehensive income	(17,940)	(3,990)
Changes to the present value of the defined benefit obligation	2016	2015
	£000	£000
Opening Value of Liabilities	116,660	100,700
Current Service Cost	4,720	3,820
Interest Cost	4,180	4,120
Contributions by Participants	1,570	1,410
Actuarial Losses	24,760	8,620
Net Benefits Paid Out	(2,550)	(2,200)
Past Service Cost	60	190
Closing Value of Liabilities	149,400	116,660
The closing liability includes £410,000 (2015: £410,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2016	2015
	£000	£000
Opening fair value of assts	74,210	63,900
Interest income on assets	2,730	2,680
Remeasurement gains on assets	6,820	4,630
Contributions by the employer	3,940	3,750
Contributions by participants	1,570	1,410
Net benefits paid out	(2,510)	(2,160)
Closing fair value of assets	86,760	74,210
Actual return on assets	2016	2015
	£000	£000
Interest income on assets	2,730	2,680
Gain on assets	6,820	4,630
Actual return on assets	9,550	7,310

19. EXPENDABLE ENDOWMENT RESERVE

	2016	2015
	£'000	£'000
Balances at 1 August 2015		
Capital	780	726
Accumulated income	31	28
	811	754
New endowments	2	3
Investment income	1	-
Expenditure	(15)	(36)
Increase in market value of Investments	70	90
At 31 July 2016	869	811
Represented by:		
Capital	836	780
Accumulated income	33	31
	869	811
Analysis by type of purpose:		
Research support	818	762
General	51	49
	869	811
Analysis by asset		
Current and non-current asset investments	865	816
Cash & cash equivalents	9	36
Creditor	(5)	(41)
	869	811

All endowments are classified as restricted expendable endowments.

20. RESTRICTED RESERVES

Reserves with restrictions are as follows:

	Grants	Donations	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2015	188	3	191	121
New grants	55	-	55	72
Investment income				
Grants utilised	(157)	-	(157)	-
Expenditure	-	(1)	(1)	(2)
	(157)	(1)	(158)	(2)
At 31 July 2016	86	2	88	191

Analysis of other restricted funds /donations by type of purpose:

Research support	86	188
Prize funds	2	3
	88	191

21. CAPITAL COMMITMENTS

	Consolidated		University	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	3,549	13,250	3,549	13,250

22. CONTINGENT LIABILITIES

At 31 July 2016 the Governors were not aware of any liabilities for which full provision has not been made.

23. LEASE OBLIGATIONS

Total rentals payable under operating leases:

	31 July 2016		31 July 2015	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	4,535	183	4,718	4,454
Future minimum lease payments due:				
Not later than 1 year	4,689	162	4,851	4,664
Later than 1 year and not later than 5 years	15,549	365	15,914	19,176
Later than 5 years	2,712	-	2,712	4,192
Total lease payments due	22,950	527	23,477	28,032

24. EVENTS AFTER THE REPORTING PERIOD

The Governors are not aware of any post balance sheet events.

25. SUBSIDIARY UNDERTAKINGS

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

Company	Principal Activity	Status	Note
Southampton Solent University Ltd	Maritime based consultancy and training	100% owned	12
Sports Solent in the Community	Promoting physical education	Limited by guarantee	

26. RELATED PARTY TRANSACTIONS

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

A total of £3,664 was paid to 9 Governors (2015 £3,630 paid to 7 Governors).

During the year ended 31 July 2016 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS 102. 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 FRS102 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
Solent Students Union					
Trade	5	10	-	4	-
Grant	-	-	-	31	427

The University has a close working relationship with Solent Students Union, which remains a separate entity. The SU president is a member of the University's Board of Governors.

27. FIRST TIME ADOPTION OF FRS 102

	Note	Funds at 1 August 2014	Surplus for the year ended 31 July 2015	Funds at 31 July 2015
		£'000	£'000	£'000
Consolidated				
As previously stated under former UK GAAP		54,200	7,490	61,690
Transition adjustments				
Fixed asset revaluation	1	7,033	498	7,531
Revenue grant revenue recognition	2	1,207	(1,269)	(62)
USS provision	3	(105)	(341)	(446)
Holiday leave creditor	4	(1,088)	4	(1,084)
As stated in accordance with FRS 102		61,247	6,382	67,629
University				
As previously stated under former UK GAAP		54,026	7,502	61,528
Transition adjustments				
Fixed asset revaluation	1	7,033	498	7,531
Revenue grant revenue recognition	2	1,207	(1,269)	(62)
USS provision	3	(105)	(341)	(446)
Holiday leave creditor	4	(1,088)	4	(1,084)
As stated in accordance with FRS 102		61,073	6,394	67,467

Explanation of changes to previously reported surplus and funds

- The University will account for its property, plant and equipment using the cost method. Under the transitional arrangements of FRS 102, a valuation of the University's inherited assets was carried out by BNP Paribas Real Estate as at 31 July 2014. This valuation is the deemed cost, subject to annual testing for indicators of impairment. The effect has been an increase in value and expected life, leading to a lower depreciation charge.
- For grant income and non exchange transactions, the University has opted for the FRS 102 performance model. Income is recognised when performance related conditions have been met.
- The University has a small number of staff who are members of the Universities Superannuation Scheme (USS). Under FRS 102, deficit recovery plans for multi-employer pensions schemes, such as USS need to be recognised as a liability on the Balance Sheet and unwound over time as the liability is discharged.
- Under FRS 102, there is a new requirement to account for any untaken annual leave or other contractual leave entitlement eg sabbatical leave which is expected to be settled within twelve months after the end of the reporting period.

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