



SOLENT
UNIVERSITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018



ATTENDANCE

GOVERNORS		ATTENDANCE AT BOARD MEETINGS %
Professor G Baldwin	Vice-Chancellor, Ex-officio Governor	100
Mr J Barfoot	Staff Governor	100
Mr S Bolton	Independent Governor	100
Ms. A Colley	Independent Governor	100
Mr P Cotton	Independent Governor, Chair Elect	100
Mr N Duncan	Co-opted External Governor	75
Professor R Farwell CBE	Independent Governor	100
Ms J Glastonbury	Independent Governor	75
Mr G Holland	Independent Governor	100
Councillor S Kaur	Co-opted External Governor	100
Mr O Khan	Staff Governor	until 31 March 2018 100
Ms M Maddex	Student Governor	until 31 December 2017 100
Ms L Samuels	Independent Governor	75
Mr J Simpson	Independent Governor	75
Dr J Stopp	Independent Governor	75
Captain E Tiller	Independent Governor	from 1 August 2017 50
Clerk to the Governors	Ms B Woolven	100

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WELCOME

FROM THE CHAIRMAN OF GOVERNORS AND THE VICE-CHANCELLOR



We are delighted to introduce Solent University's operating and financial review for 2017/18, another 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 student recruitment enabled the achievement of 7.0% surplus after the pension adjustment. The budgeted financial surplus was 5% before the pension adjustment.

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. Following on from the successfully delivered Spark in 15/16, significant investment in the move of facilities from our upper Warsash site to St Mary's Campus and a number of other estate redevelopments across the city in 16/17; the University has continued to invest heavily in its estate and infrastructure. Work to construct our new £28m Solent

Sports Complex started in July 2017 and is on track to be opened in early summer 2019. A major refurbishment of the Reginald Mitchell building started in April 2018 to provide dedicated training facilities for maritime training programmes from September 2018. A number of other significant developments have also been completed to improve facilities, make more efficient use of the campus and support the development of academic programmes. Most importantly, improvements continued to be made in the academic performance of the University in the areas of student satisfaction, student achievement, international development, employability and teaching excellence.

The University continued to be a leading university for the development of graduate business start-ups and its employer engagement and business interaction was underpinned by the continuing success of its programme of continuing professional development. When comparing earnings for Solent graduates against other institutions

whose students had the same prior educational attainment, four of Solent' subjects ranked in the top five (according to data from the Longitudinal Education Outcomes, LEO). 69% of Solent graduates achieved professional/managerial level work within six months of completing their studies, the University's highest ever rate (2018 DLHE survey). In addition, the University was ranked 81st out of 121 institutions in the 2019 Guardian league table, an improvement of 22 places from the previous year's ranking of 103rd. This was again the highest position achieved by the University. Finally, we had a very successful year in terms of our NSS. Whilst the sector dropped, Solent's scores increased in eight of the nine survey areas that were comparable to 2017. Solent was higher than the sector average in six survey areas ('Learning opportunities', 'Assessment and feedback', 'Academic support', 'Learning resources', 'Learning community' and 'Student voice') and equal to the sector in two areas ('Teaching' and 'Overall satisfaction'). Overall satisfaction in the sector decreased whilst ours increased to 83%, our highest ever achieved score. The overall response rate at University level was 80%, also our highest ever.

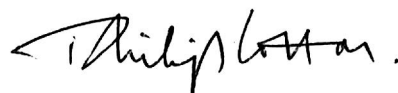
In fulfilment of its mission the University continued to further increase the proportion of its recruitment from low participation, state schools and low household incomes. We are also striving to meet or exceed the majority of the targets in our Access Agreement, not only widening access to entry into university but also supporting students from disadvantaged backgrounds to succeed on their course, have a good student experience with us throughout their time at Solent and progression into good careers or in continued education. International partnerships increased and once again 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.

The University continued to implement its strategic plan "Building an excellent university" making further changes to its operating structure. We continued to further progress our work to ensure the University's long term sustainability with a number of areas undergoing restructures in 2017/18. In addition, we are reviewing our strategy for 2015-2020 and starting to work on our strategy for the next 5 years. Most notably however, research and teaching continued as an increasingly important elements of the University and following the University being granted Research Degree Awarding Powers (RDAP) in August 2017. In June 2018 Solent received a TEF Silver award, in recognition of the University's

excellent teaching. The Teaching Excellence and Student Outcomes Framework (TEF) is how the UK government assesses and recognises teaching excellence in higher education to better inform students' choices about what and where to study. Solent receiving this award reflects our high quality teaching learning and outcomes for our students, which consistently exceeds the rigorous national quality requirements and is of great importance in the challenging world of UK higher education. The award is another milestone in our strategic development to build an excellent university.

Internal change was accompanied by external developments, most notably the further developments within the Higher Education sector. Once again we saw evidence of the impact of the removal of the student number cap with competition for students continuing to increase 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 continue to further review and develop our students, increasing the level of central support provided where most appropriate and needed.

Despite a most successful year uncertainty remains as we continue to await the details of the Brexit negotiations and further developments within an already competitive market. 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 develop our strategy for the future and to work with stakeholders, employers and most importantly our students to ensure that we are increasingly recognised nationally and internationally whilst continuing to fulfil our role as a University for the City and the Solent Region.



Phil Cotton
Pro-Chancellor and Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

FINANCIAL HIGHLIGHTS

RESULTS, CASH FLOWS, ASSETS AND RESERVES

	2018	2017
	<u>£000</u>	<u>£000</u>
Academic Fees and Support Grants	89,991	91,000
Funding Council Grants	8,657	9,129
Research Grants and Contracts	396	242
Other Operating Income	18,141	17,127
Endowment and Investment Income	107	131
Donations and endowments	390	5
Total income	<u>117,682</u>	<u>117,634</u>
Surplus for the Year After Tax	<u>8,295</u>	<u>5,307</u>
Actuarial gain in respect of pension schemes	<u>24,620</u>	<u>10,730</u>
Net cash inflow from operating activities	<u>19,212</u>	<u>15,642</u>
Non-current assets	155,240	133,354
Debtors	13,453	12,728
Current Investments	996	977
Cash	33,560	34,737
Creditors: amounts falling due within one year	(38,566)	(26,058)
Total Assets less Current Liabilities	<u>164,683</u>	<u>155,738</u>
Unrestricted Reserves	<u>139,292</u>	<u>128,278</u>
Total Reserves including Pension Liability	<u>106,027</u>	<u>73,112</u>
Other Key Statistics	<u>2017-18</u>	<u>2016-17</u>
Number of Higher Education Full-Time Equivalents	9,351	9,869
Total Number of Higher Education Students	10,575	11,062
Number of Employees	1,263	1,385

STRATEGIC REPORT

SCOPE OF THE FINANCIAL STATEMENTS

The Financial Statements comprise the consolidated results of the University, its fully owned trading subsidiary undertakings: Solent University Limited (SUL), Solent University Services Limited (SUSL) 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 SUL 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. SSIC is due to be deregistered during 2018-19.

The main activities of SUSL is to provide education support service. The company was registered in July 2018 but did not trade during 2018-19

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 2017-2018	Outcome for 2016-2017
Annual surplus (after tax and FRS 102 pension costs)	At least 6% of income over the period of the Plan	7.05%	4.51%
Net cash inflow from operating activities	At least 6% of income	16.33%	13.30%
Cash reserves	Available cash reserves of £6m	£33.6m	£34.7m

RESULTS FOR THE YEAR

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

Total income has remained constant at £117.7 million (16-17 £117.6 million).

Funding body grants were lower by £0.5 million (5.2%) to £8.7 million, with the majority being received from the Higher Education Funding Council for England (HEFCE) and Office for Students (OfS). The HEFCE recurrent grant for 2017-2018 totalled £5.8 million, representing a decrease of £1.0 million (14.6%) from 2016-2017, 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 £3.5 million, down slightly from £4.2 million in 2016-17.

Tuition fees also reduced by £1.0 million (1.1%) to £90.0 million, as a result of lower home/EU student numbers and a decrease in short course income, offset by £0.8 million increase in apprenticeship fees.

Other operating income increased by £1.0 million, which is due to a one off LEP funding for new simulators, offset by lower residences income as a result of the closure of Warsash student accommodation.

Overall total expenditure decreased by £3.1 million (2.7%) to 109.5 million (2016-17, £112.6 million).

Staff costs decreased by £2.8 million (4.2%) to £63.3 million, which is attributable to a reduction in staff numbers and change in FRS102 pension costs assumptions, which are detailed in Pensions below.

Depreciation is £0.2 million lower (3.3%) at £5.5 million (2016-17, £5.7 million), following a review of the useful economic life of the University's assets. This is a result of a change in accounting estimates.

The surplus for 2017-2018 was £8.3 million, compared with the 2016-2017 surplus of £5.3 million and higher than the approved budgeted surplus of £1.8 million.

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INVESTMENTS AND CASH RESERVES

Overall investments and cash reserves have decreased by £1.2 million, which is a result of higher capital expenditure following the start of the new sports 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 £19.2 million, an increase of £3.6 million. The factors contributing to the level of net cash inflow include:

- a surplus of £8.3 million was achieved in 2017-2018, compared to £5.3 million in the previous year.
- an increase in debtors this year of £0.7 million, compared to an increase last year of £7.7 million. The increase in 2016-17 was due to accommodation income for 2017-18 being raised earlier than in previous years. The timing of these invoices has remained constant and the small increase in 2017-18 is a result of slightly higher trade debtors.
- an increase in creditors which is a result of trade creditors being £2.8 million higher in 2017-18.

LONG-TERM BORROWING FACILITIES

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 2018 is £13.1 million and is due for repayment 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 2018 is £1.0 million.

The University also has 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. In 2017-2018, the University also drew

down £10 million from its existing £30 million working capital revolving credit loan facility with Lloyds, which was fully repaid in August 2018.

POST BALANCE SHEET EVENTS

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

FINANCIAL STRATEGY

The financial strategy 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 Chief Finance Officer, together with the finance senior management team, is responsible for the delivery of the financial 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 32 to 35.

In accordance with FRS102, The Financial Reporting Standard, the University has reviewed its accounting policies to ensure that they remain appropriate and consistent with prior 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 49 to 53 relate primarily to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2016 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 2018. During the year, the University opted for a tailored approach on the pension assumptions rather than Hampshire County Council's standard methodology.

The University's share of the deficit in the HCCLGPS has decreased by 37.4% to £34.7 million as at 31 July 2018 (2016-2017: £55.5 million).

The liabilities are particularly sensitive to gilt yields, a 0.1% change increases or decreases liabilities by 2.1%. The discount rate used in 2017-18 is 2.9% compared to 2.6% in 2016-17. The overall effect of adopting tailored assumptions is to reduce liabilities by around 7.7%, with market changes also reducing the liability.

LINKED CHARITIES

On 1 June 2010, HEFCE (subsequently OfS) 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 Solent University's linked charities are disclosed in Note 19 Expendable Endowments Reserves.

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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 schools and service managers. This ensures there is consistency between those risks perceived by top managers and the management teams of schools 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 schools 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 Finance 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, including the uncertainty post BREXIT and the impact of a reduction in applications on budgets and service levels. A potential fees and funding review also remains a high risk for the University.

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 sought 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 more resourceful ways to overcome the challenges. During the five year period of the strategy we intend to create an outstanding experience for students, deliver innovative and research informed learning and teaching, and increase our international student numbers, whilst building our commitment to social justice.

We are enhancing our research capability and have successfully achieved Research Degree Awarding Powers.

The University's Strategic Plan 2015-20 is set out below.

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.

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.

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. We have also started work on our new strategy 2020 – 2025, which will build on the mission and vision as set out in 'Building an excellent university 2015-2020'.

As stated previously, the strategy is being successfully delivered. Student satisfaction and employment levels are the highest ever recorded and both above the University's benchmark. This helped with the award of Silver in the Teaching Excellence and Student Outcomes Framework and the rise in the Guardian's University Guide and the Sunday Times University League table. This came on top of the award of Research Degree Awarding Powers at the beginning of the year.

STATEMENT OF PUBLIC BENEFIT

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, subsequently OfS 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

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.

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 education and training providers with a range of unique resources and facilities. We additionally have one of the UKs 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 2017/18 academic year, the University enrolled 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), and Student Outcomes Framework and the Teaching Excellence Framework (TEF). 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 and 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 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 economy) 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 and this year we were approved by the Nursing and Midwifery Council for nurse provision including degree apprenticeships and BSc degrees.

This year the university has also invested significantly into its internship programme to give graduates valuable experience in a range of roles. In total, 55 graduates were employed in either 6-month on or 12-month internships with salaries in line with similar internship programmes. Alongside the internship they were given on-boarding and work readiness training as well as support from Solent Futures to help them plan for the next stage of their career. A number of the interns worked externally with local SMEs or charitable organisations to allow them to benefit from a graduate internship scheme. The scheme also included a new innovation as nine graduates were appointed as Entrepreneur Interns, who were employed and supported as they set up their own businesses. In addition, a further 39 unemployed graduates were employed on a micro-internship with an intensive on-boarding and careers support package. Finally 42 students, with no professional experience, were offered a paid 6 week work placement within the university.

In the 2017 HE-BCI survey, the university returned 151 graduate business start-ups, placing them 8th in the league table. Many of these businesses are based locally and contribute to the wider local economy, especially in the creative industries. The university is also working with Southampton City Council and Culture Southampton on a PUSH funded initiative called Creative Growth Southampton to support creative entrepreneurs seeking to grow their businesses.

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.

Solent students continued to work with local and regional businesses on a wide range of creative freelance projects through Solent Creatives. In 2018, students worked on 357 different creative projects and 208 new clients registered to use the agency. The majority of the businesses supported by Solent Creatives are sole traders or private limited companies with less than 5 employees and Solent Creatives gives them access to the creative skills of Solent students at an affordable price.

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 and School Games Organisation. During 2017/18 academic year the School Games Organisers worked with 16 National Governing bodies, delivered 33 league competitions, 49 cup competitions, 11 festivals and 4 inclusive events. We engaged with 39 of the 46 primary schools in the City and all 14 of the Secondary schools whilst engaging with 9,572 young people. Six of these competitions were specifically for young people with a disability, approximately 150 engaged in these events. Leadership academy was delivered to 36 young people at Bitterne Park Secondary school and then utilised them to deliver competition alongside our staff and students.

Additionally, the School Sport Partnership helped to place 146 students into our local primary and secondary schools as part of their various degrees/units. We currently deliver physical education and school sport programmes in 19 schools across the City and within other neighbouring schools. Approximately 1000 hours were spent in schools delivering these programmes, working alongside teachers and young people, also providing opportunities for our students to experience real world learning. 40 students from Barton Peveril College and Itchen College supported delivery of whole school programmes working alongside our staff and students. We worked with and mentored 10 Coaching Innovation Programmes that were delivered within a school setting. Together the programmes delivered approximately 100 hours of a sport/physical activity to young people.

The involvement continues to attract favourable 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.

The University also has very close links with the City Council, supporting local events in the city, such as Playday, Race 4 Life, Mela Festival and City Ride. We are working closely with the City Council's Neighbourhood Warden Team in trying to establish local community projects to engage the hard to reach and disadvantaged areas in the city. These projects involve empowering the local community to engage more in physical activity and learning new skills with the view that they become self-sustaining in the future.

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. A significant part of this work being Team Solent Kestrels, a community basketball partnership that draws from the wider Southampton district and is led by the University, with pathway from u12 boys and girls right through to National Division 1 Men and Women.

WIDENING PARTICIPATION

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

The University was better than or equal to nine of the 15 benchmarks and was better than or equal to ten of the 12 location-adjusted benchmarks. Aside from the Disabled Student Allowance (DSA) indicators, the University was never more than TWO entrants worse than a benchmark. The University made year-on-year improvements in ten of the 15 widening participation indicators. Two key benchmarks that are monitored in our Access Agreement are attracting students from state schools and from low participation neighbourhoods shown in the table below demonstrate that the University is exceeding not only the total UK sector averages but also the location adjusted figures.

HESA Data using the Polar 3 methodology 2010-2017

State School			Low Participation Neighbourhoods			
Year	% from group	Location adjusted	UK Average	% from group	Location adjusted	UK Average
2016-2017	97.3	95.0	90.0	16.1	13.4	11.4
2015-2016	97.7	95.6	89.9	15.4	13.8	11.3
2014-2015	97.1	95.6	89.8	14.8	13.0	11.4
2013-2014	96.3	95.3	89.7	14.3	12.2	10.9
2012-2013	97.1	95.1	89.3	14.7	12.8	10.9
2011-2012	96.2	94.8	88.9	11.5	11.6	10.2
2010-2011	95.4	94.6	88.7	13.1	11.5	10.5

The University engages with a wide range of schools, colleges, other partners and employers to promote further and higher education to disadvantaged groups. These initiatives and interventions help to raise the aspirations, attainment and confidence of young people to consider all the potential opportunities open to them. The University educates and counsels prospective applicants about the costs of higher education, the bursaries and scholarships available to them and the academic and pastoral support offered. This is done in

person, via school counsellors and details are available on our website.

KEY ACTIVITY TO WIDENING PARTICIPATION

Our work with Primary Schools

Introduction to University – As part of our Introduction to the University activity which introduces children and young people to the concept of university we offered over 400 children as young as 7 years old the opportunity to explore our campus, take part in fun creative activities such as Design your own university campus, Career Detectives, taster sessions including TV Production, STEM related - Spaghetti Challenge and Balloon Car Racing. These sessions helped dispel myths and misconceptions about university and raise aspirations for the future.



Year 6 Passport Programme for Transition Project, Harefield Primary School

Passport Programme (Primary to Secondary School) – Solent University understands that a smooth, positive and exciting transition from year 6 to year 7 is crucial to the start of each child's secondary education. The aim of The Passport Programme is for identified pupils who most likely to struggle with the transition phase to secondary school and would benefit from a more intensive programme of support.

Along with providing a bespoke supporting workbook for each pupil, the Access and Widening Participation team worked with a target secondary and their feeder primary school to organise a range of activities over a four day



Glorious Greeks Odysseus, Beechwood Junior School

programme for 37 pupils in the summer term which helped to prepare them for this important transition.

Mini Movie Makers – Everybody loves the movies and Solent University have invited children in year 5 from 2 local primary schools to become the next generation of movie makers.


For the Mini Movie Makers project we worked with two local junior schools – Beechwood (90 Year 5 pupils) and Shirley Junior (90 Year 5 pupils). We worked with 180 pupils in total from both schools with differing themes –

Beechwood project was based on Glorious Greeks and Shirley Junior worked on the magazine style show called Shirley does Blue Peter.

Working in collaboration with our in-house talent agency, Solent Creatives, and students from BA performance degrees we provided for both schools with drama/ performance workshops along with students from Fashion Styling and Illustration to create costumes and backdrops and the opportunity to write and film their very own shows. Beechwood worked on a stage style performance and this was held in the Spark Atrium in March 2018. >>



Shirley Does Blue Peter Red Carpet Event, Shirley Junior School, year 5



Shirley Junior pupils had the chance to showcase their skills at a red carpet event at our Spark Atrium with the premier of their show which was opened by the Vice Chancellor, Graham Baldwin in June 2018.

Our work with Secondary Schools

The University works closely with the **Southampton Education Forum** to ensure that resources are deployed effectively to those at greatest disadvantage. Via this group University staff engage with all secondary Head Teachers and College Principals in the city. The University has representation on the SEF Steering Group and our academic staff have actively joined in on subject network meetings which has resulted in the provision of CPD activities for colleagues from schools and colleges on campus.

As part of our outreach programme with secondary schools we continue to deliver activities to raise aspirations and educational attainment of young people from underrepresented groups with local schools. This year we have had 1954 direct engagements with pre-16 pupils in years 3-11 from 14 Southampton primary and secondary target schools and 1 Hampshire based primary school. This has been through dedicated activities/workshops/assemblies which include Making the right choice – GCSE options, Resilience, careers and employability skills, study skills, exam preparation, Ch-Ching – Student Finance, Benefits of Higher Education, My Solent Story, Engineering and Media taster sessions.

The Spark Project – White Working Class Males – As identified by Office for Fair Access, this year we have piloted the Spark project for up to 30 Year 7 and 8 pupils in collaboration with Redbridge Community School under Solent University's overarching Step into Success outreach offer to secondary schools. The SPARK programme focussed on addressing the attainment gap for White Working Class Males (WWCM) in the city.

The Spark Programme aimed to support Redbridge Community School in the specific areas of increasing the English subject attainment levels by engaging our academics to deliver session in Sports Journalism/Writing. Thus far we have delivered 6 in school sessions and the participating

pupils will have an on-campus taster session at Solent to complete the project.

Although the project was aimed at 30 pupils, we had 12 pupils participate. We are pleased to report that the feedback received has been very positive with 100% of the pupils reporting that they feel more confident about reading and writing.


Our work with Parents, Carers, Teachers and Advisors

Parents and Carers – supporting a child through higher education, especially if they are the first member of the family to attend University which the majority of Solent students are can be overwhelming. To help parents and carers through this process, the University's student recruitment team continue to attend a wide range of parent focussed events at local schools and colleges.

Teachers and Advisors – Teachers play an important role in advising students about higher education. The University offers bespoke events that aim to give teachers a better understanding of the higher education sector so that they can offer appropriate support to their students. Working closely with UCAS, other local universities and our own network of local businesses and educators we provide information on higher education and career related topics at a series of events such as our Further Education Networking Festive Lunch and a Higher Education Advisors' Day.

This academic year we are very pleased to have hosted our first networking event, 'Spring at Solent', for Primary and Secondary schools. From the 10 schools in attendance we had representation from 14 members of staff including a mixture of Head teachers, Careers Advisers and members of Senior Leadership teams. The event was opened by the University's Vice Chancellor, Graham Baldwin with a keynote address. This event was a celebration and a thank you for schools who have been working with us and an opportunity to showcase our Step into Success programme to new schools to come on board. The event was very well received with positive feedback from our Vice Chancellor and invited guests.

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Following on from the spring at Solent event we have been able to formalise our partnerships with our Primary and Secondary schools with Collaborative Working Framework which outlines and sets out the guidelines, expectations and outcomes of our Step into Success Programme.

Our work with Southern Universities Network

Solent University is a key member of the Southern Universities Network, which is comprised of the six universities in the Hampshire and Dorset regions. The network is a partnership which works towards reaching the collaborative targets set in the Access Agreements. The University has led and chaired the network's Disability Working group and this academic year the Southern Universities Network's Disability working group partnered with and commissioned the UK's student mental health charity, Student Minds, to co-ordinate the development of engaging resources focussed on supporting young people (particularly those with experience of mental health difficulties) to prepare for the transition from college to university.

As the chair of this group the University has been instrumental and led in planning, organising and hosting the successful launch event held in June for the "Know before you go" and "Transitions" resources to our FE and HE partners in the region. The launch event was opened by Graham Baldwin our Vice Chancellor with key stakeholders in attendance including staff, SUN universities in the region, leading mental health services, UCAS and Department for Education.

Other working groups include, Black, Minority and Ethnic, Vulnerable Children and Young People, Mature Learners and Evaluation and Monitoring.

The University's Gallery space - Showcase Gallery has developed a participatory exhibition programme with widening participation and engagement as its core focus and over 10,000 people visit the gallery space annually. The Gallery team develop exhibitions and public events with the involvement of the local community and offer a range of free, creative and bespoke education workshops

and participatory events to people from all backgrounds. In 2017-2018 the gallery has delivered a total of 37 workshops both on and offsite of which 9 workshops were directly to primary schools (yrs 5/6), 11 workshops in secondary schools and colleges and 17 to youth and community groups. 495 pupils engaged in workshops with 300 pupils gaining Discover Arts Awards, a nationally recognised award. The gallery also delivered 35 public events and over 4,000 people engaged directly in these specific events. New Groups worked with include: Breakout LGBTQI+ Youth group, Afghani Women's Association, Black Heritage Group, Newtown Youth Group (age 8-18), SEEDS Home Education Group and Cedar SEN School.

Our work with Sports


The Solent School Sport Partnership was created in 2004 as part of the original School Sport Partnership Government initiative; we also employ the School Games Organisers (SGOs) for Southampton. Formally part of Solent Sport but now part of School of Sport, Health and Social Science we make up part of the co-curricular team alongside Coach Education and Solent Health.

During 2017/2018 academic year the School Games Organisers worked with 16 National Governing bodies, delivered 33 league competitions, 49 cup competitions, 11 festivals and 4 inclusive events, engaged with 39 of the 46 primary schools in the City and all 14 of the Secondary schools whilst engaging with 9,572 young people. Six of these competitions were specifically for young people with a disability, approximately 150 engaged in these events.

The SGOs delivered a Leadership academy to 36 young people at Bitterne Park Secondary school and then utilised them to deliver competition alongside our staff and students.

The School Sport Partnership helped to place 146 students into our local primary and secondary schools as part of their various degrees/units.

As previously mentioned, we deliver physical education and school sport programmes in 19 schools across the City



and within other neighbouring schools. Approximately 1,000 hours were spent in schools delivering these programmes, working alongside teachers and young people, also providing opportunities for our students to experience real world learning.

Our Student Ambassadors

The Solent Student Ambassador scheme employs approximately 166 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 schools, 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.

In addition, 46 ambassadors have been selected and trained to deliver activities for access and widening participation. Of these 30 are currently DBS checked.

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 all throughout the year. The scheme also allows the (DBS checked) 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.

Our 2017/18 Access Agreement sets out a clear strategic direction, balancing fee income against targeted investment on student support for retention and

progression. In 2018-19 the University will continue to build upon this strategy, maintaining its commitment to access and participation and our commitment to support students who are the most financially disadvantaged and/or vulnerable. The focus continues to be placed upon bursaries and on extending financial support across the full student lifecycle to aid student success and retention.

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 the Gold standard already achieved and Platinum audit scheduled for 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. The "Blackout" event, now in its fourth year, has seen students and staff working together to minimise energy

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use by switching off all non-essential equipment over a weekend. Fairtrade Fortnight provides similar opportunities for voluntary engagement; the University successfully retained Fairtrade University status for 2018-19.

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. Energy procurement is undertaken through a risk and cost-managed flexible framework, which includes competitive rates for zero-carbon electricity from renewable sources.

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 the "Excellent" rating already having been achieved on the Spark building. The new sports building, which is also targeting BREEAM Excellent, will be connected to the City's District Heating Scheme to reduce both heating costs and carbon emissions.

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. 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 to incorporate biodiversity are considered as developments proceed; a Green Flag "Highly Commended" award was achieved for the wildflower planting adjacent to the new developments at East Park Terrace. 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

In August 2017 Solent was proud to be one of the main sponsors recently established 'Southampton Pride' and expect that this annual event will continue to gain momentum and become a significant annual celebration for the city.

Again, in the early part of the year, we reviewed the staff and student equality forums which had been operating separately for some time. We recognise that joining the two together and formalising its status as a committee of the Management Board means that we are now operating with a greater critical mass to share knowledge, enthusiasm and expertise which is already providing resources for the wider community within and outside the University.

In March 2018 we published our gender-pay-gap - 13% - in line with the new reporting requirements for all employers with more than 250 staff. Gender pay gaps show the difference in average pay for men and women across an organisation regardless of their role or grade. The calculations include all staff directly employed by the University, including the Vice-Chancellor and our students working through our Campus Jobs initiative.

The gender pay gap is different to equal pay, which looks at role and grade to see if there are any pay differences between men and women undertaking the same jobs, similar jobs or work of equal value. We have a strong track record for equal pay for work of equal value, having undertaken three previous equal pay reviews.

As a result of the work on gender pay gap we have:

- reviewed our special payment scheme so that payments made are at the mid-point of the pay-range;
- introduced agile career pathways to enhance transparency and to provide clear routes for development and advancement of all the people we employ; and
- identified our future female leaders as part of our annual people planning cycle and are encouraging and funding participation in the Aurora Leadership programme.

We shall continue to identify and address the barriers that prevent progression for women and also for the wider University community we continue to review regularly the equality impact assessment on our people of a range activities to make sure that these do not impact disproportionately on any group of people.

ESTATES

Over the last academic year, the University has continued to invest heavily in its estate and infrastructure. A number of projects have been completed, or are in progress, to ensure that our learning and teaching facilities remain fit for purpose and support the academic curriculum and the University's pedagogic aims and objectives.

East Park Terrace

Work to construct our new £28m Solent Sports Complex started in July 2017 with the new facilities planned to be open in early summer 2019. The new building will contain 2 large sports halls (each 4 badminton court size), seating for over 250 spectators, three fitness studios, a health and wellbeing gym, a strength and conditioning gym and high quality teaching facilities. The building will also provide 67 underground car parking spaces and in line with the University's Environmental and Sustainability Strategy, is being designed to achieve a BREEAM Excellent standard.

The new complex replaces facilities currently leased from Southampton City Council and will provide academic facilities for sports related degree programmes as well as providing dedicated facilities for elite athlete students and for recreational sport use by students, staff and the general public. It will support the University's ambition to increase its profile and standing in the British Universities and Colleges Sport (BUCS) league, and enable excellence for the teaching of sport, health and fitness related degree programmes.

To support the University's Maritime Strategy, and to release the Warsash campus upper site for redevelopment, a major refurbishment of the Reginald Mitchell building started in April 2018 to provide dedicated training facilities for maritime training programmes. The facilities, which will be in use by September 2018, include classrooms and specialist equipment, replaced the dated ones at the Warsash campus and will allow the University to offer leading edge professional continuing development to the maritime sector.

Linked to this is the refurbishment of the former Learning Resource Centre in the Michael Andrews building which is being converted into specialist maritime simulator suite. The new suite will house 6 simulators, including a 5 metre 270 degree ship's bridge simulator, and will provide training facilities of the highest quality in the UK maritime training sector. The project started in July 2017 and will be completed in June 2019.

Elsewhere on the East Park Terrace campus, a number of significant developments have been completed to improve facilities, make more efficient use of the campus and support the development of academic programmes. These include:

- The provision of specialist facilities to support the Nursing programmes from 2018;
- Additional facilities for Nutrition and Biomedical science;
- Consolidation of the former Learning Resource Centre into the Library. This brings together the formal and informal study areas adjacent to the library facilities;
- Creation of a Virtual Reality room for use by all the Schools.

In addition, a number of smaller projects have been completed across the estate, ranging from redecoration works to replacement of infrastructure such as lifts. These projects are an essential part of ensuring the estate remains safe and provides a 'fresh' and welcoming environment to students, staff, and visitors.

St Mary's Campus

As part of the Maritime Strategy, a new Cadet training facility has been created at the St Mary's Campus, City College, allowing the transfer of Officer Cadet training from the Warsash Campus to Southampton, the £6.5m refurbishment of the Austen Building provides dedicated engineering workshops, IT enabled classrooms and social space for the cadet students and opened for teaching in September 2017.

Warsash Campus

An external architect and design team have been engaged to prepare plans for the redevelopment of the practical facilities on the Warsash 'lower site', which include refurbishment of the Fire School, development of a Helicopter Underwater Training Facility (HUET), new classroom facilities, changing rooms and social space and replacement of much of the accommodation. Work is expected to start on site in 2019 once planning approvals have been granted.

Halls of Residence

The Kimber Hall of Residence has undergone a major refurbishment in 17/18, with the replacement of the en-suite bathrooms and associated services infrastructure. The £6.5m project ensures that the University's Halls of Residence remain an attractive option for students and positively support the student experience.

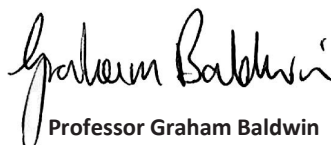
CONCLUSION

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 reasonably 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, teaching excellence and international activity. The annual financial surplus was met and will again go to enabling current and future estates and resource plans.



Phil Cotton

Pro-Chancellor and 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, evaluating 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 November 2017 when the University changed its name from Southampton Solent University to Solent University.

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 with 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 Chair 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 and published an Equality & Diversity policy in respect of its own membership in April 2015. During 2017-2018 the Board comprised a 50/50 ratio in male/female members, with 19% of members of non-white British ethnicity. On joining the Board, all members complete an equality and diversity declaration.

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, governance and risk management arrangements, 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 the Office for Students (OfS) and the other funding bodies; receives and considers reports from OfS 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 operated on a rolling basis with a notice period for termination of six months' on either side. Kingston City's Group appointment ends on 31 July 2018. PwC have been appointed, following a tender process, as internal auditors for a three year term to 31 July 2021, with the option of a one year extension.

In April 2014, after a tendering process, the Committee re-appointed BDO as the University's external auditors for a further three year period, with a subsequent two year extension, BDO having served as the University's external audit provider since 2004.

The membership of the Audit Committee during 2017-2018 is given below:

Name	Occupation	Qualification
Alison Colley	Solicitor, Real Employment Law Advice	LLB Law Degree
Harry Mears	Head of Social Housing, KPMG	MA, ACA
Lena Samuels	Communications Adviser, Director, WMG, Chair of South Central Ambulance Service NHS FT	Masters English Lit, Diploma in Public Affairs (CIPR)
John Simpson	Chief Executive Rockschool Limited, Director, Federation of Awarding Bodies	BA General Arts
Emma Tiller	Inspector, Marine Accident Investigation Branch (MAIB)	BA (Hons) Business, Management, Marketing

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. Solent University has adopted the CUC's HE Senior Staff Remuneration Code which was published in June 2018.

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 terms and conditions of funding between the University and the Office for Students (OfS), 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 terms and conditions of funding 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 and

conditions of funding. He is required to inform an appropriate officer of the OfS 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 deputy 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 28/11/2018
And signed on its behalf by:



Phil Cotton

Pro-Chancellor and 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 (2014); Accounts Direction of the Higher Education Funding Council for England (HEFCE) until 31 March 2018 and then the Office for Students (OfS); Financial Reporting Standards FRS 102; and other relevant accounting standards.

In addition, within the terms and conditions of funding which sets out the conditions of funding from OfS, 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 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 terms and conditions of funding with OfS.

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 OfS 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 OfS;
- 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 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 management and quality assurance of data provided to OfS, 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 schools 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, served as the University's internal auditor up to the end of 2017/18. The consortium operates to standards defined in the Audit Code of Practice published by HEFCE in July 2016. 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.

The internal audit plan of PwC, the appointed internal auditors from 2018/19, was approved in June 2018.

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

Through its Assurance Services, HEFCE used to visit 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 the University. The process is now changing under OfS.

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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 latest effectiveness review was completed in 2015 using Allan Schofield's framework which 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 behavior, 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. Completion of the Board-approved actions was reported to Governance Committee on 28 June 2016.

In accordance with the CUC Higher Education Code of Governance, the next review will be carried out in 2019.

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:



Phil Cotton
Pro-Chancellor and Chairman of the Board of Governors
23/11/2018



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE
GOVERNORS OF SOLENT UNIVERSITY

Opinion

We have audited the financial statements of Solent University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2018 which comprise the consolidated and university statement of comprehensive income and expenditure, the consolidated and university statement of changes in reserves, the consolidated and university balance sheet, the consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2018 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University

in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Welcome from the Chairman of Governors and the Vice-Chancellor, The Financial Highlights, the Strategic Report and the Corporate Governance statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

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material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and Research England Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with these terms and conditions and any other terms and conditions attached to them.
- The requirements of the OfS’s accounts direction have been met.

Responsibilities of the Board of Governors

As explained more fully in the board members responsibilities statement set out on page 26 to 28, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the University’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.


AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.





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 Solent 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 Terms and Conditions of Funding from the Office for Students and Research England.

Use of our report

This report is made solely to the University board, 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 board 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 board members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David I'Anson, (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: *30 November 2018*

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 2014 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.

BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018

Solent University Limited (SUL) and Solent University Services Limited (SUSL) are 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 accounts for its property, plant and equipment using the cost method. Under the transitional arrangements of FRS102, 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.
Building refurbishment	– up to 20 years
Computer equipment and software	– over 3 to 10 years
Other equipment	– over 5 to 15 years
Vehicles	– over 5 years
Vessels	– over 5 to 15 years

*Where the major components of freehold buildings have

significantly different useful lives, the initial cost or the replacement cost of a component shall be allocated to its major components and each component depreciated separately over its useful life.

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. Consumables are fully charged to expenditure 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. 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 FRS102, 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 are 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.

Endowments are classified as restricted expendable endowments.

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 and are accessible within 90 days.

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 2018

	Notes	Consolidated		University	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1	89,991	91,000	88,506	89,805
Funding body grants	2	8,657	9,129	8,657	9,129
Research grants and contracts	3	396	242	396	245
Other income	4	18,141	17,127	19,109	17,846
Investment income	5	107	131	107	131
Donations and endowments	6	390	5	389	5
Total income		117,682	117,634	117,164	117,161
EXPENDITURE					
Staff costs	7	63,334	66,103	63,334	66,103
Other operating expenses		37,494	37,439	37,060	36,991
Depreciation	11	5,529	5,717	5,444	5,632
Interest and other finance costs	8	3,123	3,305	3,123	3,305
Total expenditure	9	109,480	112,564	108,961	112,031
Surplus before other gains		8,202	5,070	8,203	5,130
Gain on disposal of fixed assets		-	125	-	125
Gain on investments	19	93	112	93	112
Surplus before tax		8,295	5,307	8,296	5,367
Taxation	10	-	-	-	-
Surplus for the year		8,295	5,307	8,296	5,367
Actuarial gain in respect of pension schemes	18	24,620	10,730	24,620	10,730
Total comprehensive income for the year		32,915	16,037	32,916	16,097
Represented by:					
Endowment comprehensive income for the year		98	112	98	112
Pension Reserve Gain		21,425	7,024	21,425	7,024
Restricted comprehensive income for the year		425	-	425	-
Unrestricted comprehensive income for the year		10,967	8,901	10,968	8,961
		32,915	16,037	32,916	16,097

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 JULY 2018

Consolidated	Endowment	Restricted	Pension	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2016	869	88	(63,142)	119,260	57,075
Surplus/(deficit) from the I & E statement	112	-	(3,706)	8,901	5,307
Other comprehensive income	-	-	10,730	-	10,730
Transfer of funds	(37)	(80)	-	117	-
Total comprehensive income	75	(80)	7,024	9,018	16,037
Balance at 1 August 2017	944	8	(56,118)	128,278	73,112
Surplus/(deficit) from the I & E statement	98	425	(3,195)	10,967	8,295
Other comprehensive income	-	-	24,620	-	24,620
Transfer of funds	(45)	(2)	-	47	-
Total comprehensive income	53	423	21,425	11,014	32,915
Balance at 31 July 2018	997	431	(34,693)	139,292	106,027

University	Endowment	Restricted	Pension	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2016	869	88	(63,142)	119,144	56,959
Surplus/(deficit) from the I & E statement	112	-	(3,706)	8,961	5,367
Other comprehensive income	-	-	10,730	-	10,730
Transfer of funds	(37)	(82)	-	119	-
Total comprehensive income	75	(82)	7,024	9,080	16,097
Balance at 1 August 2017	944	6	(56,118)	128,224	73,056
Surplus/(deficit) from the I & E statement	98	425	(3,195)	10,968	8,296
Other comprehensive income	-	-	24,620	-	24,620
Transfer of funds	(45)	-	-	45	-
Total comprehensive income	53	425	21,425	11,013	32,916
Balance at 31 July 2018	997	431	(34,693)	139,237	105,972

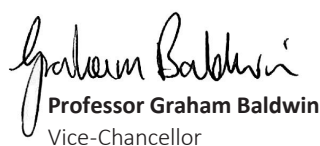
BALANCE SHEET AS AT 31 JULY

	Notes	Consolidated		University	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	11	155,196	133,331	152,609	130,658
Investments	12	44	23	2,844	2,723
		155,240	133,354	155,453	133,381
Current assets					
Trade and other receivables	13	13,453	12,728	15,085	13,264
Current investments	14	996	977	996	977
Cash and cash equivalents		33,560	34,737	31,561	33,980
		48,009	48,442	47,642	48,221
Less creditors falling due within one year	15	(38,566)	(26,058)	(38,467)	(25,920)
Net current assets		9,443	22,384	9,175	22,301
Total assets less current liabilities		164,683	155,738	164,628	155,682
Creditors: due after more than one year	16	(21,141)	(23,893)	(21,141)	(23,893)
Provisions					
Pension provisions	18	(34,693)	(56,118)	(34,693)	(56,118)
Other provisions	18	(2,822)	(2,615)	(2,822)	(2,615)
TOTAL NET ASSETS		106,027	73,112	105,972	73,056
Restricted Reserves					
Pension Reserves	18	(34,693)	(56,118)	(34,693)	(56,118)
I & E reserve - endowment reserve	19	997	944	997	944
I & E reserve - restricted reserve	20	431	8	431	6
Unrestricted Reserves					
I & E reserve - unrestricted		139,292	128,278	139,237	128,224
TOTAL RESERVES		106,027	73,112	105,972	73,056

These Financial Statements were approved and authorised for issue by the Board of Governors on 28 November 2018.



Phil Cotton
Pro-Chancellor and Chairman of Board of Governors



Professor Graham Baldwin
Vice-Chancellor

The Notes on pages 40 to 57 form part of these Financial Statements

CASH FLOW STATEMENT YEAR ENDED 31 JULY

		Restated	
Notes	2018	2017	
	£'000	£'000	
Cash flow from operating activities			
Surplus for the year	8,295	5,307	
Adjustment for non-cash items			
Depreciation	11	5,529	5,717
Gain on investments	19	(93)	(112)
Increase in debtors	13	(725)	(7,697)
Increase in creditors	15	1,195	6,864
Increase in pension cost less contribution payable	18	3,195	3,706
Increase in other provisions	18	207	456
Adjustment for investing or financing activities			
Investment income	5	(107)	(131)
Interest payable	8	1,726	1,843
Profit on the sale of fixed assets		-	(125)
Capital Grant Income	2	(1,249)	(873)
Net cash inflow from operating activities		17,973	14,955
Cash flows from investing activities			
Proceeds from sales of fixed assets		29	575
Capital Grant Receipts		933	796
Withdrawal of deposits		74	-
Investment income		107	131
Payments made to acquire fixed assets		(26,185)	(11,337)
New non-current asset investments		(25)	-
		(25,067)	(9,835)
Cash flows from financing activities			
Interest paid		(1,714)	(1,812)
Interest element of finance lease		(12)	(31)
New secured loans		10,000	-
Repayments of amounts borrowed		(1,789)	(1,679)
Capital element of finance lease		(568)	(549)
		5,917	(4,071)
(Decrease)/Increase in cash and cash equivalents in the year		(1,177)	1,049
Cash and cash equivalents at beginning of the year		34,737	33,688
Cash and cash equivalents at end of the year		33,560	34,737

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2018

1. TUITION FEES AND EDUCATIONAL CONTRACTS	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Full-time home and EU students	74,799	75,760	74,799	75,760
Full-time international students	4,807	4,811	4,807	4,811
Part-time students	2,111	2,120	2,111	2,120
Non credit bearing course fees	7,116	8,194	5,631	6,999
Apprenticeship Fees	843	-	843	-
Other	285	76	285	76
Research Training Support Grant	30	39	30	39
	89,991	91,000	88,506	89,805

2. FUNDING BODY GRANTS	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Recurrent grant				
Higher Education Funding Council / Office for Students	5,789	6,776	5,789	6,776
Further Education Funding	-	291	-	291
Capital grant	1,249	873	1,249	873
Specific grants				
Special initiatives	1,619	1,189	1,619	1,189
	8,657	9,129	8,657	9,129

3. RESEARCH GRANTS AND CONTRACTS	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Research charities	152	33	152	33
Government (UK and overseas)	158	194	158	197
Industry and commerce	40	41	40	41
Other	46	(26)	46	(26)
	396	242	396	245

4. OTHER OPERATING INCOME

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Residences, catering and conferences	13,049	13,950	12,499	13,402
Other services rendered	642	642	569	515
Other income	4,450	2,535	6,041	3,929
	18,141	17,127	19,109	17,846

5. INVESTMENT INCOME

	Notes	Consolidated		University	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Investment income on endowments	19	5	-	5	-
Other investment income		102	131	102	131
		107	131	107	131

6. DONATIONS

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Donations with restrictions	12	-	11	-
Unrestricted donations	378	5	378	5
	390	5	389	5

7. STAFF COSTS

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Salaries	46,392	48,902	46,392	48,902
Social security costs	5,073	5,134	5,073	5,134
Other pension costs	7,917	7,751	7,917	7,751
Movement on pension provision	1,798	2,244	1,798	2,244
Redundancy costs	2,154	2,072	2,154	2,072
Total	63,334	66,103	63,334	66,103

	Consolidated		University	
	2018	2017	2018	2017
	£	£	£	£
Emoluments of the Vice-Chancellor:				
Salary	217,144	213,514	217,144	213,514
Performance-related pay	10,857	10,560	10,857	10,560
Total before pension contributions	228,001	224,074	228,001	224,074
Pension contributions & payments in lieu	31,276	35,187	31,276	35,187
Total	259,277	259,261	259,277	259,261

7. STAFF COSTS (CONTINUED)

The Remuneration Committee, chaired by the Vice-Chair of the Board of Governors with two further independent members and a co-opted member reviewed the Vice-Chancellor's remuneration at its July and November 2017 meetings. The Vice-Chancellor was not present for either discussion.

The Committee paid particular attention to the analysis of two remuneration surveys (UCEA 2016 and CUC 2017) which showed that when compared to institutions of a similar income and nature the Vice-Chancellor's salary was within the median range of the 2016 survey and in the second quartile of the 2017 survey. On this basis the Vice-Chancellor was awarded the same percentage increase as the majority of all other people working at Solent: 1.7% from 1 August 2017 taking his salary from £213,514 to £217,144

In considering the Vice-Chancellor's eligibility for performance related earnings the Committee took account of the achievement of objectives that had been set for the previous year. As with all other employees the maximum amount available was a 5% non-consolidated payment. The Chair, Vice-Chair and People and Development representative had initial discussions about the supporting metrics in early September 2017. The Chair reviewed the Vice-Chancellor's performance and achievement of objectives with them in advance of the November committee meeting.

At the meeting the Committee discussed these and noted the very significant achievement of the relocation of a major business division to Southampton, the progression of merger-talks and all that entailed with various government departments and agencies to safeguard the University's interests, achieving Research Degree Awarding Powers, progress in the main key league tables and on employee engagement, and the One Solent initiative and important associated savings, new courses, processes and controls. They also noted the Vice-Chancellor's demonstrable commitment to the University's leadership behaviours and core values. Taking all this into account they awarded the maximum performance related payment of £10,857.

Vice-Chancellor's pay as a multiple of the median employee of the University per the Office for Students accounts direction 19 June 2018

Basic pay	6.3
Total remuneration	6.8

Remuneration of other higher paid staff, not including the Vice Chancellor, excluding employer's pension contributions	2018	2017	2018	2017
	No.	No.	No.	No.
£100,000 to £104,999	2	3	2	3
£105,000 to £109,999	1	2	1	2
£110,000 to £114,999	1	-	1	-
£115,000 to £119,999	-	-	-	-
£120,000 to £124,999	1	-	1	-
£125,000 to £129,999	-	-	-	-
£130,000 to £134,999	-	1	-	1
	5	6	5	6

7. STAFF COSTS (CONTINUED)

	Consolidated		University	
	2018	2017	2018	2017
Average staff numbers by major category :	FTE	FTE	FTE	FTE
Academic Departments	617	704	617	704
Administration	387	410	387	410
Academic Services	177	191	177	191
Premises	51	51	51	51
Residences, Catering and Conferences	26	26	26	26
Research Grants and Contracts	5	3	5	3
	1,263	1,385	1,263	1,385

Compensation for loss of office payable to higher paid staff

There has been no compensation paid in the last 2 years.

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.

Consolidated		University	
Restated		Restated	
2018	2017	2018	2017
£'000	£'000	£'000	£'000
1,348	1,326	1,348	1,326

Emoluments

During 2017/18, the Vice Chancellor's Group was extended to include additional key management personnel. As such prior year comparative figures have been updated.

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.

7. STAFF COSTS (CONTINUED)

Trade Union Facility Time Report tax year ended 31 March 2018

Section 13 of the Trade Union Act 2016 introduced this new requirement to publish data on facility time and the specific requirements are now detailed in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Solent recognises UCU and Unison for consultation and negotiation purposes and in line with our Recognition Agreements and the ACAS Code of Practice grants paid time off for these important trade union duties.

	No.	FTE's
Employees who were relevant union officials	18.0	12.3
Percentage of time		
0%	-	-
1-50%	18.0	12.3
51-99%	-	-
100%	-	-
Cost of facility time		44,890
Total pay bill for the tax year 2017-18		64,748,398
Facility time percentage		0.07%
Number of hours spent by employees who were relevant union officials on paid trade union activities		0

8. INTEREST AND OTHER FINANCIAL COSTS

	Notes	Consolidated		University	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Loan interest		1,714	1,812	1,714	1,812
Finance lease interest		12	31	12	31
Net charge on pension scheme	18	1,397	1,462	1,397	1,462
		3,123	3,305	3,123	3,305

9. ANALYSIS OF TOTAL EXPENDITURE

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	48	48	43	43
External auditors in respect of non-audit services	65	71	60	67
Operating lease rentals				
Land and buildings	5,204	4,685	5,204	4,685
Other	160	178	160	178

10. TAXATION

No corporation tax charge (2017: 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 2017	21,915	122,969	7,752	22,267	174,903
Additions	-	-	25,526	1,898	27,424
Transfers	-	9,576	(9,576)	-	-
Disposals	-	(753)	-	(2,187)	(2,940)
At 31 July 2018	21,915	131,792	23,702	21,978	199,387
Depreciation					
At 1 August 2017	-	26,193	-	15,379	41,572
Charge for the year	-	4,183	-	1,346	5,529
Disposals	-	(753)	-	(2,157)	(2,910)
At 31 July 2018	-	29,624	-	14,567	44,191
Net Book Value at 31 July 2018	21,915	102,168	23,702	7,411	155,196
Net Book Value at 31 July 2017	21,915	96,776	7,752	6,888	133,331

University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	21,595	120,466	7,752	21,707	171,520
Additions	-	-	25,526	1,898	27,424
Transfers	-	9,576	(9,576)	-	-
Disposals	-	(753)	-	(1,941)	(2,694)
At 31 July 2018	21,595	129,289	23,702	21,664	196,250
Depreciation					
At 1 August 2017	-	25,863	-	14,999	40,862
Charge for the year	-	4,129	-	1,315	5,444
Disposals	-	(753)	-	(1,912)	(2,665)
At 31 July 2018	-	29,239	-	14,402	43,641
Net Book Value at 31 July 2018	21,595	100,050	23,702	7,262	152,609
Net Book Value at 31 July 2017	21,595	94,603	7,752	6,708	130,658

Leased assets included above:	Freehold and Leasehold				
	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2018	712	3,113	-	-	3,825
Net Book Value at 31 July 2017	712	3,158	-	-	3,870

12. NON-CURRENT INVESTMENTS

	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2017	-	23	23
Additions	-	25	25
Impairment	-	(4)	(4)
At 31 July 2018	-	44	44
University			
At 1 August 2017	2,700	23	2,723
Additions	100	25	125
Impairment	-	(4)	(4)
At 31 July 2018	2,800	44	2,844

The non-current investments have been valued at cost less impairment

Subsidiary Undertakings

The University owns 100% of the issued ordinary share capital of £2.7 million (2017: £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.

The University owns 100% of the issued ordinary share capital of £0.1 million of Solent University Services Limited, a company registered in England on the 19th July 2018.

The main activities of this undertaking are to provide education support services.

	Consolidated and University £'000
Other Fixed Asset Investments	
HCB Holding Ltd	44
A not for profit bank, aimed at supporting the local economy	44

13. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivable	69	85	69	85
Trade receivables	11,677	11,127	11,419	10,848
Other receivables	636	333	670	295
Prepayments and accrued income	1,071	1,183	1,071	1,183
Amounts due from subsidiary companies	-	-	1,856	853
	13,453	12,728	15,085	13,264

14. CURRENT INVESTMENTS

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	996	977	996	977
	996	977	996	977

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 £93k (2017: £112k), see note 19.

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Secured loans	12,890	1,932	12,890	1,932
Obligations under finance leases	-	568	-	568
Trade payables	10,679	7,930	10,582	7,863
Social security and other taxation payable	1,232	1,328	1,230	1,328
Salaries and wages	2,507	2,622	2,507	2,622
Accruals and deferred income	11,055	11,276	11,055	11,276
Other payables	203	402	203	331
	38,566	26,058	38,467	25,920

16. CREDITORS : DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Secured loans	21,141	23,893	21,141	23,893
Total creditors due after more than one year	21,141	23,893	21,141	23,893
Analysis of finance lease:				
Due within one year or on demand (Note 15)	-	568	-	568
Due within one year	-	579	-	579
Due between one and two years	-	-	-	-
Due between two and five years	-	-	-	-
	-	579	-	579
less: finance charges allocated to future years	-	(11)	-	(11)
Total obligations under finance lease	-	568	-	568
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 15)	12,890	1,932	12,890	1,932
Due between one and two years	1,905	2,753	1,905	2,753
Due between two and five years	6,456	6,078	6,456	6,078
Due in five years or more	12,780	15,062	12,780	15,062
Due after more than one year	21,141	23,893	21,141	23,893
Total secured and unsecured loans	34,031	25,825	34,031	25,825
Secured loans repayable by 2035	34,031	25,825	34,031	25,825
	34,031	25,825	34,031	25,825

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	13,053	14,262	13,053	14,262
University	Lloyds Bank	3 Mth LIBOR + 1.50	2035	10,006	10,006	10,006	10,006
University	Bank of Scotland	4.30	2019	957	1,542	957	1,542
University	Lloyds Bank	1.46	2018	10,015	15	10,015	15
				34,031	25,825	34,031	25,825

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.

The second lloyds bank loan is the draw down of a revolving credit loan facility

£65,173 thousand of land and building assets have been used to secure the loans

17. FINANCIAL INSTRUMENTS

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	45,942	46,282	43,719	45,208
Financial liabilities measured at amortised cost	(47,546)	(37,246)	(47,484)	(37,174)

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

	National					Total £'000
	USS Pension £'000	HCC Pension £'000	Min. Wage £'000	Leasehold Dilapidation £'000	Reorganisation £'000	
	At 1 August 2017	268	55,850	40	1,260	
Utilised in year	-	-	-	-	(760)	(760)
Additions	-	-	-	235	772	1,007
Released in year	(15)	(21,410)	(40)	-	-	(21,465)
At 31 July 2018	253	34,440	-	1,495	1,327	37,515

National Minimum Wage

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

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.

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.

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 2016 rising to 16.48% from October 2016.

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

	2018	2017
	£000	£000
Contributions to Teachers' Pension Scheme	3,180	3,352

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 2016. 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 2018	From 1 April 2017	From 1 April 2016
Contribution Rate	15.1%	14.1%	13.1%
Additional contributions to address fund shortfall	£1,360,600	£1,314,600	£1,147,900

The University also has unfunded obligations of £290k in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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 FRS102(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 FRS102 where there is a deficit recovery plan the University must recognise its liability:

	2017-18	2016-17
	£	£
Provision brought forward	267,670	502,078
Staff Costs	121,492	(106,000)
Interest Payable (included in Pension Finance Costs - Note 8)	6,959	12,050
Contributions	(143,394)	(140,458)
Provision carried forward	252,727	267,670

The University has 16 staff in the USS scheme and therefore it is deemed to be immaterial to the Universities 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 2016
Expected employer contributions next year	£4.93m
Duration of Liabilities	22.3 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 2016. The major assumptions used by the actuary for the purposes of FRS 102 were:

	31 July 2018	31 July 2017	31 July 2016
Discount Rate	2.95% pa	2.60% pa	2.40% pa
RPI Inflation	3.10% pa	3.10% pa	2.90% pa
CPI Inflation	2.00% pa	2.00% pa	1.80% pa
Rate of increase in salaries	3.50% pa	3.50% pa	3.30% pa
Rate of increase in pensions in payment	2.00% pa	2.00% pa	1.80% pa
Pension accounts revaluation rate	2.00% pa	2.00% pa	1.80% pa

Mortality Assumptions

	At 31 July 2018	
	Retiring Today	Retiring in 20 years
Male	23.4	24.7
Female	26.1	27.6

	Value at 31 July 2018	Value at 31 July 2017
Asset Allocation		
Equities	63.6%	61.2%
Property	7.0%	6.5%
Government bonds	23.1%	24.8%
Corporate bonds	1.1%	1.1%
Cash	2.1%	3.0%
Other	3.1%	3.4%
Total	100.0%	100.0%

	Value at 31 July 2018	Value at 31 July 2017
	£000	£000
Reconciliation to Balance Sheet		

Funded Benefits

Fair Value of Fund Assets	113,770	100,100
Present Value of Liabilities	(147,920)	(155,620)
Funded Net Pension Liability	(34,150)	(55,520)

Unfunded Benefits

Present Value of Liabilities	(290)	(330)
Unfunded Net Pension Liability	(290)	(330)

Total Net Pension Liability	(34,440)	(55,850)
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18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Amounts recognised in income statement	2018	2017
	£000	£000
Operating cost		
Current Service Cost	6,370	6,850
Past Service Cost	340	180
Financing cost		
Interest Cost (included in Pension Finance Costs - Note 8)	1,390	1,450
Pension expense recognised in profit and loss	8,100	8,480
Allowance for administration expenses included in Current service cost	70	70
Amounts recognised in other comprehensive income	2018	2017
	£000	£000
Asset gains arising during the period	7,800	7,010
Liability gains/(losses) arising during the period	16,820	3,720
Total amount recognised in other comprehensive income	24,620	10,730
Changes to the present value of the defined benefit obligation	2018	2017
	£000	£000
Opening Value of Liabilities	155,950	149,400
Current Service Cost	6,370	6,850
Interest Cost	4,040	3,580
Contributions by Participants	1,600	1,630
Actuarial (gains)/losses	(16,820)	(3,720)
Net Benefits Paid Out	(3,270)	(1,970)
Past Service Cost	340	180
Closing Value of Liabilities	148,210	155,950
The closing liability includes £290,000 (2017: £330,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2018	2017
	£000	£000
Opening fair value of assets	100,100	86,760
Interest income on assets	2,650	2,130
Remeasurement gains on assets	7,800	7,010
Contributions by the employer	4,850	4,510
Contributions by participants	1,600	1,630
Net benefits paid out	(3,230)	(1,940)
Closing fair value of assets	113,770	100,100
Actual return on assets	2018	2017
	£000	£000
Interest income on assets	2,650	2,130
Gain on assets	7,800	7,010
Actual return on assets	10,450	9,140

19. EXPENDABLE ENDOWMENT RESERVE

	2018	2017
	£'000	£'000
Balances at 1 August 2017		
Capital	836	836
Accumulated income	108	33
	944	869
New endowments	-	-
Investment income	5	-
Expenditure	(45)	(37)
Increase in market value of Investments	93	112
At 31 July 2018	997	944
Represented by:		
Capital	836	836
Accumulated income	161	108
	997	944
Analysis by type of purpose:		
Research support	969	906
General	28	38
	997	944
Analysis by asset		
Current and non-current asset investments	997	977
Cash & cash equivalents	-	-
Creditor	-	(33)
	997	944

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

20. RESTRICTED RESERVES

Reserves with restrictions are as follows:

			2018	2017
	Grants	Donations	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2017	5	3	8	88
New grants	2,300	1	2,301	1
Grants utilised	(1,875)	(3)	(1,878)	(81)
Expenditure	-	-	-	-
	(1,875)	(3)	(1,878)	(80)
At 31 July 2018	430	1	431	8

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

Capital Grant	425	-
Research support	5	6
Prize funds	1	2
	<u>431</u>	<u>8</u>

21. CAPITAL COMMITMENTS

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	17,191	4,749	17,191	4,749

22. CONTINGENT LIABILITIES

At 31 July 2018 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 2018		31 July 2017	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	5,204	160	5,364	4,863
Future minimum lease payments due:				
Not later than 1 year	5,333	155	5,488	4,995
Later than 1 year and not later than 5 years	9,069	545	9,614	11,783
Later than 5 years	2,565	79	2,644	1,839
Total lease payments due	16,967	779	17,746	18,617

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
Solent University Ltd	Maritime based consultancy and training	100% owned	12
Solent University Services Ltd	Education support services	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 £3,300 was paid to 7 Governors (2017: £2,256 paid to 5 Governors).

During the year ended 31 July 2018 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, trustees 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.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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 2017-18					
Trade	3	5	-	-	-
Grant	-	-	-	41	512
Solent Students Union 2016-17					
Trade	2	4	-	-	-
Grant	-	-	-	43	470

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.

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