

Financial Statements



for the year ended 31 July 2015

Welcome from the Chairman of Governors and the Vice-Chancellor

Welcome to Southampton Solent University's Operating and Financial Review for 2014-2015, a year which has seen much change within the institution. It has again been a successful year with the University maintaining underpinning student numbers and effective cost controls leading to the achievement of a surplus in excess of the budgeted 6%.

As a University we look to reinvest such surpluses in order to further enhance the student experience and to ensure high quality education delivery into the future. Work continued on the building of "the Spark", the new academic teaching building and work was completed with regard to the creation of space for the relocation of the Business School. A further consequence of such investment was the further improvements in areas including student satisfaction, student achievement, employability and research excellence. The University submitted its application for Research Degree Awarding Powers during the year, further underpinning its developing research activity.

The University achieved its highest scores to date in the National Student Survey and was further shortlisted for the THE awards in the category of most improved student experience. The results of the Research Excellence Framework identified World Leading Research within the University. Innovation continued to be a key feature of our activity, the University again ranked highly for student business start-ups and with regard to business collaboration we were 4th in the sector for the number of days of Continuing Professional Development delivered.

To ensure the University continues to progress a new strategic plan was approved by the Board in February and a series of sub-strategies were approved in July. Three faculties were reorganized into six academic schools to aid delivery of the strategic plan and additionally we launched a student hub, a Learning and Teaching Institute, a Research and Innovation Office and an International Office. These will underpin activities aimed at delivering the key strategic priorities.

Further enhancements occurred with regard to external relations and applications for 2015-16 were up on the previous year but like last year conversion continued to be a challenge. This was as a consequence of the removal of the student number cap and the resulting increased competition. However, enrolments continue to be relatively strong with increases from European students and an increase in recruitment to post-graduate taught programmes.

Further international partnerships were developed and agreed, underpinning our strategy around internationalization and the aim to best prepare our students for a future in an increasingly globalized world. We hosted visits from universities from across the world and assisted students to undertake periods of study abroad, most notably in China. Local and regional activity also continued to be strong with the University, despite its international outlook, continuing to be very much a University for the City and the Solent Region.



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

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List of Board of Governors

Governors		Attendance at Board Meetings %
Professor G Andrews	Staff Governor	100
Professor G Baldwin	Vice-Chancellor, Ex-officio Governor	From 18 August 2014 75
Mr P Boyd-Smith	Independent Governor	75
Professor P Bush	Independent Governor	Until 30 March 2015 100
Mr P Cardy	Independent Governor, Vice-Chairman	75
Dr H Carmichael	Staff Governor	Until 31 March 2015 50
Mr J Cheshire OBE	Independent Governor, Chairman	100
Ms A Colley	Independent Governor	50
Mr G Holland	Independent Governor	100
Councillor S Kaur	Co-opted External Governor	75
Dr L Lee	Independent Governor	Until 31 July 2015 100
Mr G Little	Independent Governor	50
Dr J Mountfield	Independent Governor	100
Mrs S Norris-Reeves	Staff Governor	Until 12 February 2015 100
Miss N Oiku	Student Governor	From 1 July 2014 100
Mr J Prest	Independent Governor	Until 31 July 2015 100
Mr J Simpson	Independent Governor	75
Dr J Stopp	Independent Governor	75
Clerk to the Governors		
Ms B Woolven		100

Financial Highlights

	2015	2014
Results, Cash Flows, Assets and Reserves	£000	£000
Funding Council Grants	11,502	19,502
Academic Fees and Support Grants	87,608	73,621
Research Grants and Contracts	202	293
Other Operating Income	18,523	16,196
Endowment and Investment Income	551	458
Total Income	<u>118,386</u>	<u>110,070</u>
Historical Cost Surplus for the Year After Tax	<u>12,574</u>	<u>7,246</u>
Net Cash Flow from Operating Activities	17,965	14,856
Net Outflow on Investments and Servicing of Finance	(1,712)	(1,832)
Net Cash Flow before Investing, Management of Liquid Resources and Financing	<u>16,253</u>	<u>13,024</u>
Fixed Assets	104,816	92,898
Endowment Asset Investments	806	752
Debtors	5,074	5,597
Investments	26,913	13,902
Cash	18,844	23,240
Creditors: amounts falling due within one year	(16,325)	(17,386)
Total Assets less Current Liabilities	<u>140,128</u>	<u>119,003</u>
Total Reserves excluding FRS 17 Pension Liability	<u>94,950</u>	<u>82,046</u>
Total Reserves including FRS 17 Pension Liability	<u>52,500</u>	<u>45,246</u>
Other Key Statistics	2014-15	2013-14
Number of Higher Education Full-Time Equivalents	10,445	11,111
Total Number of Higher Education Students	11,306	11,724
Number of Employees	1,325	1,327

Operating and Financial Review

SCOPE OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL REVIEW

Financial Key Performance Indicators

The following Key Performance Indicators which derive from the University's Strategic Plan, Building an Excellent University for 2015-2020, relate to the University's financial position:

Performance Indicator	Criteria	Outcome for 2014-2015	Outcome for 2013-2014
Annual historic cost surplus (after tax and FRS 17 pension costs)	At least 6% of income over the period of the Plan	10.70%	6.70%
Net cash inflow from operating activities	At least 6% of income	15.18%	13.49%
Cash reserves	Available cash reserves of £6m	£18.8m	£23.2m

Results for the Year

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

Total income increased by £8.3 million (7.6%) to £118.4 million.

Funding body grants decreased by £8.0 million (41.0%) to £11.5 million, with £11.3 million (98.3%) being received from the Higher Education Funding Council for England (HEFCE) and the remaining £0.2 million (1.7%) from the Further Education (FE) funding bodies. This reduction has been offset by increased tuition fee income of £87.6 million (a rise of 19.0%), which is largely due to higher tuition fees from home and EU students with all cohorts of students now coming under the higher fee regime.

The HEFCE recurrent grant for 2014-2015 totalled £8.9 million, representing a decrease of £7.5 million (45.7%) from 2013-2014, which was a result of the reduction in teaching grant. Student Opportunity funding, received for the additional costs associated with recruiting and teaching students from under-represented social groups and communities, was £4.7 million, up from £4 million in 2013-2014.

Following the election further cuts to HEFCE Grant Funding had been anticipated, particularly to the Student Opportunities Funding. In the event this did not materialise.

Other operating income increased by £2.3 million (14.2%) to £18.5 million. Residences and catering increased by £1million and the release of provisions totalled £1.2m.

Endowment and investment income remained relatively unchanged at £0.6 million.

Overall total expenditure has increased to £105.8 million.

Staff costs fell by £0.2 million (0.3%) to £56.4 million. Higher staff costs from the annual 1% pay award, staff increments and pension auto enrolment, were offset by the £1.0 million reduction in redundancy costs, a fall in the FRS17 pension costs of £0.5 million and a higher level of staff vacancies largely as a result of realigning the organisation to the strategic priorities.

Other operating expenses increased to £41.5 million, a £3.0 million (7.8%) rise mainly due to higher equipment spend, additional agency staff costs, the new academic teaching building and the realignment to academic schools.

Interest payable has decreased by £0.3 million (10.7%) to £2.5 million as a result of reduced pension finance costs.

The historical cost surplus for 2014-2015 was £12.7 million, compared with the 2013-2014 surplus of £7.3 million and £5.6 million higher than the budgeted surplus of £7.1 million. This increase over budgeted surplus was achieved through the control of non-pay costs and the release of funding provisions.

Investments and Cash Reserves

Overall investments and cash reserves have increased by £8.6 million, which is a result of the surplus generated for the year.

The University has continued to invest its funds in short term deposits due to unstable credit ratings and with the new academic teaching building project underway. Cash reserves have reduced to £18.8 million, with investments increasing to £26.9 million.

Cash flow

The Financial Highlights on page 5 show that the University generated a net cash inflow from operating activities of £18.0 million, an increase of £3.1 million. The factors contributing to the level of net cash inflow include:

- a surplus of £12.6 million was achieved in 2014-2015, compared to £7.4 million in the previous year.
- a decrease in debtors this year of £0.6 million, compared to an increase last year of £0.9 million. The majority of this decrease was due to the timing of invoices being raised.
- a decrease in creditors this year of £1.2 million, compared to an increase last year of £1.6 million. Trade creditors include an adjustment for credit balances on the sales ledger, which have reduced due to the timing of invoices. Other creditors have reduced as a result of the release of funding provisions.

Long-Term Borrowing Facility

The University has a standard commercial loan with the Allied Irish Bank, secured on individual halls of residence. The amount outstanding as at 31 July 2015 is £16.3 million and will be repaid by July 2026.

The University also has a loan with the Bank of Scotland, secured on the Sir James Matthews building, to be repaid on a principal and interest basis in 2019. The amount outstanding as at 31 July 2015 is £7.9 million.

In addition to the above loans, the University has a finance lease with the Co-operative Bank. The amount outstanding as at 31 July 2015 is £1.6 million and will be repaid in 2018.

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

Post Balance Sheet Events

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

Financial Strategy

The financial strategy in 2014-2015 supported the University's strategic plan 2008-2015. It sits alongside other service strategies and is inextricably woven through all strategies of the University. It has an enabling role to ensure that the appropriate resources are provided to support the University's strategic objectives and academic development.

The University will aim to:

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

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

Treasury Management

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

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

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

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

During 2008-2009 the University's deposit with Heritable Bank became at risk following the collapse of the banking sector in Iceland. To date the University has received £2.0 million in dividends, which represents 98% of the original deposit.

Accounting Policies

The University's Financial Statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 28 to 29.

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

Pensions

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

The Teachers' Pension Scheme and Universities Superannuation Scheme are defined as a multi-employer pension scheme under Financial Reporting Standard 17 Retirement Benefits. The University is unable to identify its share of the underlying liabilities in the schemes. The University has taken advantage of the exemption of FRS 17 and has accounted for them as if they were defined contribution schemes.

The disclosure notes on pages 40 to 42 relate only to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2013 and was updated by Aon Hewitt Limited, as actuaries appointed by Hampshire County Council, in order to assess the University's share of assets and liabilities of the scheme as at 31 July 2015.

The University's share of the deficit in the HCCLGPS has increased by 15.4% to £42.5 million as at 31 July 2015 (2013-2014: £36.8 million). Although assets out performed expectations, this was more than offset by a £16 million increase in the liabilities, due to a 0.5% reduction in the discount rate.

Linked Charities

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

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

Risk and Risk Management

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

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

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

Currently the top University risk reflects the uncertainty of funding with the fees capped at £9k and the possible changes to the student opportunity fund. In addition, the recruitment, retention and experience of students together with employability outcomes remain key.

Creditor Payment Policy

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

With effect from October 2015, the University is updating its policy in order to pay suppliers 30 days on receipt of invoice.

STRATEGIC PLAN

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

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

Southampton Solent University's Vision is to be:

- A vibrant and successful University that is known nationally and internationally for the excellence of our teaching and for our sector-leading integration of theory and practice;
- Research active and informed with areas of world leading activity underpinning key and distinctive curriculum areas in support of 'real world' learning;
- The 'applied' university for Southampton and the Solent region, with accelerating national and international influence enabled by imaginative partnerships at home and abroad;
- An inclusive university which is a catalyst for social justice, social mobility and economic prosperity, providing access to top-class education for all those qualified and able to benefit and offering an outstanding student experience, characterised by the highest quality engagement and intellectual challenge.

Southampton Solent University's Mission is:

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

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

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

KEY PERFORMANCE INDICATORS

Generic indicator KPI		Performance				
		2010-11	2011-12	2012-13	2013-14	2014-15
Student Demand Applications were consistently above the equivalent since last year for the whole of the recruitment cycle averaging between 5 and 7's. Conversion was the challenge this year with the removal of the student number control apparently leading to increased competition. European recruitment was again strong. We need to continue to drive up applications with improvements in conversion measures.	UCAS application					
	Conversion rate (new students)					
	Enrolments (new and returning students)					
	International fees (£000s)					
Student Retention, Satisfaction and Achievement We achieved our highest ever student satisfaction results recorded through the NSS improving overall satisfaction by 3%. We also saw small improvements in the employability measure and further improvement in the percentage of students achieving a 1 st or 2.1 degree. The number of student eligible to progress improved markedly compared with the previous year although this remains an area of high priority.	Retention (%) progression 2012-2013 to 2013-2014*					
	Student satisfaction (%)					
	Good degrees (%)					
	Employability					
Research and Enterprise Outputs and Sustainability We continue to be in the top 20 in the sector for student business start-ups and for the numbers still operating after three years. We were 4 th in the sector for the delivery of CPD. Income from research and enterprise continues to rise.	Income from research and from enterprise activity £m					
	Number of student start ups					
Financial Health and Sustainability Consistent delivery of surplus and EBITDA over five years has been maintained. Debtors were below target as a result of timely invoicing and continued focus on debt recovery. Debt service costs will start to rise now that the loan for the New Academic Teaching Building (NATB) has been drawn down. Control of staff costs continues to be a priority. Financial health aggregate has improved but will	Operating surplus (% EBITDA)					
	MSI (%)					
	Net liquidity					
	Debtors at year end (as % of non-funded income)					
	Annualised debt servicing costs (as a % of income)					
	Staff costs (as a % of income)					

reduce as NATB project nears completion.	Annual surplus (as % of turnover)						
	Financial health, aggregate						
Estates The building of the NATB continued and further work continued with improvements to facilities most notably the relocations of the Business School. The estates, particularly indoor facilities remains of high quality. Spending on infrastructure reduced in the years preceding 2014-2015 in preparation for The Spark development.	Condition of the estate (% good or above)						
	Spend on infrastructure (3 year average % of IRV)						
	Carbon dioxide (CO2) emissions						

	GREEN	Good - performance is at or above expectations
	ORANGE	Some concerns which may need addressing
	RED	Serious concerns - performance below expectations
	(no fill)	Traffic light coding inapplicable

Notes on the Key Performance Indicators

Student Retention, Satisfaction and Achievement

Retention - these figures come from the HEFCE non-continuation PI. The KPIs are noted under the year in which they were published by HEFCE, so for example, the figure under 2014-2015 shows the proportion of students who started in 2012-2013 and who returned in 2013-2014.

The HEFCE PI shows the percentage of students who did not continue into their second year of study. These percentages are used to derive the percentage of students who continued and it is this percentage which is shown for the indicator.

Employability - this indicator uses the 'rate of employment' figure from the Destination of Leavers of Higher Education (DLHE) survey. This national survey gathers data on the destination of leavers each January. The percentage shown for 2014-2015 refers to students graduating in 2014; 2013-2014 relates to leavers in 2013 etc.

Research and Enterprise Outputs and Sustainability

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

Financial Health and Sustainability

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

Margin for Sustainability and Investment (MSI) is a mandatory KPI introduced by HEFCE. It is a measure of average cash generation over 5 years as a percentage of adjusted turnover.

Financial health aggregate is a calculation to show the financial sustainability of an institution by combining three measures which include the ability to cover future costs, meet financial liabilities and generate funds. This measure is used by the US Department of Education. Each component is weighted and capped to reduce the impact of one-off or extreme results. The US state department considers that a score of 1.5 or greater indicates that an institution is financially "responsible" and requires no additional oversight.

Estates

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

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

The figures are derived from the HEFCE Capital Investment Framework 2 metrics which report on performance in the previous year, thus figures published in 2014-2015 relate to performance in 2013-2014.

STATEMENT OF PUBLIC BENEFIT

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

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

The University's mission and vision (detailed on page 10) are translated into the University's new strategic plan, as set out in the University's 'Building an Excellent University 2015-2020'. It is this strategy which enables the University to fulfil its charitable objects.

Educational Purpose

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

The University is a friendly, open, and inclusive place which offers excellence and distinctiveness. We are an engine of social mobility, performing well in the published HEFCE benchmarks for widening participation (see below).

We offer practical and professional education with distinctive courses uniquely tailored to industry needs. Our approach is creative, inclusive and student focused, and we have strong international ties. We are one of the world's leading maritime training providers with a range of unique resources and facilities. We additionally have one of the 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 2014-2015 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), with significant improvements in satisfaction in the 2015 survey.

Supporting Economic Growth

The University is characterised by close engagement with all the communities it serves, 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, as active members of Southampton Connect we participate with the Solent Local Enterprise Partnership. We are also actively involved nationally as members of representative bodies, and ensure that the benefits of university education are experienced on a national scale. International student recruitment significantly supports the UK economy and the recruitment to Southampton Solent University provides valuable benefits to the local economy.

The University's education development programmes for health service professionals (the majority of whom work in the local health economies) are examples 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 have now become official partners.

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

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

The University provides the local business community with a regular supply of highly qualified and skilled graduates who have developed knowledge and have been encouraged throughout their studies to create and maintain connections which are vital to the UK economy.

Supporting the Local Community

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

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

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

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

Widening Participation

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

We have consistently performed better than the UK sector average for the three key performance measures: attracting students from low participation neighbourhoods; lower social classes; and state schools (total UK sector averages in 2013-2014 were 10.9%, 32.6% and 89.7% respectively). We have frequently met or exceeded our benchmark for these indicators and in four of the past five years have exceeded the location adjusted benchmarks (see table below). 2011-2012 data onwards has been produced by HEFCE using the new 'POLAR 3' methodology.

	State School		Social Class		Low Participation Neighborhoods	
	% from group	Location Adjusted	% from group	Location Adjusted	% from group	Location Adjusted
2013-2014	96.3	95.3	36.8	38.0	14.3	12.2
2012-2013	97.1	95.1	36.5	37.2	14.7	12.8
2011-2012	96.2	94.8	34.2	35.4	11.5	11.6
2010-2011	95.4	94.6	35.9	34.9	13.1	11.5
2009-2010	96.8	94.5	36.0	33.5	11.9	10.9
2008-2009	96.2	94.4	38.5	36.7	11.0	10.3
2007-2008	97.2	92.8	34.1	32.8	12.8	10.2
2006-2007	96.7	93.1	36.0	32.9	12.2	9.8

Source: HEFCE Performance Indicators

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

Key Activity to Widening Participation

- **Generic Pre 16 Outreach:** Step into Success continues to work closely with targeted schools and colleges specifically with those pupils from quintile 1 low participation neighbourhoods. We continue to offer interactive subject specific sessions as well as a variety of generic activities that aim to introduce pupils to the concept of university, dispel myths and misconceptions and raise aspirations. Activities include:
 - Introduction to universities: A creative and interactive workshop for year 6-8 learners which introduces them to the concept of university, dispels myths and misconceptions and raising aspirations.
 - Careers Awareness: An activity for secondary aged learners to enable them to become familiar with routes to careers.
 - Employability Skills: An activity for KS3 and KS4 pupils to familiarise them with employability skills.
 - Student Finance: An interactive technology based game which enables learners to develop an awareness of the financial support available at university and understand and explore budgeting techniques to support the day to day costs of being a student.
 - Transition (Primary to Secondary): An interactive session intended to raise learner awareness of the likely differences and expectations that will be encountered when attending secondary school.
 - Transition (Secondary to Further Education): An interactive session intended to raise learner awareness of the likely differences and expectations that will be encountered when attending further education.
 - Choosing GCSE Options: An activity for year 8-9 pupils to introduce the concept of GCSEs and choosing their options
 - Study Skills/Exam Prep: A three session programme to support learners in managing their learning, developing research skills and working and presenting in groups.
 - Student Life: Delivered by a current Solent student, this presentation aims to excite and enthuse students and give them a taste of student life by introducing them to higher education study methods, the student union's clubs and societies, student accommodation and the pastoral support available.
- **Children's University:** Solent University has again supported the New Forest and Southampton Children's University to encourage and celebrate the achievements of 75 primary aged students. The university hosted the annual graduation ceremony in May which was attended by over 150 parents, carers and graduates.
- **Collaborative work and representation:**
 - Southern University Network (SUN) - The University continues to collaborate with four local universities who belonged to the group previously known as the Hampshire Universities Group (HUG). With the addition of another two universities, the new Southern Universities Network has collaboratively designed and implemented new projects which are of specific benefit to care leavers, minority ethnic groups and students with disabilities. As part of our collaborative work Southampton Solent University has been working on a cross institution Student Ambassador Project which focuses on improving the student experience and the development of employability skills and knowledge.
 - Southampton Education Forum (SEF) - By attending this regular meeting of Heads and FE Principals, the Southampton Education Forum offers Solent the opportunity to keep abreast of the changes within our local provision. We regularly use this platform as an opportunity to promote the Solent offer and provide a Higher Education viewpoint for the strategic direction of forum members.
- **Southampton Junior University:** This is a collaborative project between University of Southampton and Solent University. Now in its fourth year, the project offers mentoring to specific students in years 10 and 11 who often fall within the lower quintiles low participation neighbourhoods.
- **Care Leavers Bursary:** Solent continues to provide additional support to Care Leavers and students who have lived in the Foyer Federation/supported accommodation. We offer non-income assessed bursaries for care leavers, as well as non-income assessed bursaries for students who need supported accommodation. In

addition the university supports pre-application information, advice and guidance to prospective students identified as 'vulnerable'.

- **Compacts:** Solent have compact agreements with 35 regional colleges and two local authorities, Southampton and Hampshire. For 2015 entry, 29 students from our partner colleges identified themselves on their UCAS application as a compact applicant, having met our criteria.

A scheme of bursaries and scholarships has been continued to reflect the University Mission and to influence the composition of the student body. Further information can be found in our Access Agreement available at www.offa.org.uk.

Environmental Sustainability Policy

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

After undertaking a systematic analysis of its carbon footprint, the University published a Carbon Management Plan in 2010, targeting a 33% reduction in direct CO₂ emissions by 2020. A multi-faceted approach to carbon reduction has since been adopted, with substantial investment in refurbishment of existing buildings and incorporation of upgrades that offer cost-effective, energy saving, carbon reduction measures. All new developments aim to incorporate best environmental practice. The new £30million teaching and learning block will incorporate a range of low carbon features and is designed to achieve the Building Research Establishment Environmental Assessment Method (BREEAM) "Excellent" rating.

Raising awareness amongst students and staff has been fundamental to improved environmental performance. The University was one of the first to implement the Green Impact scheme, now into its sixth successful year. Students work closely with University staff, auditing the teams' "greening" activities. The inter-hall "Student Switch Off" competition achieves significant reductions in energy use in student residences and has recently been extended to include recycling initiatives. In March 2015, the University undertook a joint student and staff "Blackout" event, to draw attention to the energy savings that could be made by ensuring all office, classroom and lab equipment is switched at the end of the working day.

The University has implemented an Environmental Management System through its membership of the EcoCampus scheme, and after achieving the Silver Award in October 2014, is currently progressing towards Gold. The University purchases all of its electricity from renewable sources.

EQUALITY, DIVERSITY AND INCLUSIVITY

Good progress was made on the 2014-2015 three objectives adopted by the University's Employee Equality Forum. These included progressing Solent's position from its baseline 0-entry position in the 2014 Employers Workplace Index ('Stonewall') and preparation for the 2016 submission; recommending options for training packages for Solent employees on equality, diversity and inclusivity; and carrying out the recommendations and actions arising from Solent's third equal pay review.

The Forum completed further work from the 2013-2014 objectives which included changes to the collection of recruitment and current employee equality data fields to include sexual orientation and religious belief data. Further analysis of the Employee Annual Report on the use of fixed term contracts and the decline in flexible working requests was commissioned and reviewed. Improvements were made to the Forum's communications when the University's Internal Communications Officer became a member of the Forum.

The University entered the Stonewall Workplace Index for 2014 and will submit to the Workplace Index in September 2015. It is hoped that the improvement to monitoring arrangements and engagement with LGBT staff will enable progress to be achieved in the rankings.

The University was represented at the Stonewall Conference in April 2015 by members of the LGBT network. Delegates had the opportunity to attend a number of workshops and presentations including a seminar on supporting LGBT staff on international placements, an issue that is becoming increasingly vital as the university seeks to expand into foreign markets.

The LGBT network was formed in June 2013 with an action plan and objectives to raise awareness of the Network amongst SSU employees, establish links with relevant external groups, and organise a programme of events. This year the LGBT Network have organised an externally facing event in the Conference Centre (in September) attended by employees from a range of Stonewall Diversity Champions and SSU employees; network members have presented staff seminars and a workshop at the University's Teaching and Learning Conference in March.

The University is committed to completing Equal Pay Reviews once every two years. Equal Pay Review was commissioned in 2014-2015 and completed using data as at 31 July 2014. The reporting format was the same as in previous reviews to enable useful data comparison. Together the reviews provide five years' worth of information on the University gender pay gap. The main findings were that there were no significant gender pay gaps in base pay within the University's grade structure; it continues to make good progress in reducing the overall gender pay gap; and its position continues to be significantly better than the HE sector.

In 2015/16 the University celebrates 10 years of University status. Comparative equality data has been produced which shows that since 2005 there has been a 28% increase in the number of females in our Senior Management; academics' gender pay gap reduced by 29%; 33% more applicants declared a disability; a 50% increase in the number of staff aged 24 or less; the number of ethnic minority staff has increased from 6% to 17%; and the number of nationalities of staff has increased from 21 to 48.

ESTATES

During the last 12 months the University has continued with its programme of estate investment to ensure that its learning and teaching facilities are at the leading edge and positively support the academic curriculum and the University's pedagogic aims and objectives.

The key project during the 2014-2015 academic year has been the construction of the new £31 million academic teaching building - now named 'The Spark' - which is the first phase of major development on the East Park Terrace campus for several years. The new building, which is scheduled for completion in early 2016, provides state of the art teaching facilities and integrated IT/AV systems over five floors, together with two large below ground lecture theatres, one of these being in the Harvard style layout.

Adjoining the existing Sir John Millais building by a spectacular atrium space, the building features a unique and distinctive 'pod' situated centrally at high level that also provides a pedestrian link between the two buildings. In addition to being a focal point that will serve to promote Solent brand, the 'Pod' is also a timetabled teaching space which holds up to 80 students and will be accessible by all of the new Schools. The new building also incorporates a new Conference Centre that will manage and host a wide variety of events, both internal and external, to deliver increased commercial income to the University.

The building has been designed to achieve a high environmental performance with a BREEAM Excellent rating being pursued as part of the construction. Space utilisation has also been improved as the teaching space sizes have been optimised against timetabling requirements based on modelling and also stakeholder workshops that captured the views of the academic staff and students.

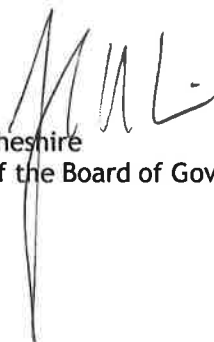
On completion of The Spark, the Herbert Collins Building will be replaced and the building footprint utilised for the construction of a new indoor sports complex providing facilities for student teaching, recreational sport and community use. The building will replace the current dated St Mary's Leisure Centre that is leased from SCC, and the removal of Herbert Collins Building will significantly improve the University's overall building condition position. A new Estate Development Plan for the East Park Terrace campus is currently being developed and this work will provide a medium to long term plan for the campus and include an outline design for the sports building.

Significant estate projects that were being undertaken over the 2014-2015 summer recess include the redevelopment of Level 1 (entrance level) of the Sir John Everett Millais building, to provide improved teaching facilities and a new Café adjacent to The Spark; Phase 2 of the relocation of the School of Business and Law to the Sir James Mathews Building; and further upgrading of kitchens in the Southampton Halls of Residence.

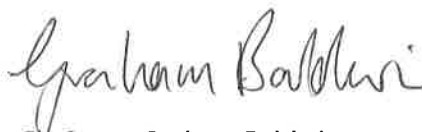
Other estate investment projects include upgrading of fire alarms systems, lifts, redecoration and replacement/refurbishment of teaching and learning, and upgrading of residential facilities to ensure the estate remains a 'fresh' and welcoming environment to students, staff, and visitors, making a positive contribution to student recruitment and retention.

CONCLUSION

The year has seen considerable activity and has proven to be developmental and successful, preparing the University for further development and success. The University continues to be in a strong financial position and its estate and resource base continues to improve. The new 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, and these will be greatly supported by our growing research and international activity. The annual financial surplus was met and will again go to enabling current and future estates and resource plans.



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

Corporate Governance Statement

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

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

The institution is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Instrument and Articles of Government, the latest version of which were approved by the Privy Council in June 2015.

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

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

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

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

15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

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

The Board of Governors adopted an Equality & Diversity policy in respect of its own membership in April 2015. During 2014-2015 the Board comprised a 55/45 ratio in male/female members. On joining the Board, all members complete an equality and diversity declaration and a summary of the information obtained is reported in the University's Annual Monitoring Statements.

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

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

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

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

Resources Committee

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

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 scope for the internal auditors in the context of key risks faced by the University; and reviews both the internal and external auditors' respective recommendations for improvement of the University's systems of internal control, together with management's responses and implementation plans. It considers arrangements that are in place to promote economy, efficiency and effectiveness, and for the management and quality assurance of data submitted to HEFCE and the other funding bodies; receives and considers reports from HEFCE as they affect the University's business, and monitors compliance with the regulatory requirements; oversees the institution's policy in fraud and irregularity, and on reporting serious incidents; and ensures that all significant losses have been properly investigated and reported.

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

In April 2014, after a tendering process, the Committee re-appointed BDO as the University's external auditors for a further three year period, BDO having served as the University's external audit provider since 2004. In March 2015, Kim Hayward took over from Paul Anthony as the University's Business Assurance Partner.

The membership of the Audit Committee during 2014-2015 is given below:

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

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

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

Governance Committee

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

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

Remuneration Committee

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

Student Liaison and Experience Committee

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

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

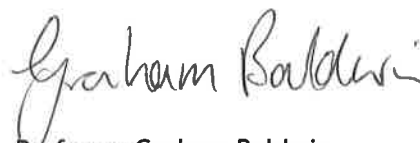
The **Vice-Chancellor** is the head of the institution who has a general responsibility to the Board of Governors for the organisation, direction and management of the University. Under the terms of the formal *Memorandum of Assurance and Accountability (MAA)* between the University and the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the designated officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons. He is required to advise the Board on the discharge of all its responsibilities under the MAA and its *Audit Code of Practice* and is required, jointly with the Board, to ensure that all such responsibilities are discharged. He is required to advise the Board if, at any time, any action or policy under consideration by the Board appears to him to be incompatible with the terms of the Memorandum of Assurance and Accountability. He is required to inform an appropriate officer of the Funding Council should the Board decide nevertheless to proceed with such an action or policy.

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

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



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

Responsibilities of the University's Board of Governors

In accordance with the Education Reform Act 1988 and the Instrument and Articles of Government, the Board of Governors is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the Financial Statements are prepared in accordance with the Education Reform Act 1988; Statement of Recommended Practice: Accounting for Further and Higher Education; Accounts Direction of the Higher Education Funding Council for England (HEFCE); and other relevant accounting standards.

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

Financial Statements

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

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

Internal Controls

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

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

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

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

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

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

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

Kingston City Group (KCG), a shared services Consortium of London and South East universities, has been appointed to serve as the University's internal auditor. The consortium operates to standards defined in the Audit Code of Practice published by HEFCE in July 2014. The internal auditor submits regular reports which include the internal auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement. During 2014-2015, there was a change of Managing Director at KCG when Maria Vetrone departed and Alan Lees was appointed.

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

The CUC's Higher Education Code of Governance 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 most recent effectiveness review was completed in 2011 using Allan Schofield's framework which was launched by the Leadership Foundation for Higher Education (LFHE) in 2011. The main purpose of the review was to assess the quality of enabling factors required for effective governance, namely: commitment to the organisation and vision, structures and processes, effective membership, strategic development and performance measurement, communication and information, and future governance. It also sought feedback on the quality of working relationships and boardroom behaviour, and the outcomes of Board and committee proceedings.

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

The next review took place during August 2015 and a report will be presented to the Board in November 2015.

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

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:

A handwritten signature in black ink, appearing to read 'J. Cheshire', written over a faint horizontal line.

Jonathan Cheshire
Chairman of the Board of Governors

Independent Auditor's Report

Independent Auditors' Report to the Governors of Southampton Solent University

Independent Auditors' Report to the Governors of Southampton Solent University

We have audited the financial statements of Southampton Solent University for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Historical Cost Surpluses and Deficits, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, Consolidated Statement of Total Recognised Gains and Losses, the Statement of Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the University's Governing Body and Auditors

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

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

Scope of the audit of the financial statements

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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses, and statement of cash flow for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

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

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of the HEFCE's Accounts Direction have been met.

Matters on which we are required to report by exception

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

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

BDO LLP

BDO LLP
Statutory Auditor
Southampton
United Kingdom

Date: *23 November, 2015*

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

Statement of Principal Accounting Policies

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

Basis of preparation

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

Fixed Assets

i. Inherited Assets - land and buildings

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

ii. Assets acquired after incorporation

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

iii. Assets under construction

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

Capital Grants

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

Depreciation

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

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

Stocks

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

Revenue Recognition

Grants from HEFCE and similar bodies are included in income in the year, except for grants received for specific initiatives which span more than one year. In such cases grant income is deferred to the extent it is not matched by qualifying expenditure.

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

Building Maintenance

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

Taxation

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

Statement of Principal Accounting Policies

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

Provisions

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

Basis of Consolidation

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

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

Listed Investments

Listed investments are shown at market value.

Research and Development

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

Pensions

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

The assets of the TPS are held in a separate trustee-administered fund. Because of the nature of the scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these scheme on a consistent and reasonable basis and therefore as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

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

In addition, a small number of staff are members of the Universities Superannuation Scheme (USS).

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included in cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and bank certificates of deposit held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Foreign Currencies

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

Leased Assets

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

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

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

Consolidated Income & Expenditure Account for the Year Ended 31 July 2015

	Notes	2015 £000	2014 £000
INCOME			
Funding Body Grants	1	11,502	19,502
Tuition Fees and Education Contracts	2	87,608	73,621
Research Grants and Contracts	3	202	293
Other Operating Income	4	18,523	16,196
Endowment and Investment Income	5	551	458
		118,386	110,070
EXPENDITURE			
Staff Costs	6	56,402	56,575
Other Operating Expenses		41,532	38,489
Depreciation	10	5,361	4,952
Interest Payable	8	2,517	2,808
	7	105,812	102,824
Surplus after depreciation of assets and before tax		12,574	7,246
Taxation	9	-	-
Surplus for the year retained within general reserves		<u>12,574</u>	<u>7,246</u>

All amounts relate to continuing activities.

Consolidated Statement of Historical Cost Surpluses and Deficits for the Year Ended 31 July 2015

	Notes	2015 £000	2014 £000
Surplus after depreciation of assets and before tax		12,574	7,246
Difference between the Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year calculated on the relevant amount	20	91	90
Historical Cost Surplus before Tax		<u>12,665</u>	<u>7,336</u>
Historical Cost Surplus after Tax		<u>12,665</u>	<u>7,336</u>

The Notes on pages 33 to 47 form part of these Financial Statements.

Balance Sheet as at 31 July

	Notes	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed Assets					
Tangible Assets	10	104,816	92,898	101,969	89,965
Investments	11	-	-	2,700	2,700
		104,816	92,898	104,669	92,665
Endowment Asset Investments	12	806	752	806	752
Current Assets					
Debtors	13	5,074	5,597	5,905	5,954
Investments	14	26,913	13,902	26,913	13,902
Cash at Bank and in Hand	30	18,844	23,240	17,811	22,840
		50,831	42,739	50,629	42,696
Creditors: amounts falling due within one year	15	16,325	17,386	16,138	17,284
Net Current Assets		34,506	25,353	34,491	25,412
Total Assets less Current Liabilities		140,128	119,003	139,966	118,829
Creditors: amounts falling due after more than one year	16	34,378	25,986	34,378	25,986
Provisions for liabilities and charges	17	1,610	2,017	1,610	2,017
Net Assets Excluding Pension Liabilities		104,140	91,000	103,978	90,826
Net Pension Liability	17	42,450	36,800	42,450	36,800
TOTAL ASSETS LESS LIABILITIES		<u>61,690</u>	<u>54,200</u>	<u>61,528</u>	<u>54,026</u>
Deferred Capital Grants	18	8,384	8,202	8,384	8,202
Expendable Endowments	19	806	752	806	752
Reserves					
Income and Expenditure Account excluding Pension Reserve		87,872	74,877	87,710	74,703
Pension Reserve	17	(42,450)	(36,800)	(42,450)	(36,800)
Income and Expenditure Account including Pension Reserve	21	45,422	38,077	45,260	37,903
Revaluation Reserve	20	7,078	7,169	7,078	7,169
Total Reserves		52,500	45,246	52,338	45,072
TOTAL FUNDS		<u>61,690</u>	<u>54,200</u>	<u>61,528</u>	<u>54,026</u>

These Financial Statements were approved and authorised for issue by the Board of Governors on 18 November 2015.



Jonathan Cheshire
Chairman of the Board of Governors



Professor Graham Baldwin
Vice-Chancellor

The Notes on pages 33 to 47 form part of these Financial Statements.

Consolidated Cash Flow Statement for the Year Ended 31 July 2015

	Notes	2015 £000	2014 £000
Net Cash Inflow from Operating Activities	26	17,965	14,856
Returns on investments and servicing of finance	27	(1,712)	(1,832)
Taxation		-	-
Capital expenditure and financial investment	28	(16,151)	(7,054)
Management of liquid resources	30	(13,011)	7,181
Financing	29	8,513	(1,369)
(Reduction)/Increase in Cash		<u>(4,396)</u>	<u>11,782</u>

Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

	Notes	2015 £000	2014 £000
(Reduction)/Increase in Cash	30	(4,396)	11,782
Repayment of Long Term Loans	29	1,003	924
Repayment of Capital Elements of Finance Leases	29	484	445
New Loans Acquired	29	(10,000)	-
Increase/(Decrease) in Short Term Deposits	30	13,011	(7,181)
Movement in Net Debt/Funds		102	5,970
Net Debt at 1 August	30	9,702	3,732
Net Funds at 31 July	30	<u>9,804</u>	<u>9,702</u>

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2015

	Notes	2015 £000	2014 £000
Surplus after Depreciation of Assets at Valuation and Tax		12,574	7,246
Unrealised Gain on Endowment Asset Investments	12	90	46
Endowment Surplus Retained in the Year	12	(36)	(7)
Actuarial (Loss)/Gain on Pension Scheme	17	(5,320)	950
Total Recognised Gains and Losses Relating to the Year		<u>7,308</u>	<u>8,235</u>
Reconciliation			
Opening Reserves and Endowments		45,998	37,763
Total Recognised Gain for the Year		7,308	8,235
Closing Reserves and Endowments		<u>53,306</u>	<u>45,998</u>

The Notes on pages 33 to 47 form part of these Financial Statements.

Notes to the Accounts for the Year Ended 31 July 2015

1. FUNDING BODY GRANTS	2015	2014
	£000	£000
Recurrent Grant		
HEFCE	8,887	16,419
FE Funding Bodies	163	240
Specific HEFCE Grants		
Special Initiatives	1,506	1,626
Deferred Capital Grants Released in Year		
Buildings (Note 18)	665	751
Equipment (Note 18)	281	466
	<u>11,502</u>	<u>19,502</u>

2. TUITION FEES AND EDUCATION CONTRACTS	2015	2014
	£000	£000
Full time undergraduate and postgraduate fees home and EU	70,543	56,634
Part time undergraduate and postgraduate fees home and EU	1,754	1,530
Overseas (Non-EU) domicile students	5,890	6,128
Non credit bearing course fees	9,289	9,317
Other	132	12
	<u>87,608</u>	<u>73,621</u>

3. RESEARCH GRANTS AND CONTRACTS	2015	2014
	£000	£000
EU Grants	-	168
Research Councils	-	-
Other Sources	202	125
	<u>202</u>	<u>293</u>

4. OTHER OPERATING INCOME	2015	2014
	£000	£000
Residences, Catering and Conferences	13,856	12,816
Other Services Rendered	668	736
Other Income	3,999	2,644
	<u>18,523</u>	<u>16,196</u>

5. ENDOWMENT AND INVESTMENT INCOME	2015	2014
	£000	£000
Income from Expendable Endowments (Trust Funds) (Note 19)	36	15
Income from Short Term Investments	515	443
Income from Long Term Investments	-	-
	<u>551</u>	<u>458</u>

Notes to the Accounts for the Year Ended 31 July 2015

6. STAFF COSTS	2015	2014
	£000	£000
Wages and Salaries	45,528	44,924
Social Security Costs	3,678	3,618
Other Pension Costs	6,662	6,507
Redundancy Costs	534	1,526
	56,402	56,575
Average staff numbers by major category:	Number	Number
Academic Departments	804	836
Academic Services	130	139
Research Grants and Contracts	1	2
Residences, Catering and Conferences	33	23
Premises	48	56
Administration	309	271
	1,325	1,327
Members of the Senior Management Team	18	18
Emoluments of Vice-Chancellor:	£	£
Emoluments of Vice-Chancellor	216,322	246,213
Employer's pension contributions (Teachers' Pension Scheme)	28,196	-
Other benefits	-	-
	244,518	246,213
Remuneration of other higher paid staff (excluding employer's pension contributions), but including payment for compensation for loss of office	Number	Number
£100,000 to £109,999	2	1
£110,000 to £119,999	-	4
£120,000 to £129,999	4	1
The Governors received no remuneration for services provided during the current or prior year.		

7. ANALYSIS OF TOTAL EXPENDITURE	2015	2014
	£000	£000
Analysed by Activity:		
Academic Departments	44,635	43,068
Academic Services	12,223	11,005
Administration and Central Services	22,438	22,193
Premises	12,572	12,297
Research Grants and Contracts	154	298
Residences, Catering and Conferences	13,460	13,083
Other Expenditure	330	880
	105,812	102,824
Other Operating Expenses include:		
External Auditor's Remuneration - Audit Fees *	44	44
External Auditor's Remuneration - Other Fees	25	21
Governors Expenses **	4	4
Internal Auditor's Remuneration - Audit Fees	55	53
Operating Lease Rentals Land/Buildings	5,083	4,986
Operating Lease Rentals Plant/Machinery	58	58

* £39,840 relates to fee payable by the University (2014: £32,700).

**Governors have been reimbursed for travel and subsistence expenses relating to attendance at Board and Committee meetings and other events attended in their official capacity. A total of £3,630 was paid to 7 Governors for reimbursement of expenses (2014: £3,550 paid to 8 Governors).

Notes to the Accounts for the Year Ended 31 July 2015

8. INTEREST PAYABLE	2015	2014
	£000	£000
Loans wholly repayable within five years	735	-
Loans not wholly repayable within five years	1,417	2,125
Finance Leases	115	163
Pension finance costs	250	520
	<u>2,517</u>	<u>2,808</u>

9. TAXATION
No corporation tax charge (2014: no charge) arises on consolidation as a result of taxable profits in a subsidiary undertaking. Under the Education Reform Act 1998 the University obtained charitable status, consequently it is not liable to corporation tax on its income and gains. No deferred taxation has been provided in the accounts on the basis that future taxable profits of all subsidiary companies will be paid to the University by way of Deed of Covenant.

10. TANGIBLE ASSETS	Freehold and Leasehold		Assets under	Equipment	Total
	Land	Building	Construction		
	£000	£000	£000	£000	£000
Consolidated					
At valuation 31 July 1998	6,454	15,182	-	-	21,636
At cost	13,128	72,952	5,257	17,692	109,029
Additions	-	-	15,411	1,868	17,279
Disposals	-	-	-	(751)	(751)
Transfers	-	2,607	(2,607)	-	-
At 31 July 2015	<u>19,582</u>	<u>90,741</u>	<u>18,061</u>	<u>18,809</u>	<u>147,193</u>
Depreciation					
At 1 August 2014	-	26,712	-	11,055	37,767
Disposals	-	-	-	(751)	(751)
Provided during period	-	3,146	-	2,215	5,361
At 31 July 2015	<u>-</u>	<u>29,858</u>	<u>-</u>	<u>12,519</u>	<u>42,377</u>
Net Book Value at 31 July 2015	<u>19,582</u>	<u>60,883</u>	<u>18,061</u>	<u>6,290</u>	<u>104,816</u>
Net Book Value at 31 July 2014	<u>19,582</u>	<u>61,422</u>	<u>5,257</u>	<u>6,637</u>	<u>92,898</u>
University					
At valuation 31 July 1998	6,454	15,182	-	-	21,636
At cost	12,808	70,446	5,257	17,132	105,643
Additions	-	-	15,411	1,868	17,279
Disposals	-	-	-	(751)	(751)
Transfers	-	2,607	(2,607)	-	-
At 31 July 2015	<u>19,262</u>	<u>88,235</u>	<u>18,061</u>	<u>18,249</u>	<u>143,807</u>
Depreciation					
At 1 August 2014	-	26,544	-	10,770	37,314
Disposals	-	-	-	(751)	(751)
Provided during period	-	3,091	-	2,184	5,275
At 31 July 2015	<u>-</u>	<u>29,635</u>	<u>-</u>	<u>12,203</u>	<u>41,838</u>
Net Book Value at 31 July 2015	<u>19,262</u>	<u>58,600</u>	<u>18,061</u>	<u>6,046</u>	<u>101,969</u>
Net Book Value at 31 July 2014	<u>19,262</u>	<u>59,084</u>	<u>5,257</u>	<u>6,362</u>	<u>89,965</u>

Notes to the Accounts for the Year Ended 31 July 2015

10. TANGIBLE ASSETS (CONTINUED)

Included in Land and Buildings is one asset (2014: one asset) with a net book value of £3.9 million (2014: £4 million) held under finance lease. Depreciation for the year on leased assets was £0.1 million (2014: £0.1 million).

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

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

11. INVESTMENTS	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Subsidiaries	-	-	2,700	2,700
	<u>-</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>

Subsidiary Undertakings

The University owns 100% of the issued ordinary share capital of £2.7 million (2014: £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.

12. ENDOWMENT ASSET INVESTMENTS	Consolidated and University	
	2015	2014
	£000	£000
Balance at 1 August	752	713
Appreciation on Revaluation	90	46
Additions	-	683
Disposals	-	(716)
(Decrease)/Increase in net current assets excluding cash	(36)	2
Increase in cash balances	-	24
Balance at 31 July	<u>806</u>	<u>752</u>
Charities Investment Fund	816	726
Net Current Liabilities excluding cash	(36)	-
Cash balances	26	26
Balance at 31 July	<u>806</u>	<u>752</u>

Notes to the Accounts for the Year Ended 31 July 2015

13. DEBTORS	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade Debtors	3,491	3,175	3,135	2,739
Other Debtors	1,583	2,422	1,556	2,423
Amount owed by subsidiary undertakings	-	-	1,214	792
	<u>5,074</u>	<u>5,597</u>	<u>5,905</u>	<u>5,954</u>

Amounts owed by subsidiary undertakings includes £5,000 due after one year (2014: £5,000).

14. CURRENT ASSET INVESTMENTS	Consolidated and University	
	2015	2014
	£000	£000
Deposits Maturing:		
In one year or less	21,000	8,547
In more than one year	5,913	5,355
	<u>26,913</u>	<u>13,902</u>

15. CREDITORS: amounts falling due within one year	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade Creditors	8,453	9,055	8,327	8,973
Taxation and social security	1,156	1,146	1,156	1,146
Salary and wages creditor	1,113	1,041	1,113	1,041
Other Creditors	4,002	4,664	3,941	4,644
Bank loan (Note 22b)	1,039	969	1,039	969
Other loan (Note 22c)	34	34	34	34
Obligations under finance leases (Note 22a)	528	477	528	477
	<u>16,325</u>	<u>17,386</u>	<u>16,138</u>	<u>17,284</u>

16. CREDITORS: amounts falling due after one year	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Long Term Bank loan (Note 22b)	33,247	24,286	33,247	24,286
Other loan (Note 22c)	17	51	17	51
Obligations under finance leases (Note 22a)	1,114	1,649	1,114	1,649
	<u>34,378</u>	<u>25,986</u>	<u>34,378</u>	<u>25,986</u>

Notes to the Accounts for the Year Ended 31 July 2015

17. PROVISIONS FOR LIABILITIES AND CHARGES	Consolidated and University				
	National Minimum Wage	Heritable	Dilapidation	Reorganisation	Total
	£000	£000	£000	£000	£000
At 1 August 2014	144	121	1,082	670	2,017
Charge to Income & Expenditure Account	-	-	61	-	61
Payments made in the year	-	-	-	(228)	(228)
Release in the year	(8)	(81)	-	(151)	(240)
At 31 July 2015	<u>136</u>	<u>40</u>	<u>1,143</u>	<u>291</u>	<u>1,610</u>

Teachers' Pension Scheme

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

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

With a change in pension arrangements applying from 1 April 2015, overtime is now pensionable, for new and transitional staff members.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2014 to 31 July 2015.

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

	2015	2014
	£000	£000
Contributions to Teachers' Pension Scheme	<u>2,769</u>	<u>2,755</u>

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

Notes to the Accounts for the Year Ended 31 July 2015

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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

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

Hampshire County Council Local Government Pension Scheme

The Hampshire County Council Local Government Pension Scheme (HCCLGPS) is valued every three years by a professionally qualified independent actuary using the Projected Unit method, the rates of contribution being determined by the actuary. The latest actuarial assessment of the HCCLGPS was at 31 March 2013. The contribution level was separated in April 2011 into two components, a forward contribution rate, and a capital contribution set offer each triannual valuation.

The level of employers' contributions is set out below:

	At 31 March 2015	At 31 March 2014	At 31 March 2013
Non-teaching staff - HCC	13.1%	13.1%	13.1%
Capital contribution	£969,700	£891,300	£891,300

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

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not linked to individual institutions and a scheme-wide contribution rate is set. In 2015, the percentage was 16% (2014: 16%).

The latest available triennial actuarial valuation of the scheme was at 31 March 2014, which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not linked to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period

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

	2015 £000	2014 £000
Contributions to USS	89	71

The USS scheme is deemed to be immaterial to the University's financial statements and therefore no further disclosures are included.

Notes to the Accounts for the Year Ended 31 July 2015

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

FRS 17

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

The regular contributions to the Fund for the accounting period ending 31 July 2015 are estimated to be £3.79 million.

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

	31 July 2015	31 July 2014	31 July 2013
Discount Rate	3.6% pa	4.1% pa	4.5% pa
Rate of increase in salaries	3.6% pa	3.7% pa	4.6% pa
Rate of increase in pensions in payment	2.1% pa	2.2% pa	2.7% pa
Pension accounts revaluation rate	2.1% pa	2.2% pa	n/a
Mortality Assumptions	At 31 July 2015		
		Retiring Today	Retiring in 20 years
Male		24.5	26.6
Female		26.3	28.6

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

	At 31 July 2015		At 31 July 2014		At 31 July 2013	
	Rate of Return	Value	Rate of Return	Value	Rate of Return	Value
Equities	n/a	42,671	7.5%	38,468	7.8%	35,606
Government bonds	n/a	19,146	3.2%	15,272	3.3%	15,135
Corporate bonds	n/a	1,262	3.7%	831	4.0%	744
Property	n/a	6,085	6.8%	4,920	7.3%	4,652
Cash	n/a	2,449	1.1%	2,428	0.9%	1,861
Other assets	n/a	2,597	7.5%	1,981	7.8%	4,032
		<u>74,210</u>		<u>63,900</u>		<u>62,030</u>
Average rate of return	n/a*		6.1%		6.4%	

* Due to the adoption of FRS102, the university will, from the next accounting period, no longer be required to recognise an expected return on assets in the profit and loss account. This item will be replaced with a net financing charge which is based on the discount rate assumption. This is consistent with the approach adopted by employers who report under IAS 19. Assumptions for the expected return on assets are therefore no longer required as the expected return on assets is based on the assumption at the start of the accounting period. We believe the above complies with FRS 17 disclosure requirements.

Notes to the Accounts for the Year Ended 31 July 2015

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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

Reconciliation to Balance Sheet	Value at 31 July 2015 £000	Value at 31 July 2014 £000
Funded Benefits		
Fair Value of Fund Assets	74,210	63,900
Present Value of Liabilities	116,250	100,280
Funded Net Pension Liability	<u>(42,040)</u>	<u>(36,380)</u>
Unfunded Benefits		
Present Value of Liabilities	410	420
Unfunded Net Pension Liability	<u>(410)</u>	<u>(420)</u>
Total Net Pension Liability	<u><u>(42,450)</u></u>	<u><u>(36,800)</u></u>
Analysis of Charge to Income & Expenditure Account	2015	2014
	£000	£000
Current Service Cost (included in Other Pension Costs - Note 6)	3,690	3,720
Past Service Cost (included in Other Pension Costs - Note 6)	180	70
Interest Cost (included in Pension Finance Costs - Note 8)	4,200	4,520
Expected Return on Assets (included in Pension Finance Costs - Note 8)	<u>(3,950)</u>	<u>(4,000)</u>
Expense Recognised	<u><u>4,120</u></u>	<u><u>4,310</u></u>
The expense recognised includes £20,000 (2014: £20,000) in respect of unfunded benefits.		
Changes to the Present Value of Liabilities during the year	2015	2014
	£000	£000
Opening Value of Liabilities	100,700	98,900
Current Service Cost	3,690	3,720
Interest Cost	4,200	4,520
Contributions by Participants	1,410	1,320
Actuarial Losses/(Gains)	8,620	(5,520)
Net Benefits Paid Out	<u>(2,140)</u>	<u>(2,310)</u>
Past Service Cost	180	70
Closing Value of Liabilities	<u><u>116,660</u></u>	<u><u>100,700</u></u>

The closing liability includes £410,000 (2014: £420,000) in respect of unfunded benefits.

Notes to the Accounts for the Year Ended 31 July 2015

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Changes to the Fair Value of Assets during the year	2015 £000	2014 £000			
Opening Value of Assets	63,900	62,030			
Expected Return on Assets	3,950	4,000			
Actuarial Gain/(Loss) on Assets	3,300	(4,570)			
Contributions by the Employer	3,790	3,390			
Contributions by Participants	1,410	1,320			
Net Benefits Paid Out	(2,140)	(2,270)			
Closing Value of Assets	<u>74,210</u>	<u>63,900</u>			
Actual Return on Assets	2015 £000	2014 £000			
Expected Return on Assets	3,950	4,000			
Actuarial Gain/(Loss) on Assets	3,300	(4,570)			
Actual Return on Assets	<u>7,250</u>	<u>(570)</u>			
Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses	2015 £000	2014 £000			
Actuarial Gain/(Loss) on Assets	3,300	(4,570)			
Actuarial (Loss)/Gain on Liabilities	(8,620)	5,520			
Total Actuarial (Loss)/Gain	<u>(5,320)</u>	<u>950</u>			
The actuarial loss includes a loss of £10,000 (2014: loss of £10,000) in respect of unfunded benefits.					
5 Year History	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present Value of Liabilities	116,660	100,700	98,900	89,930	74,970
Fair Value of Assets	74,210	63,900	62,030	50,370	45,930
Deficit on the Scheme	<u>42,450</u>	<u>36,800</u>	<u>36,870</u>	<u>39,560</u>	<u>29,040</u>
Experience (Losses)/Gains on Assets	3,300	(4,570)	5,480	(1,240)	1,700
Experience Gains/(Losses) on Liabilities	430	390	(4)	(40)	(4,180)

Notes to the Accounts for the Year Ended 31 July 2015

18. DEFERRED CAPITAL GRANTS	Consolidated and University		
	Buildings £000	Equipment £000	Total £000
At 1 August 2014	7,125	1,077	8,202
Cash Received	1,128	-	1,128
Released to Income and Expenditure	(665)	(281)	(946)
At 31 July 2015	<u>7,588</u>	<u>796</u>	<u>8,384</u>

19. EXPENDABLE ENDOWMENTS AND LINKED CHARITIES	Consolidated and University	
	2015 £000	2014 £000
Capital Value	726	693
Accumulated Income	26	20
At 1 August	752	713
Appreciation of Endowment Asset Investments	90	46
Income for the Year	-	15
Expenditure for the Year	(36)	(22)
At 31 July	<u>806</u>	<u>752</u>
Represented by:		
Capital Value	780	726
Accumulated Income	26	26
	<u>806</u>	<u>752</u>

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

20. REVALUATION RESERVE	Consolidated and University	
	2015 £000	2014 £000
At 1 August	7,169	7,259
Transfer to the Income and Expenditure Account (Note 21) - Depreciation for the period on revalued inherited assets	(91)	(90)
At 31 July	<u>7,078</u>	<u>7,169</u>

21. INCOME AND EXPENDITURE ACCOUNT	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
At 1 August	38,077	29,791	37,903	29,660
Retained Surplus for the Period	12,574	7,246	12,586	7,203
(Loss)/Gain on Pension Liability (Note 17)	(5,320)	950	(5,320)	950
Transfers from Revaluation Reserve (Note 20)	91	90	91	90
At 31 July	<u>45,422</u>	<u>38,077</u>	<u>45,260</u>	<u>37,903</u>

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

Notes to the Accounts for the Year Ended 31 July 2015

22. OBLIGATIONS UNDER LEASES AND LOANS	Consolidated and University	
a) Finance Leases	2015	2014
	£000	£000
Amounts Payable:		
Within one year	579	615
In more than one year and less than two years	579	615
In more than two and less than five years	580	1,229
After more than five years	-	-
	1,738	2,459
Less: finance charges allocated to future periods	(96)	(333)
	<u>1,642</u>	<u>2,126</u>
Analysed as:		
Amounts due in less than one year	528	477
Amounts due after more than one year	1,114	1,649
	<u>1,642</u>	<u>2,126</u>
The above balance is comprised of a finance lease due for repayment in 2018. All long term borrowing is at applicable market determined rates (fixed) from the commencement of the borrowing.		
b) Bank Loans	2015	2014
	£000	£000
Instalments due within one year	1,039	969
Instalments due in more than one and less than two years	1,117	1,039
Instalments due in more than two and less than five years	12,740	11,562
Instalments not due within five years	19,390	11,685
	<u>34,286</u>	<u>25,255</u>
Analysed as:		
Amounts due within one year	1,039	969
Amounts due after more than one year	33,247	24,286
	<u>34,286</u>	<u>25,255</u>
The above balance is comprised of three loans due for repayment in 2019, 2026 and 2035. All long term borrowing is at applicable market determined rates from the commencement of the borrowing.		
c) Other Loans	2015	2014
	£000	£000
Instalments due within one year	34	34
Instalments due in more than one and less than two years	17	34
Instalments due in more than two and less than five years	-	17
	<u>51</u>	<u>85</u>
Analysed as:		
Amounts due within one year	34	34
Amounts due after more than one year	17	51
	<u>51</u>	<u>85</u>
The above balance relates to an interest free loan from HEFCE due for repayment in 2016.		
d) The current annual commitment under non-cancellable operating leases for land and building is as follows:	2015	2014
	£000	£000
Amounts payable under lease expiring within five years	778	752
Amounts payable under leases expiring after more than five years	4,351	4,085
	<u>5,129</u>	<u>4,837</u>

Notes to the Accounts for the Year Ended 31 July 2015

23. CAPITAL COMMITMENTS	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Authorised and Contracted	<u>13,250</u>	<u>26,133</u>	<u>13,250</u>	<u>26,132</u>
Authorised but not Contracted	<u>11,758</u>	<u>14,136</u>	<u>11,758</u>	<u>14,136</u>

24. CONTINGENT LIABILITIES

At 31 July 2015 the Governors were not aware of any liabilities for which full provision has not been made.

25. POST BALANCE SHEET EVENTS

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

26. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2015 £000	2014 £000
Surplus before taxation	12,574	7,246
Less: Investment Income	(551)	(458)
	12,023	6,788
Add back Interest Payable	2,517	2,808
Surplus from Operating Activities	14,540	9,596
Release of Capital Grant	(946)	(1,217)
Depreciation	5,361	4,952
Pension contribution less amounts charged to operating surplus	80	360
Decrease/(Increase) in Debtors	559	(867)
(Decrease)/Increase in Creditors	(1,222)	1,597
(Decrease)/Increase in Provisions	(407)	436
Decrease in Endowment net current assets	-	(6)
Loss on disposal of investment	-	3
Asset write-offs	-	2
	<u>17,965</u>	<u>14,856</u>

27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2015 £000	2014 £000
Income from Endowments	-	15
Interest Received	515	443
Interest Paid under Finance Leases	(121)	(170)
Other Interest Paid	(2,106)	(2,120)
Returns on Investments and Servicing of Finance	<u>(1,712)</u>	<u>(1,832)</u>

Notes to the Accounts for the Year Ended 31 July 2015

28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2015	2014
	£000	£000
Purchase of Fixed Assets	(17,279)	(7,767)
Deferred Capital Grants Received	1,128	636
Receipt on Disposal of Investments	-	47
Endowment Investment Addition	-	30
	<u>(16,151)</u>	<u>(7,054)</u>

29. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR	At 1 August 2014	New Loans Acquired	Capital Repayments In the year	At 31 July 2015
	£000	£000	£000	£000
New Academic Teaching Building	-	10,000	-	10,000
Kimber College Finance Lease	2,125	-	(484)	1,641
Sir James Matthews Building Loan	7,950	-	-	7,950
Deanery College Loan	9,365	-	(524)	8,841
Chantry College Loan	5,352	-	(300)	5,052
David Moxon Annex Loan	2,589	-	(145)	2,444
HEFCE Revolving Green Fund	85	-	(34)	51
	<u>27,466</u>	<u>10,000</u>	<u>(1,487)</u>	<u>35,979</u>

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

	2015	2014
	£000	£000
Repayment of Loans	(1,003)	(924)
Repayment of Capital Element of Finance Leases	(484)	(445)
New Loans Acquired	10,000	-
	<u>8,513</u>	<u>(1,369)</u>

30. ANALYSIS OF CHANGES IN NET DEBT	At 1 August 2014	Cash Flow	Non Cash Movement	At 31 July 2015
	£000	£000	£000	£000
Cash at Bank and in Hand:				
Endowment Assets	26	-	-	26
Cash	23,240	(4,396)	-	18,844
	<u>23,266</u>	<u>(4,396)</u>	-	<u>18,870</u>
Short Term Deposit	13,902	13,011	-	26,913
Debt Due within one year	(1,480)	1,487	(1,608)	(1,601)
Debt Due after one year	(25,986)	(10,000)	1,608	(34,378)
	<u>9,702</u>	<u>102</u>	-	<u>9,804</u>

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

Notes to the Accounts for the Year Ended 31 July 2015

31. ACCESS FUNDS	2015	2014
	£000	£000
Balance Brought Forward	-	-
Funding Council Grants	-	228
	-	228
Disbursed to Students	-	(221)
Administration Costs	-	(7)
Balance Unspent at 31 July	-	-

32. RELATED PARTY TRANSACTIONS

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

During the year ended 31 July 2015 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS 8. Transactions are disclosed where members of the Board of Governors and senior members of staff disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party. Due to the nature of the University's operations and the composition of the Board of Governors, being drawn largely from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

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

Southampton Solent University	Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party	Grants and loans made to related party
	£000	£000	£000	£000	£000
Solent Students Union					
Trade	2	39	-	1	-
Grant	-	-	-	29	393

Principal Address & Advisors

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BANKERS	
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SOLICITORS	
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