

# Annual Statements 2019

**University of St Mark & St John**  
*(a company limited by guarantee)*

Report of the Members of the Board of  
Governors and Consolidated Financial Statements

Registered number: 7635609  
For the year ended 31 July 2019

**University of St Mark & St John**  
**(a company limited by guarantee)**

Report of the Members of the Board of Governors and  
Consolidated Financial Statements

Registered Number: 07635609  
For the year ended 31 July 2019

## Contents

Company information	3
Members of the University of the Board of Governors and Senior Management Team	4-5
Welcome by the Chair	6
Welcome by the Vice-Chancellor	7
Strategic report	8-10
Report of the Members of the University Board of Governors	11
Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements	12
Statement of Corporate Governance	13
How the University is Governed	14-17
Statement of Responsibilities of the Board of Governors	18-19
Independent Auditors Report to the Governing Body of the University of St Mark & St John (a company limited by guarantee)	20-22
Consolidated Statement of Comprehensive Income and Expenditure	23
Consolidated and Institute Statement of Changes in Reserves	24
Consolidated and Institute Statement of Financial Position (Balance Sheet)	25
Consolidated Statement of Cash Flows	26
Statement of Accounting Policies	27-31
Notes to the Accounts	32-47

## Company Information

### Status

The University of St Mark and St John is a company limited by guarantee, (referred to in these financial statements as the University or company).

### Group

The financial statements consolidate the results of the Company and its subsidiary, Marjon (South West) Limited.

### Secretary

Mrs U Stuart (as of 1 January 2018)

#### External Auditor

Bishop Fleming LLP  
Salt Quay House  
4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN

#### Internal Auditor

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol  
BS2 0FR

#### Bankers

Barclays Bank Plc  
Corporate Banking  
3rd Floor, 3 Bedford Street  
Exeter  
Devon  
EX1 1LX

#### Solicitors

Womble Bond Dickinson  
Ballard House  
West Hoe Road  
Plymouth  
Devon  
PL1 3AE

#### Insurers

Zurich Municipal  
Zurich House  
2 Gladiator Way  
Farnborough  
Hants  
GU14 6GB

#### Registered Office

University of St Mark & St John  
Derriford Road  
Plymouth  
Devon  
PL6 8BH

### Members of the University Board of Governors and Senior Management Team

Members of the Board during the year ended 31 July 2019 are below. Governors are registered as Directors of the Company with Companies House and also perform the role of trustee.

Name	Role	Start Date	End date
Mr Mike Baker	Elected Academic Staff Governor	10/07/2015	10/07/2019
Mr Richard Bayly	The National Society nominated Independent Governor	07/11/2012	01/11/2019 2 <sup>nd</sup> term, previously terms were 4 years)
Dr Susan Cooper	Senate Elected Academic Staff Governor	01/12/2017	01/12/2020
Mr Matt Evans	Directly appointed Independent Governor	01/12/2018	01/12/2021
Ms Claire Gibson	Directly appointed Independent Governor	05/07/2013	04/07/2020 (2 <sup>nd</sup> term, previously terms were 4 years)
Mrs Pamela Greener	Diocesan nominated Independent Governor	01/11/2018	01/11/2021
Mr Geoffery Gulzar	Elected Student Governor, Student Union President	01/07/2019	01/07/2020
Mr Alex Hawtin	The National Society nominated Independent Governor	10/12/2018	10/12/2021
Prof Patricia Hind	Directly appointed Independent Governor	01/11/2017	01/11/2020
Mrs Emma van der Lugt	Directly appointed Independent Governor  Deputy Chair of the Board	01/07/2016	01/07/2022 (2 <sup>nd</sup> term)
The Rt. Rev'd Nick McKinnel	Diocesan nominated Independent Governor	18/09/2015	18/09/2021 (2 <sup>nd</sup> term)
Mr Graham Raikes MBE	Directly appointed Independent Governor  Chair of the Board	01/11/2017  14/11/2018	01/11/2020
Mr John Searson	Diocesan nominated Independent Governor	01/04/2017	01/04/2020
Ms Michele Shoebridge	Directly appointed Independent Governor	01/01/2017	01/01/2020
Mr Richard Stevens	Directly appointed Independent Governor	01/12/2018	01/12/2021
Mrs Lynn Tamsett-White	Elected Professional Services Staff Governor	01/09/2018	01/09/2021
Prof Rob Warner	Ex-Officio Governor, Vice Chancellor	March 2016	N/A
<b>Leavers</b>			
Dr Susan Brownlow	Diocesan nominated Independent Governor	01/02/2017	14/12/2018
The Rev'd Preb Catherine Edmonds	Diocesan nominated Independent Governor	27/11/2009	05/11/2018 2 <sup>nd</sup> term, old terms were 4 years)
Prof Chris King	The National Society nominated Independent Governor	01/11/2017	09/10/2018
Mrs Diana Naylor	Elected Professional Services Staff Governor	01/07/2016	16/08/2018
Mr Rhys Roberts	Elected Student Governor, Student Union President	01/07/2018	01/07/2019
Mr Peter Upton	Directly appointed Independent Governor (former Chair)	04/10/2016	16/09/2018

## Co-optees

The Board of Governors appoint individuals who are not Governors to attend Board meetings or serve on a committee. Co-optees are appointed within the same process as governors and for a term of three years.

Name	Role	Start Date	End date
Ms Lindsey Hall	Co-optee	01/12/2018	01/12/2021
Prof Chris King	Co-optee	01/12/2018	01/12/2021
Mr Mike Sturgess	Co-optee	01/04/2017	07/03/2019

## Members of the Board

### Appointments to the Board (process)

The Governance and Nominations Committee are responsible for identifying vacancies, interviewing potential governors and recommending appointments to the Board of Governors for approval. The process for appointing new governors is outlined in the process document available on the Governance web pages. The CUC Code, Charity Commission, and Nolan Committee Standards on Public life are all considered as part of any appointments to the Board. Skills gaps, equality and diversity are also considerations.

### Members of the Senior Management Team

Members of the Senior Management in the year ending 31 July 2019 are outlined below.

Name	Role	
Prof Rob Warner	Vice-Chancellor and Chief Executive	
Prof Michelle Jones	Deputy Vice-Chancellor	Appointed 12/12/2018
Mrs Katy Willis	Pro Vice-Chancellor, Student Success	
Prof Ian Luke	Executive Dean	
Mr Stephen Plant	Registrar	
Mrs Lucy Pengelly	Director of HR	
Mr John Bailey	Director of Estates & IT Infrastructure	Appointed 17/12/2018
Mr Simon Arthurs	Director of Finance	Appointed 18/03/2019

## Welcome by the Chair

I am delighted to write this introduction – congratulations to all staff and students on their outstanding achievements for this year. For the University to be first for teaching in England for the second year running is a true accolade and shows the level of professionalism and commitment by all.

The University has enjoyed some remarkable successes this year including huge uplifts in the National Student Survey (from 75th to 12th=), in the Times and Sunday Times (8th in England for student experience, 1st in England for teaching quality), in the What Uni Student Choice Awards (3rd in England and 1st in South West for teachers and courses, 10th in England and 1st in South West for student support). Equally outstanding and impressive improvements can be seen in the staff survey results, with 89% of staff considering the University to be well-led.

The financial position of the University remains strong with a surplus at year end despite significant cost pressures and the pension adjustment.

Following my appointment as Chair of the Board in November 2018 there has been significant turbulence both in the sector and the nation more widely. The political environment, the continuing uncertainties around Brexit, and the hazardous implications of the Augar review (which have more lately diminished) all represented a significant degree of risk to which the Senior Management Team and the Board of Governors have needed to be duly attentive. Despite the need to carefully monitor the risks in the wider political context, the past year has seen some great successes for Marjon, building on a solid foundation and continuing to deliver exceptional excellence in student experience and outcomes.

The Board of Governors signed off Phase 2 of the Growth Plan, representing an ambitious plan for continued success. The Board also worked closely with the Vice-Chancellor in the appointment of a new Deputy Vice-Chancellor, Finance Director and Director of Estates and IT Infrastructure. The University is well-placed with a highly capable and collegiate Senior Management Team. It is my immense privilege to lead the Board in supporting the work of the Executive team and look forward to the year ahead.



Graham Raikes MBE  
Chair of the Board of Governors



## Welcome by Vice-Chancellor

In February 1840 the first students commenced at St John's Battersea, the first teacher training college in England. From its inception, St John's had a vision both for national education for all children in the United Kingdom, and for training those with the ability to become teachers, irrespective of their background. The following year the first students commenced at St Mark's Chelsea. This was the first teacher training college to have the vision to train teachers on the basis of a broad university education, educating them for a rounded life, with an active interest in the arts as well as sport. When these two colleges merged after the first world war, the students invented the blended name 'Marjon'.

From our beginnings, therefore, Marjon has been a values-based institute of higher education. Our audited accounts are very important because sound finances provide the secure foundation for achieving great things, but our primary purpose is to serve the public good through education and never money as an end in itself. With our clear commitment to Humanity, Curiosity, Ambition and Independence, our values today reflect in contemporary terms 180 years of values-shaped education.

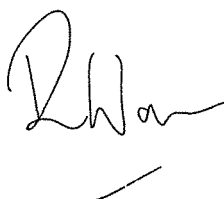
For the second successive year we are a top twenty university in the National Student Survey and among universities we are ranked first in England for 'the teaching on my course' and second in England for 'learning opportunities', 'assessment and feedback', 'academic support' and 'student voice'. Thanks to the immense dedication of our staff, we have become an outstanding university of choice in the South West. In all that we do we are centred on student success, in their degrees, in their wider university experience and in their future careers.

What makes Marjon so very special is that we are a community university on a human scale. Our values ensure that every student can be given genuine opportunities for personalised learning and growth. Our 2018 staff survey demonstrates that we are also sector leading for staff morale, with 89% of staff saying the Senior Management Team leads and manages the University well, compared with a sector benchmark of 68%.

Our sports facilities make us an outstanding centre of excellence, both for students and the community, and we are very proud to have become in 2019 the Football Association centre for women's football development in the South West. Our arts facilities mean that we have the ambition to become a cultural as well as sporting hub over the next few years. And we are developing a new civic university agreement with our city, our neighbouring hospital and other key stakeholders.

These are exciting times at Marjon. As we prepare to celebrate in 2020-2021 the 180<sup>th</sup> anniversary of the arrival of our first students, our university community is bursting with drive and ambition to break new ground, create new opportunities, and make each new year even more exciting and rich with achievement than the year before. It's not difficult to conclude: We are proud to be Marjon!

Prof Rob Warner, Vice-Chancellor





## Strategic Report

### Operating and Financial Review

The members of the University Board of Governors have pleasure in presenting their report and the audited financial statements for the year ended 31 July 2019.

#### Introduction

The Board recognises that Marjon has made significant strides in taking forward the new Growth Plan, particularly in the context of the rapid and radical changes in higher education as a whole. The Vice-Chancellor, Professor Rob Warner, continues to take the University through a process of financial realignment with resources continuing to focus upon student success, a sustained heightening of the student experience and the continued development of undergraduate and postgraduate provision. The early successes of the Growth Plan has given the University confidence to take a bolder view of the future where we are all Proud to be Marjon.

#### Operating Review

This year saw continued improvement in retention and good honours and further deepening of student engagement in shaping the life of the learning community at every level, from programmes to Senate. The Academic team continued to develop sharply focused interventions in support of high quality teaching for all students. Personalised learning opportunities and a rapid response to student feedback after each teaching session characterise what makes Marjon special and genuinely centred upon student success. NSS 2019 saw further improvement right across the survey, which meant Marjon achieved a top 20 ranking for the second year in succession. This and other metrics from 2018-19 resulted in *The Times and Sunday Times Good University Guide* reporting an improvement in overall position from 109<sup>th</sup> to 102<sup>nd</sup>. We still carry forward in this league table a zero for research from REF2014; we are now well on the way to making a positive submission to REF 2020 which will secure further league table uplift.

Detailed metrics from *The Good University Guide* placed Marjon 1<sup>st</sup> in England for teaching quality for the second year running. This is a wholly admirable achievement for which all those working with our students deserve great appreciation. We are also ranked 6<sup>th</sup> in England for student experience and 7<sup>th</sup> in England for social inclusion. The WhatUni Student Choice Awards ranked us 5<sup>th</sup> in UK for courses and lecturers. This makes us demonstrably a top choice for students who want to study at a University in the South West. The fact that Marjon is doing sector-leading work in social inclusion, combined with these spectacular rankings for teaching quality and student experience mean that the values that shaped our origins 180 years ago are still being delivered to an exemplary level in the 21<sup>st</sup> Century. We really are centred on student success. Students, staff, governors and stakeholders can all quite properly and reasonably be proud to be Marjon. We also continue to develop innovative initiatives in digital learning and teaching and in preparing students for graduate employment: our graduate teachers are the highest paid in the South West and Wales.

The year also saw significant enhancements of the campus, including converting the old Library Lecture Theatre to become Marjon Cinema which resulted in a new student movie society, converting the old cafeteria into a new hub restaurant which proved very popular with staff and students alike, and converting the old and dreary private staff club into The View: an open access space for students and staff alike, with the feel of a contemporary hotel foyer.

Growth in academic programmes was particularly noticeable, among others, in Psychology, Criminology and Osteopathy. In a year when other universities struggled with a decline in UCAS applications, we enjoyed continued buoyancy, with record numbers attending our Open and Applicant Days. All the metrics indicate that Marjon's reputation is vibrant and our academic offer increasingly attractive across the region and beyond. At the same time, the staff survey in November 2018 reported sector-leading levels of morale and a transformed position compared with the previous survey in 2016 – 89% said the Senior Management Team lead and manage the University well, compared with a sector benchmark of 68%.

Senior managers have been encouraged to innovate within their areas, and they have thrived with this opportunity while working together with considerable energy, creativity and collegiality. The team was enhanced during the year by the recruitment of a new Deputy Vice-Chancellor, a new Finance Director and a new Director of Estates and IT Infrastructure. These appointments have brought new leadership to research and knowledge transfer, rigorous financial planning and to preparations for a north Quad terrace and a new campus development plan.

#### Sustainability

Financial forecasts have been approved that anticipate the University delivering a sustainable surplus in future years as the Growth Plan continues to come to fruition, with a revenue budget surplus of 2% in 18-19, a break-even budget following strategic staffing investment and additional pension costs in 2019-20, 2% surplus in 2020-21 and 3% in 2021-22. Planning to achieve surpluses is prudent to enable resilience in future and to ensure the University can withstand changes in student numbers in future, absorb one off financial events, to enable investment in assets and also new programmes that take time to grow. The OfS also monitors Universities financial health. The University has strong cash reserves to support this strategy which is key as costs increase and the Banking sector applies commercial credit controls to the HE sector.

### **Future Plans and Risk Management**

Risk management is an essential element of managing the delivery of the strategic plan and the supporting financial strategy. The Board is acutely aware of the risks to fees and funding with Higher Education in England, and the fact that the demographic upturn will not reach university-age students until 2021. While the future of tuition fees remains uncertain continued sensitivities will need to be applied as Business Planning is implemented in 2019-20 for 2020-21. Far more scrutiny of student numbers, assumptions and risk is taking place to shape the future revenue assumptions.

The University gave a complete overhaul to its risk register in 2017-18 and this has now been embedded in the 2018-19 year. Risks continue to be highlight and discussed at Audit Committee, the Board and at each SMT.

The primary risks to the University have been identified as:

- Student recruitment
- Financial sustainability and Pension costs
- Fee Review
- League table performance
- Retention

Progress on the Growth Plan is regularly monitored by senior management and the Governing Body, particularly through the KPIs, supported by the Risk Register.

### **Public Benefit Statement**

Plymouth Marjon University is both a company limited by guarantee and an exempt charity by Schedule 3 of the Charities Act 2011, regulated by the Office for Students (OfS). The Charities Act 2011 places an obligation on charities to demonstrate explicitly how they provide public benefit. Our primary purpose as set out in the company's Articles of Association, is to promote the advancement of further and higher education and the consequent work of the University in accordance with the principles of the Church of England.

In setting and reviewing the University's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The principal beneficiaries of the University's services are our students and the public at large.

Originally established as the first teacher training college in England, with the first students commencing in February 1840, teacher education remains an area of distinctiveness today and from these roots the University has developed a much wider range of provision including Sport, Health and Well-being, Arts and Humanities, Youth and Community, Early Years Education, Business and Enterprise.

The University has, from its origins, an emphatic commitment to widening participation and providing educational opportunities to all with the potential to succeed, irrespective of background. We continue to achieve exemplary levels of widening participation, and students from all social backgrounds commend our teaching quality through the NSS with equal enthusiasm. We have high levels of students from lower socio-economic backgrounds, high numbers with declared disabilities and high numbers of mature students. Marjon is an exceptionally inclusive university community. As part of its widening participation strategy the University supports the raising of aspiration and attainment through the provision of workshops at feeder schools, mentoring programmes and summer schools, increasing awareness of the benefits of higher education. This ensures that those from traditionally low participation

neighbourhoods (below 25% participation levels) are made aware of the choices open to them and supported towards HE participation whenever appropriate. The University works hard to ensure that students coming to the institution from disadvantaged backgrounds are supported, not only financially through our bursary and scholarship schemes, but by a well-qualified and experienced team of academics and professional staff.

Many of the University's students undertake work placements as an integral part of their programme of study and much of this will be in public sector and voluntary organisations such as schools, youth organisations, the NHS, drama groups and sports clubs. In addition to this the University has a strong culture of student and staff volunteering. Students also have the opportunity to act as 'student ambassadors' and mentors, working with current students, prospective students and the wider community.

The health and well-being clinics continue to increase their partnership with the NHS, offering a range of rehabilitation programmes, including back pain, leg ulcer clinics and clinics for patients with cancer. We continue to work with our strategic partners and have invested in increasing the range of our clinics to include Osteopathy. These clinics contribute significantly to health and well-being for the University and the wider city.

Our sport provision makes an active contribution to the wider community, not only through the sports facilities being made available to community groups and schools locally, but through encouraging children across the City region to engage in active sport from a young age to their late teens.

The Chaplaincy provides regular opportunities for worship for members of the wider community, deliver lectures and events and undertakes an annual programme of work supporting assemblies in primary schools across the region with student volunteers. The University makes available the Arts Centre to school and community drama groups and has an open access policy for use of the library and learning resources centre.

The public benefits outlined above are funded largely through undergraduate tuition fees. The charitable work of the University is also supported by the Governors, who give their time and wider support to the institution without payment, other than for expenses. The University will continue in this charitable role to provide a broad range of public benefit to our community.

### **Payments to Trustees**

No payments were made to the Governors as charity trustees during the year except in the reimbursement of expenses incurred on the University's business. These expenses amounted to £3k. This represents travel and subsistence expenses incurred in attending Board, committee meetings and other events in their official capacity.

### **Financial Highlights**

The University had a change of Financial Leadership in 2018-19. The Financial position was quickly appraised at the mid-year review point with a new target of 2% surplus by year end. The Senior Management Team has controlled the financial performance to deliver a 2% surplus of £641k before service charges. After adjusting for FRS102 and the costs of the Local Government Pension Scheme (LGPS), the surplus translates to a 0.3% total change of comprehensive income of £84k for the year post adjustments. The challenge of the Pension provisions and uncertain costs continues to be a hot topic for the HE sector.

The balance sheet remains strong, with a sound level of cash reserves to support the on-going needs of the University. The University continued to invest in the asset base during 2018-19 with a focus on bringing assets up to standard. This approach will continue in future as we switch to proactive lifecycle replacement over the medium term to minimise revenue costs on reactive maintenance. Any additional investment will be based on a prioritisation process as we deliver the Growth Plan. The University is in a robust position to meet its loan covenants and continues to develop a strong working relationship with the new Bank Manager. This is key as the sector comes under increased scrutiny from the Commercial banking sector. A new covenant will also be implemented from 2019-20 and we have already begun to shift our financial model to continuously improve our financial sustainability and resilience.

## Report of the Members of the University Board of Governors

The Board of Governors, as the directors of the University of St Mark & St John, presents the University's annual report and audited financial statements for the year ended 31 July 2019.

### Tax Status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 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 Chapter 3 Part 11 Corporation Tax Act 2012 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### Fixed Assets

Freehold property is included in the Balance Sheet at cost.

### Employees

Health, safety and security matters are given special attention by the members of the University, and it is their policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled and to provide special facilities wherever possible. The University Board of Governors also recognises the need to provide information on matters of concern to employees which is satisfied through its consultative procedures.

### Payment of Creditors

The University's policy is to obtain the best terms for all business and, thus, there is no single policy as to the terms used in agreements negotiated with suppliers. The University endeavours to include and abide by specific payment terms.

### Governors' Liability Insurance

The University has purchased Governors' liability insurance for the members of the University Board of Governors for the year ended 31 July 2019 at a cost of £1k.

### Members' Statement as to Disclosure of Information to Auditor

The members of the University Board of Governors at the time of approving this report are listed on page 4. Having made enquiries of fellow members, each of these members confirm that:

- To the best of each member's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware;
- Each member has taken all the steps a member of the University Board of Governors might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information, and
- Each member of the University Board of Governors has confirmed that they did not have any transactions with the University or its subsidiaries which would require disclosure in the accounts under FRS102.

### Auditor

Bishop Fleming LLP were appointed as external auditor for the year 2018/19 in line with their appointment in 2015/16 following a competitive tender process.

The financial statements on pages 23 to 47 were approved by the Board of Governors of the University of St Mark & St John 13 November 2019 and signed on its behalf by:

  
**Graham Raikes MBE**  
Chair of the Board of Governors

  
**Professor Rob Warner**  
Vice-Chancellor

## **Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Corporate governance

### Legal status

The legal name and address of the University is The University of St Mark & St John, Derriford Road, Plymouth, PL6 8BH. Plymouth Marjon University is a trading name of the University of St Mark & St John. The preferred name is Plymouth Marjon University, often also referred to as 'Marjon'.

The University is an approved Office for Students Higher Education registered provider (UKPRN 10037449).

The following statement is provided to enable readers of the annual report and accounts of the University to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The University conducts 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). In accordance with these principles the University maintains a publicly accessible register of Governors interests and declared trusteeships or directorships. Provisions relating to declaration of interests are specified in the Articles of the University and members are asked to declare interests at every meeting.
- in full accordance with the guidance to Universities from the Committee of University Chairs (CUC) in:
  - The Higher Education Code of Governance 2014 ("The Code"), formerly adopted on 22 May 2015
  - The Higher Education Senior Staff Remuneration Code 2018 ("The Remuneration Code"), formerly adopted on 13 July 2018; and
- having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable

The University is committed to exhibiting best practice in all aspects of corporate governance. In the opinion of the members of the University Board of Governors, the University complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2019. The CUC code continues to be adopted on a 'comply or explain' basis.

## How the University Is Governed

Members of the Governing Body of the University accept responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which we are responsible, in accordance with the Memorandum and Articles of Association of the University of St Mark & St John and the Terms and conditions of funding for Higher Education Institutions from the OfS. Governors take on two roles; one as Trustee of the Charity and one as (non-executive) Director of the Company. As a trustee, members are responsible for annually signing off the accounts for the company. This will be undertaken during the main meeting in November.

The primary responsibility of members of the Board is to monitor and maintain the solvency of the University and in determining the educational character and mission of the University.

The primary responsibilities in accordance with the Articles of Association are as follows:

- the determination of the educational character and objectives of the University and for the supervision of its activities;
- the effective and efficient use of resources, the solvency of the University and for safeguarding its assets;
- approving annual estimates of income and expenditure;
- the determination of which posts are Senior Posts, save that the Vice-Chancellor, Chaplain and Clerk shall always be Holders of Senior Posts;
- the assignment of duties to the Vice-Chancellor;
- the appointment, discipline, suspension and dismissal and the determination of the grading, pay and conditions of service of the Holders of Senior Posts;
- the agreement of the policy for pay and general conditions of employment of the Staff who are not Holders of Senior Posts; and
- the appointment of Auditors; and
- discharging all other duties of the directors of a charitable company limited by guarantee carrying on the business of the Company.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety issues. The Board meets four times a year.

## Board meetings and membership

The Clerk to the Board maintains a register of financial and personal interests of the governors. The register is available for inspection at the registered office. There are different categories of Governors, defined by their routes to appointment, however all Governors are considered independent. Governors are asked to complete a statement of affirmation on appointment and declare any interests regularly. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings.

## Board Committees

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the Clerk to the Board of Governors.

The sub committees of the Board of Governors are as follows;

- **Finance & Resources (F&R) Committee** – this is a finance and general purposes committee that considers estates, finance and HR. The Vice-Chancellor has delegated authority from the Board of

Governors for the running of the University on a day to day basis and the F&R Committee has to authorise any new, controversial or commercial activities and in line with the limits outlined in the Financial Regulations. They also approve the financial plans and accounts before they are presented to the Board of Governors. The F & R Committee also monitors key statutory returns to OfS prior to approval at Board of Governors.

- The Finance & Resources Committee also delegates authority to the **Estates Development Task Group** to lead the development of strategies and plans relating to existing and future campus developments.
- **Audit Committee** – Provides assurance and reviews risk management, internal controls and governance of the University by examining the University's processes and how they operate. The internal auditors are PriceWaterhouseCoopers, the external auditors are Bishop Fleming and both report directly to the Audit Committee. The Audit Committee also produce an annual report for the Board of Governors on the effectiveness and compliance of the Committee. The Audit Committee is responsible for reviewing the annual financial accounts.
- **Governance & Nominations Committee** – is responsible for the appointment of governors and co-optees to the Board and ensures the Board of Governors' membership is diverse, quorate and monitors the re-appointment of members into their second term. The committee also oversees the effectiveness of the Board.
- **Remuneration Committee** – monitors and reviews the salaries and any performance related payment to the most senior staff of the University.
- **Academic Standards and Student Experience Committee (AS&SE)**– monitors academic standards and student experience, including student welfare and academic quality, reporting to the Board.

### **Academic Standards and Student Experience Committee**

The Academic Standards and Student Experience sub-committee was formed in the year 2017/18 but closed in the year 2018/19 with the Board agreeing that assurance surrounding academic standards and student experience was provided through existing governance structures. This includes governors regularly attending meetings of Senate as observers, receiving minutes and regular reports of academic boards and internal committees. Following the closure of the AS&SE committee, it has been important to ensure that the Board continue to engage with student experience and to ensure accountability with regards to student experience, welfare and engagement. An additional student (separate from the Student elected and deputy governor) was invited to speak at the March meeting of the Board and a Governor-Student lunch took place and has been added to the cycle of business to occur annually. A Student Engagement Officer role has been created this year and the appointee will be invited to attend Board meetings to provide an additional level of information regarding student issues. The Student Union elected Governor attends the Board meeting as well as meetings of F&R and Remunerations (HR) committee. The PVC Student Success is also regularly invited to attend Board and committee meetings. A new Student Engagement and Outcomes Panel (SeOP) has recently been launched with monthly meetings as well as the existing Student Experience Council (SEC). Student experience is also covered at meetings of the University Board of Studies (UBoS) and students engage with validation panels.

### **Senate (previously Academic Board)**

The Board has established Senate which is responsible, under delegated responsibility from the Board of Governors, for maintaining and enhancing academic performance of the University in teaching, examining and research. It will provide regular reports to the Board of Governors on these matters such that the Board are able to provide assurance on the continuous improvement of the student academic experience and student outcomes, the methodologies used and ensuring that the standards of the awards for which it is responsible are appropriately set and maintained.



## Marjon Student Union (SU)

The Marjon SU is a company limited by guarantee with charitable status, but under the Education Act 1994 the University's Board of Governors is responsible for general oversight. The University has the SU President as a Board member and receives regular input and an annual report from the Union. The SU have their own Board of Trustees.

## Governance during the year

The Governing Body of the University met four times in 2018/19. The University Board of Governors had five committees and one task group, which met as follows

1. Finance & Resources Committee – four meetings in 2018/19
2. Audit Committee – three meetings in 2018/19
3. Remuneration Committee – met twice to determine the remuneration of senior staff including the Vice-Chancellor
4. Governance & Nominations Committee - met three times to consider nominations for vacancies to the University Board of Governors and its committees.
5. Academic Standards & Student Experience Committee – met once in 2018/19
6. Estates Development Task Group – met once in 2018/19

The Governing Body considered and approved the revenue and capital budgets, Annual Monitoring Statement and the Financial Forecasts.

The University Board of Governors received reports at their meetings on:

- a) Local, national, regional, sector and political developments
- b) Academic issues such as the portfolio and programmes, Research and ethics
- c) Partnerships and collaborative provision
- d) The Prevent Duty, as well as updates on the general financial situation, changes in key staff and University events and activities and reports to and from OfS.
- e) The management accounts and other financial information.
- f) Estates development matters.
- g) Reports from departments as well as from the Marjon SU President, Chaplain, Vice-Chancellor and Committee Chairs
- h) Equality and diversity and gender and pay
- i) Any fraudulent, health and safety or whistleblowing incidents
- j) Details of Risk Management issues and developments.
- k) Student recruitment, retention and performance
- l) KPIs and Strategy
- m) Minutes of the meetings of the Finance & Resources Committee, Audit Committee, Academic Standards & Student Experience Committee, Estates Development Task Group, Governance & Nominations Committee and Senate. In addition to the minutes, the Chairs of the respective committees frequently provided oral reports and received and responded to questions from Board of Governor members. The Remuneration Committee provides an annual report to the Board in place of minutes.
- n) Data returns and statistics.

The Finance & Resources Committee examined financial plans and forecasts, the financial regulations and procedures, the investment policy, fees and funding, student recruitment and retention figures and key financial risks. The Committee also considered health and safety, cyber security, the IT provision, HR developments, the Marketing strategy and the Library resourcing. Data returns including TRAC and TRAC T and the financial implications were also covered.

The Audit Committee met with the Internal Auditors on three occasions during the year to consider Internal Audit Reports, review and plan forthcoming internal audit reviews and to receive the Internal Auditors' annual report. The Committee met with the External Auditors twice in 2018/19 to consider the audit plan and to consider and receive the audit findings report and financial statements for the year. A representative from the University attended all meetings but, at the request of the Chair of the Audit Committee, left the meeting as needed so that independent

discussions could take place between members of the Audit Committee and the Internal and/or External Auditors. The Chair of the Audit Committee provided an annual report for the University Board of Governors, which included reference to a report on value for money initiatives undertaken by the University.

During 2018/19 the Audit Committee commissioned reviews including:

A departmental review of the Sports Centre, Risk Management, Student data controls, and Key Financial controls, as well as a follow-up review of any outstanding recommendations from 2017/18 audit reports.

## Statement of responsibilities of the Board of Governors

The Companies Act 2006 and the Office for Students require the Board of Governors to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the University, and of the income and expenditure, cash flows and recognised gains and losses of the group for that period.

In preparing these financial statements, the Board has to ensure that they:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

To assist the members of the Board of Governors in discharging its ultimate responsibility, the University's Finance and Resources Committee and the Audit Committee are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements comply with the Companies Act 2006 and the Accounts Direction issued by the Office for Students.

The Board of Governors are also responsible under the Terms and Conditions of Funding for Higher Education Institutions for:

- ensuring that funds from OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of funding for Higher Education Institutions and any other conditions which OfS may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Internal Control

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 likelihood, nature and extent of those risks, aim to reduce the impact of the risks whilst seeking to ensure that all risks, and opportunities, are managed efficiently, effectively and economically. The continuous review of risk includes business, operational and compliance risk as well as financial risk. This process has been in place for the year ended 31 July 2019 and up to the date of approval of the financial statements and accords with OfS guidance.

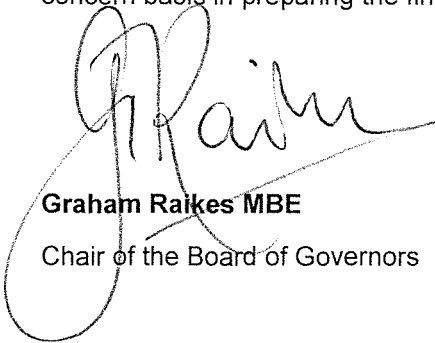
The process for risk assessment is embedded in the ongoing operation of the University. The strategic risk register is updated throughout the year and reviewed at the main committees of the Board of Governors. The Senior Management Team and their sub-committees also review the risks at their meetings throughout the year, providing regular reports on internal control and risk and highlighting any changes to the Board. The Audit committee reviews risk identification, evaluation and management reporting to the Board of Governors which is ultimately responsible for ensuring that a sound system of internal control is maintained. The process has been reviewed by the auditors and considered to be working effectively. Following support from the internal auditors' further improvements have been made to the use and presentation of key risks on the risk register. There have been a number of changes in the year in the University and this has had an impact on the control environment. This continues to drive improvements in areas such as GDPR compliance and governance over GDPR action plans, improving segregation of duties in the finance team for setting up and changing supplier details, monitoring of departmental risk assessments and improving departmental controls over financial information within departments such as the Sports Centre.

Our review of the effectiveness of the system of internal control is informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their reports. The Internal Auditors have provided an annual opinion in connection with the 2018/19 their report to the Audit Committee will be forwarded to the OfS. The opinion of the Internal Auditor is "generally satisfactory with some improvements required".

The Board, through the Audit Committee, has reviewed the effectiveness of the system of control operating in 2018/19 and up the date of approval of these financial statements.

### **Going Concern**

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



**Graham Raikes MBE**  
Chair of the Board of Governors

## **Independent Auditor's Report to the Members of The University of St Mark & St John (a company limited by guarantee)**

### **Opinion**

We have audited the financial statements of University of St Mark & St John (the 'University') for the year ended 31 July 2019 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of affairs of the University as at 31 July 2019 and of the University's surplus of income over expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education;
- Meet the requirements of the Office for Students' Accounts Direction; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Report of the Members of the Board of Governors and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report to the Members of The University of St Mark & St John (a company limited by guarantee) (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Report of the Members of the University Board of Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion:

- Funds from whatever source administered by the University for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

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

In the light of our knowledge and understanding of the University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Report of the Members of the University Board of Governors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent Auditor's Report to the Members of The University of St Mark & St John (a company limited by guarantee) (continued)**

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the University's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed

*Bishop Fleming LLP*

Nathan Coughlin FCA (Senior statutory auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: *29 November 2019.*

**Consolidated Statement of Comprehensive Income and Expenditure  
Year Ended 31 July 2019**

	Notes	Year ended 31 July 2019 Consolidated £'000	Year ended 31 July 2018 (restated) Consolidated £'000
<b>Income</b>			
Tuition fees and education contracts	1	21,193	19,994
Funding body grants	2	1,088	1,390
Research grants and contracts	3	270	375
Other income	4	5,770	5,523
Investment income	5	150	466
<b>Total income</b>		<b>28,471</b>	<b>27,748</b>
<b>Expenditure</b>			
Staff costs	6	11,619	10,939
Restructuring costs	6	349	179
Other operating expenses		13,009	12,398
Depreciation and amortisation	9	1,847	1,840
Interest and other finance costs	7	1,006	1,033
<b>Total expenditure</b>		<b>27,830</b>	<b>26,389</b>
<b>Surplus before other gains/(losses)</b>		<b>641</b>	<b>1,359</b>
		2%	5%
Gain on investments		14	0
<b>Surplus before tax</b>		<b>655</b>	<b>1,359</b>
		2%	5%
Taxation		9	0
<b>Surplus for the year</b>		<b>664</b>	<b>1,359</b>
		2%	5%
<b>Other comprehensive income</b>			
Actuarial (loss)/gain in respect of pension schemes	20	(580)	2,597
<b>Total comprehensive income for the year</b>		<b>84</b>	<b>3,956</b>
		0.3%	14%
<b>Surplus for the year attributable to:</b>			
Institution		<b>664</b>	<b>1,359</b>

All items of income and expenditure relate to continuing activities.  
Notes on pages 27 to 47 form part of these financial statements



**Consolidated and Institute Statement of Changes in Reserves  
Year Ended 31 July 2019**

Consolidated	Income and expenditure reserve	Revaluation reserve	Total
	Unrestricted		
	£'000	£'000	£'000
<b>Balance at 1 August 2017</b>	<b>16,314</b>	<b>3,699</b>	<b>20,013</b>
Surplus for the year	1,359	-	1,359
Other comprehensive income	2,597	-	2,597
<b>Total comprehensive income for the year</b>	<b>3,956</b>	<b>0</b>	<b>3,956</b>
<b>Balance at 1 August 2018</b>	<b>20,270</b>	<b>3,699</b>	<b>23,969</b>
Surplus for the year	664	-	664
Other comprehensive income	(580)	-	(580)
<b>Total comprehensive income for the year</b>	<b>84</b>	<b>0</b>	<b>84</b>
<b>Balance at 31 July 2019</b>	<b>20,354</b>	<b>3,699</b>	<b>24,053</b>
	<b>Income and expenditure reserve</b>	<b>Revaluation reserve</b>	<b>Total</b>
	Unrestricted		
	£'000	£'000	£'000
<b>Balance at 1 August 2017</b>	<b>16,421</b>	<b>3,699</b>	<b>20,120</b>
Surplus for the year	1,359	-	1,359
Other comprehensive income	2,597	-	2,597
<b>Total comprehensive income for the year</b>	<b>3,956</b>	<b>0</b>	<b>3,956</b>
<b>Balance at 1 August 2018</b>	<b>20,377</b>	<b>3,699</b>	<b>24,076</b>
Surplus for the year	664	-	664
Other comprehensive income	(580)	0	(580)
<b>Total comprehensive income for the year</b>	<b>84</b>	<b>0</b>	<b>84</b>
<b>Balance at 31 July 2019</b>	<b>20,461</b>	<b>3,699</b>	<b>24,160</b>

**Consolidated and Institute Statement of Financial Position (Balance Sheet)  
Year Ended 31 July 2019**

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>Non-current assets</b>					
Tangible assets	9	35,220	35,238	35,720	35,738
Investments	10	3,898	3,898	3,942	3,942
Investment in subsidiaries	10	0	0	0	0
		<b>39,118</b>	<b>39,136</b>	39,662	39,680
<b>Current assets</b>					
Stock	11	5	5	3	3
Trade and other receivables	12	1,849	1,938	1,190	1,279
Cash and cash equivalents		7,317	7,317	7,063	7,063
		<b>9,171</b>	<b>9,260</b>	8,256	8,345
Less:					
Creditors: amounts falling due within one year	13	(3,408)	(3,408)	(4,086)	(4,086)
<b>Net current assets</b>		<b>5,763</b>	<b>5,852</b>	4,170	4,259
<b>Total assets less current liabilities</b>					
		<b>44,881</b>	<b>44,988</b>	43,832	43,939
Creditors: amounts falling due after more than one year	15	(9,401)	(9,401)	(10,023)	(10,023)
<b>Provisions</b>					
Pension provisions	18, 20	(11,427)	(11,427)	(9,840)	(9,840)
<b>Total net assets</b>		<b>24,053</b>	<b>24,160</b>	23,969	24,076
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		20,354	20,461	20,270	20,377
Revaluation reserve		3,699	3,699	3,699	3,699
<b>Total Reserves</b>		<b>24,053</b>	<b>24,160</b>	23,969	24,076

Notes on pages 27 to 47 form part of these financial statements

  
**Graham Raikes MBE**  
Chair of the Board of Governors

  
**Professor Rob Warner**  
Vice-Chancellor

Date: 13 November 2019.

## Consolidated Statement of Cash Flows

Year Ended 31 July 2019

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 (restated) £'000
<b>Cash flow from operating activities</b>			
Surplus for the year before tax		664	1,359
<b>Adjustment for non-cash items</b>			
Depreciation	9	1,847	1,840
Decrease/(increase) in stock	11	(2)	16
Decrease/(increase) in debtors		(659)	151
Revaluation loss/(gain) on investments	10	(8)	(253)
Actuarial movement on pension		(580)	2,597
Pension notional interest	7	247	294
Increase/(decrease) in creditors	13, 15	(489)	(2,615)
Increase/(decrease) in pension provision	7, 20	1,340	(1,645)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(132)	(198)
Interest received		(18)	(15)
Interest payable	7	759	739
(Gain)/loss on the sale of tangible assets		2	0
<b>Cash flows from operating activities</b>		<u>2,971</u>	<u>2,270</u>
Taxation		(9)	6
<b>Net cash inflow from operating activities</b>		<u>2,962</u>	<u>2,276</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	10	(578)	(468)
Sale of investments	10	630	388
Investment income	5	132	198
Payments made to acquire tangible assets	9	(1,349)	(3,783)
Interest received		18	15
		<u>(1,147)</u>	<u>(3,650)</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(759)	(739)
Repayments of amounts borrowed	16	(802)	(802)
		<u>(1,561)</u>	<u>(1,541)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<u>254</u>	<u>(2,915)</u>
Cash and cash equivalents at beginning of the year		<u>7,063</u>	9,978
Cash and cash equivalents at end of the year		<u>7,317</u>	<u>7,063</u>

Notes on pages 27 to 47 form part of these financial statements

## **Statement of Accounting Policies**

### **Year Ended 31 July 2019**

#### **1. General Information**

The University of St Mark & St John is a company limited by guarantee, incorporated in England. Its registered address is as disclosed on page 3 of the financial statements.

#### **2. Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

#### **3. Basis of Consolidation**

The consolidated financial statements include the University and its subsidiary (Marjon (South West) Limited) for the financial year to 31 July 2019. Intra-group transactions are eliminated on consolidation. In the Company's accounts, investment in subsidiaries are stated at cost less amounts written off.

In accordance with section 408 of the Companies Act 2006 the University of St Mark & St John is exempt from the requirement to present its own income and expenditure account.

#### **4. Income Recognition**

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

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

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

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

The University recognises its food and beverage, bar and retail income and costs of sales in its Consolidated Statement of Comprehensive Income and Expenditure. This change from 2018/19 is to reflect the nature of the arrangement with Chartwells who act as the University's agent.

#### **Grant Funding**

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

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

#### **Capital Grants**

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

## Statement of Accounting Policies (continued) Year Ended 31 July 2019

### 5. Going Concern

The University has sufficient financial resources together with continued funding. As a consequence, the directors believe that the University is well placed to manage its business risk successfully despite the current uncertain economic outlook. Detailed scenario planning has been undertaken with regard to possible changes in student behaviour as a result of the new fee regime and a 10 year strategic plan has been prepared. The directors are confident that the University is in a position to respond to the changes and remain a going concern.

The directors have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### 6. Accounting for Retirement Benefits

The 4 principal pension schemes for the University are:

1. Universities Superannuation Scheme (USS)
2. Local Government Pension Scheme (LGPS) - *administered by the London Pensions Fund*
3. Teachers' Pension Scheme (TPS)
4. Church of England Pension Fund (CoE)

The schemes are defined benefit schemes which are externally funded and contracted out of the State.

Each fund is valued every three years by professionally qualified independent actuaries.

The USS, TPA and CoE schemes are all multi-employer schemes for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of the scheme and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

#### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### Defined Benefit Plan

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

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.



## **Statement of Accounting Policies (continued)** **Year Ended 31 July 2019**

### **10. Finance Costs**

The finance cost of loans is allocated on an effective interest rate basis over the term of the individual loans.

### **11. Investments**

Fixed asset investments are carried at market value and the movement in market values is taken to the Statement of Comprehensive Income. Diminution in value is also charged to the Statement of Comprehensive Income.

### **12. Stock**

Stocks of food, catering items and stationery are valued at the lower of cost and net realisable value.

All other consumables are written off in the year of purchase.

### **13. Cash and Cash Equivalents**

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

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

### **14. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised in the financial statements when:

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

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

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

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

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

### **15. Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Comprehensive Income.

## Statement of Accounting Policies (continued) Year Ended 31 July 2019

### 16. Taxation Status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2014 and therefore 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 Chapter 3 Part 11 Corporation Tax Act 2014 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### 17. Maintenance Costs

The cost of routine maintenance is charged to the Statement of Comprehensive Income in the period it is incurred. The University has a planned maintenance programme which is reviewed on an annual basis. Actual expenditure on planned maintenance is charged to the income and expenditure account in the period in which it is incurred.

### 18. Financial Instruments

The University only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the School and their measurement basis are as follows:

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 13 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

### 19. Judgements in Applying Accounting Policies and Key Sources of Estimation of Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

**Pension assumptions:** Included in the financial statements is a liability in respect of the University's share of the LGPS pension deficit. This deficit is calculated by an independent actuary who predict the potential outlay required pensions become payable to retired employees. This prediction is based on a large number of estimates driven by market data.

**Bad debt provision:** Included in the financial statements is a provision for expected bad debts. This provision is calculated by the University based on their knowledge of the industry and prior year experience when recovering debtors.



## Notes to the Accounts

### Year Ended 31 July 2019

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	20,651	20,651	19,105	19,105
Full-time international students	143	143	258	258
Part-time students home and EU students	366	366	631	631
Part-time students international students	33	33	0	0
	<b>21,193</b>	<b>21,193</b>	19,994	19,994

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>2 Funding body grants</b>				
Office for Students	1,069	1,069	1,389	1,389
Research England	3	3	0	0
Education and Skills Funding Agency	16	16	0	0
Other	0	0	1	1
	<b>1,088</b>	<b>1,088</b>	1,390	1,390

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>3 Research grants and contracts</b>				
Research councils	40	40	0	0
Government (UK and overseas)	224	224	375	375
Industry and commerce	2	2	0	0
Other research grants and contracts	4	4	0	0
	<b>270</b>	<b>270</b>	375	375

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated (restated) £'000	Institution (restated) £'000
<b>4 Other income</b>				
Residences, catering and conferences*	2,958	2,958	2,494	2,494
Sports Centre	1,085	1,085	1,043	1,043
Other income	1,727	1,727	1,986	1,986
	<b>5,770</b>	<b>5,770</b>	5,523	5,523

\* Catering income contract has been reassessed and concluded risk, rewards and control of balances lie with the University and therefore it's more appropriate to recognise income (2018: £705k) and expenditure (2018: £705k) of services rather than the net income/expenditure (zero impact on the SOCI).

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>5 Investment income</b>				
Other investment income	150	150	466	466

## Notes to the Accounts

### Year Ended 31 July 2019

#### 6. Staff costs

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Staff Costs				
Salaries	8,751	8,751	8,051	8,051
Social security costs	773	773	755	755
Other pension costs	2,095	2,095	2,133	2,133
Sub-total	11,619	11,619	10,939	10,939
Restructuring costs	349	349	179	179
Total	11,968	11,968	11,118	11,118

A further breakdown of pension costs has been included in note 20.

	31 July 2019 £'000	31 July 2018 £'000
<b>Total remuneration of the head of the institution</b>		
Basic salary	166	157
Performance-related pay and other bonuses	10	0
Employers NI	23	21
Pension contributions and payments in lieu of contributions	27	25
	<b>226</b>	<b>203</b>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff and include salary, bonus and other taxable benefits.

The remuneration package provided to the Vice-Chancellor includes salary and pension costs only. The salary for the Vice-Chancellor was set in April 2019 by Remuneration Committee, without the Vice-Chancellor in attendance. The salary is determined by taking account of the size of the institution and the considerable improvement in performance seen within the year. The Remuneration Committee seeks comparative information on salaries and other emoluments and conditions in the sector from the Universities and Colleges Employers' Association (UCEA) to inform decisions and ensure that all arrangements are unambiguous and diligently recorded. Comparative data is also taken from post 92 universities and Higher Education Corporations (HECs) by institutional income up to £24m and the £24m – £70m bracket. Mission group data from GuildHE and Cathedrals Group is also used as a comparator.

i. The Vice-Chancellor's basic salary is 7.5 times the median pay of staff (2018: 7.7 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

ii. The Vice-Chancellor's total remuneration is 7.9 times the median total remuneration of staff (2018: 7.7 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The members of the Board of Governors do not receive any remuneration in their capacity as directors. Certain members are employed by the University as academic and administrative staff.

**Notes to the Accounts**

**Year Ended 31 July 2019**

**6. Staff costs (cont)**

The number of staff with a basic salary of over £100,000 per annum has been included below.

Basic salary per annum	31 July 2019		31 July 2018	
	Consolidated No.	Institution No.	Consolidated No.	Institution No.
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	1	1	0	0
£160,000 - £164,999	0	0	1	1
£164,999 - £169,999	1	1	0	0
	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

**Average staff by major category**

	Headcount	FTE	Headcount	FTE
Academic	105	89	89	81
Research	0	0	0	0
Management & specialist	7	7	8	8
Technical	52	38	52	39
Other	181	156	160	141
Total average staff	<b>345</b>	<b>290</b>	<b>309</b>	<b>269</b>

	Year ended 31 July 2019	Year ended 31 July 2018
Total number of key management personnel	8	8
Key management personnel compensation	£'000 756	£'000 794

## Notes to the Accounts

### Year Ended 31 July 2019

	Notes	Year Ended 31 July 2019		Year Ended 31 July 2018 (restated)	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>7 Interest and other finance costs</b>					
Loan interest		759	759	739	739
Net cost on pension scheme	20	247	247	294	294
		<b>1,006</b>	<b>1,006</b>	1,033	1,033

### 8 Analysis of other operating expenditure by activity

Academic Departments		7,518	7,518	6,658	6,658
Administration and central services		1,014	1,014	899	899
Premises (including service concession cost)		2,208	2,208	2,652	2,652
Residences, catering and conferences (costs)		1,324	1,324	1,012	1,012
Other expenses		945	945	1,177	1,177
		<b>13,009</b>	<b>13,009</b>	12,398	12,398

Other operating expenses include:

Operating lease rentals

Land and buildings	12	12	0	0
Other	47	47	22	22

External auditors remuneration in respect of current year audit services

18 18 20 20

External auditors remuneration in respect of prior year audit services

10 10

**Notes to the Accounts**  
**Year Ended 31 July 2019**

**9 Tangible Assets**

<b>Consolidated</b>	<b>Freehold Land and Buildings</b>	<b>Fixtures, Fittings and Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2018	32,518	22,445	0	54,963
Additions	0	1,146	203	1,349
Disposals	0	(160)	0	(160)
<b>At 31 July 2019</b>	<b>32,518</b>	<b>23,431</b>	<b>203</b>	<b>56,152</b>
<b>Depreciation</b>				
At 1 August 2018	8,254	10,989	0	19,243
Charge for the year	694	1,153	0	1,847
Disposals	0	(158)	0	(158)
<b>At 31 July 2019</b>	<b>8,948</b>	<b>11,984</b>	<b>0</b>	<b>20,932</b>
<b>Carrying amount</b>				
<b>At 31 July 2019</b>	<b>23,570</b>	<b>11,447</b>	<b>203</b>	<b>35,220</b>
At 31 July 2018	24,264	11,456	0	35,720
<b>Institution</b>				
<b>Cost and valuation</b>				
At 1 August 2018	32,535	22,355	0	54,890
Additions	0	1,146	203	1,349
Disposals	0	(160)	0	(160)
<b>At 31 July 2019</b>	<b>32,535</b>	<b>23,341</b>	<b>203</b>	<b>56,079</b>
<b>Depreciation</b>				
At 1 August 2018	8,254	10,898	0	19,152
Charge for the year	694	1,153	0	1,847
Disposals	0	(158)	0	(158)
<b>At 31 July 2019</b>	<b>8,948</b>	<b>11,893</b>	<b>0</b>	<b>20,841</b>
<b>Carrying amount</b>				
<b>At 31 July 2019</b>	<b>23,587</b>	<b>11,448</b>	<b>203</b>	<b>35,238</b>
At 31 July 2018	24,281	11,457	0	35,738

## Notes to the Accounts

### Year Ended 31 July 2019

#### 9 Tangible Assets (cont)

At 31 July 2019, freehold land and buildings included £3,884k (2018 £3,884k) in respect of freehold land and is not depreciated. A full valuation of the University's land and buildings was carried out on 27 April 2015 by Vickery Holman who are an independent valuation firm. This valuation was carried out in accordance with RICS Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The valuation has been taken as deemed cost as at 1st August 2014, this is permitted under FRS102 as a transition exemption and a policy of revaluation does not need to be adopted going forward.

#### 10 Non-Current Investments

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Investment in subsidiaries	0	0	0	0
Other investments (a)	<b>3,898</b>	<b>3,898</b>	3,942	3,942
	<b>3,898</b>	<b>3,898</b>	3,942	3,942

The University holds 100 Ordinary shares of £1 each, which represents 100% of the share capital of Marjon (South West) Limited, a company incorporated in England. The principal activity of Marjon (South West) Limited in 2013-14 was the provision of catering services. In 2014-15 these activities were carried through the University. Since then Marjon (South West) Limited has been dormant. Marjon (South West) Limited has net liabilities of £88k (2018 £88k) and the results have been consolidated into these financial statements.

#### (a) Other investments

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
At 1 August 2018	3,942	3,942	3,608	3,608
Additions	578	578	468	468
Disposals	(630)	(630)	(388)	(388)
Fair value adjustments	8	8	254	254
<b>At 31 July 2019</b>	<b>3,898</b>	<b>3,898</b>	3,942	3,942

The historic cost of the quoted investments was £2,951k (2018: £3,104k).

**Notes to the Accounts**  
**Year Ended 31 July 2019**

**11 Stock**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
General consumables	5	5	3	3
	<u>5</u>	<u>5</u>	<u>3</u>	<u>3</u>

**12 Trade and other receivables**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other trade receivables	1,404	1,404	411	411
Amounts due from subsidiary companies	0	88	0	88
Other receivables	4	5	161	162
Prepayments and accrued income	441	441	618	618
	<u>1,849</u>	<u>1,938</u>	<u>1,190</u>	<u>1,279</u>

**13 Creditors : amounts falling due within one year**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Secured loans	802	802	757	757
Trade payables	347	347	1,243	1,243
Social security and other taxation payable	404	404	366	366
Other creditors	202	202	109	109
Accruals and deferred income	1,653	1,653	1,611	1,611
	<u>3,408</u>	<u>3,408</u>	<u>4,086</u>	<u>4,086</u>

**14 Deferred income**

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Research grants received on account	51	51	0	0
Other income	413	413	524	524
	<u>464</u>	<u>464</u>	<u>524</u>	<u>524</u>

## Notes to the Accounts

### Year Ended 31 July 2019

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

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Deferred income	180	180	0	0
Secured loans	9,221	9,221	10,023	10,023
	<b>9,401</b>	<b>9,401</b>	<b>10,023</b>	<b>10,023</b>

#### 16 Loans

Analysis of secured and unsecured loans:

<b>Due within one year or on demand</b>	<b>802</b>	<b>802</b>	757	757
Due between one and two years	577	577	802	802
Due between two and five years	1,590	1,590	1,598	1,598
Due in five years or more	7,054	7,054	7,623	7,623
<b>Due after more than one year</b>	<b>9,221</b>	<b>9,221</b>	10,023	10,023
<b>Total secured and unsecured loans</b>	<b>10,023</b>	<b>10,023</b>	<b>10,780</b>	<b>10,780</b>
Investors loan repayable by 2023	499	499	561	561
Secured loan repayable by 2021	466	466	817	817
Secured loans repayable by 2036	9,058	9,058	9,402	9,402
	<b>10,023</b>	<b>10,023</b>	<b>10,780</b>	<b>10,780</b>

Loan / Lender	Amount	Term	Interest rate	Borrower
	£'000		%	
Investors loan / Marjon Tenancies 1 Ltd	7,520	2023	*10.3	Institution
Capital development loan / Barclays	3,950	2021	5.50	Institution
Estates development loan / Barclays	11,500	2036	6.65	Institution
Total	<b>22,970</b>			

\*effective rate

The estate development and capital development bank loans are secured on certain land and building assets of the University. The investors' loan is secured on 36 rooms within University accommodation buildings.

The capital development loan carries interest at 5.5% and is repayable over 15 years commencing November 2005. The repayment and interest costs associated with this loan are completely covered by rental income received from Plymouth University for use of the premises built with the capital development loan.

The investors' loan carries interest at an effective rate of 10.3% per annum and is repayable over 25 years commencing in December 1998. The loan is also secured on a bank deposit account holding £210k (2018 £151k) included in cash at bank and in hand. The bank deposit account is a fund for the repayment of the BES loan (see note 17) which is the nature of the security. The University cannot access these funds without the consent of Magarch Ltd.

The Barclays estate development loan carries interest at a rate of 6.65% and is repayable over 25 years commencing in 2011. The Barclays loan finance is secured on the legal mortgage over the freehold property known as the Peninsular Allied Health Centre (for both loans).



## Notes to the Accounts

### Year Ended 31 July 2019

#### 17 Business Expansion Scheme

In 1994 the University raised finance from Marjon Tenancies 1 Limited ("Tenancies"), a company formed under the Business Expansion Scheme, by the sale of leasehold interests in 36 of its student accommodation rooms. Tenancies in turn have let the rooms under assured tenancies and the income generated will be set aside to provide return to its investors. The University is committed to the purchase of the shareholdings of investors in Tenancies at predetermined amounts starting in December 1998 and annually thereafter for a further 25 years. Penalty provisions apply in the event of default by the University, but in the opinion of the Board of Governors the possibility of these being invoked is remote.

The University is now the majority shareholder of Marjon Tenancies 1 Limited however the results of this entity have not been included in these consolidated financial statements. This is because the University considers that the substance of the relationship is to raise finance for the construction of student accommodation, therefore the University make repayments each year to repurchase the shares in Tenancies. These payments are treated as the repayment of the loan balance.

The net proceeds raised by the issue of shares in Tenancies has been treated in these financial statements as an investor's loan.

#### 18 Provision for Liabilities

<b>Consolidated</b>	<b>Obligation to fund deficit on USS Pension</b>	<b>Defined Benefit Obligations (Note 20)</b>	<b>Total Pensions Provisions</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2018	0	(9,840)	<b>(9,840)</b>
Additions	(68)	(1,519)	<b>(1,587)</b>
<b>At 31 July 2019</b>	<b>(68)</b>	<b>(11,359)</b>	<b>(11,427)</b>

<b>Institution</b>	<b>Obligation to fund deficit on USS Pension</b>	<b>Pension scheme provision under FRS102</b>	<b>Total Pensions Provisions</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2018	0	(9,840)	<b>(9,840)</b>
Additions	(68)	(1,519)	<b>(1,587)</b>
<b>At 31 July 2019</b>	<b>(68)</b>	<b>(11,359)</b>	<b>(11,427)</b>

**Notes to the Accounts**

**Year Ended 31 July 2019**

**19 Lease obligations**

Total rentals payable under operating leases:

Consolidated and Institution	Land and Buildings £'000	Year ended 31 July 2019		31 July 2018 £'000
		Other leases £'000	Total £'000	
<b>Future minimum lease payments due:</b>				
Not later than 1 year	45	40	<b>85</b>	59
Later than 1 year and not later than 5 years	169	26	<b>195</b>	280
Later than 5 years	0	0	<b>0</b>	0
<b>Total lease payments due</b>	<b>214</b>	<b>66</b>	<b>280</b>	<b>339</b>

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions

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

- Universities Superannuation Scheme (USS)
- Local Government Pension Scheme (LGPS) - administered by London Pensions Fund
- Teachers Pension Scheme (TPS)
- Church of England Pension Fund (CoE)

The total charge to the consolidated income and expenditure account (excluding finance expense) is noted below:

	2018-19 £000	2017-18 £000
Contributions paid to:		
USS	17	30
LGPS	726	588
TPS	612	587
CoE	10	4
Total contributions	<u>1,365</u>	<u>1,209</u>
Pension FRS102 Charge	730	924
Total Pension Cost for the year within staff	<u>2,095</u>	<u>2,133</u>

#### (i) The Universities Superannuation Scheme

The total cost charged to the profit and loss account is £17k. There has also been a provision of £68k set using the British Universities Finance Directors Group (BUFDG) USS Pension modeller tool.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Discount rate (forward rates)

Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32%

Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21

Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions (cont)

2017 valuation

Mortality base table Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females

Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females

Future improvements to mortality

CMI\_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Discount Rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The British Universities Finance Directors Group (BUFDG) produces a USS Pension Modeller for Universities to use. This is the first year the University has used this, with the following results in respect of 2 members of the USS scheme:

A provision of £8k, met by contributions of £17k, deficit payments of £1k, built into the employers rate of leaving a provision of £68k on the balance sheet.

The employers rate is 18.5% and there is also deficit recovery rate of 1.4% to meet the funding plan that ends in June 2034 as agreed 24 July 2015.

#### (ii) The Local Government Pension Scheme (administered by the London Pensions Fund)

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

For LGPS, the actuary has indicated in the 2016 valuation that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The employer's contribution rate was set at 15.5% from April 2017 and remains in place until 31 March 2020. The next actuarial valuation is due in 2019 and will set the contributions from April 2020 to March 2023. Contributions are generally set to a target of achieve a 100% funding level.

Under the definitions set out in FRS102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2019.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

#### Assumptions

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

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions (cont)

	<b>2019</b>	2018
	<b>%pa</b>	%pa
Discount Rate	<b>2.10%</b>	2.60%
Pension increases	<b>2.40%</b>	2.30%
Salary increases	<b>3.90%</b>	3.80%
Inflation assumptions	<b>2.40%</b>	3.40%

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

	<b>2019</b>	2018
	<b>Years</b>	Years
Current Pensioners		
Males	<b>19.8</b>	20.8
Females	<b>23.6</b>	24.6
Future Pensioners		
Males	<b>21.6</b>	23.1
Females	<b>25.4</b>	26.8

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

The assets in the scheme, measured at fair value, were:

	<b>2019</b>	2018
	<b>£000</b>	£000
Equities	<b>13,436</b>	13,770
Target Return Portfolio	<b>6,263</b>	5,028
Infrastructure	<b>1,413</b>	1,130
Property	<b>2,247</b>	1,744
Cash	<b>1,301</b>	1,042
<b>Total</b>	<b>24,660</b>	22,714
	<b>2019</b>	2018
	<b>£000</b>	£000
Estimated assets share for the University	<b>24,660</b>	22,714
Present value of scheme liabilities	<b>(36,009)</b>	(32,543)
Present value of unfunded liabilities	<b>(10)</b>	(11)
<b>Net pension liability</b>	<b>(11,359)</b>	(9,840)

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions (cont)

An analysis of the defined profit and loss cost attributes to the University for the year 31 July 2019 is as follows :

	2019 £000	2018 £000
Current Service cost	1,456	1,523
Administrative expenses	30	28
Net interest on the defined liability	247	294
<b>Total</b>	<u>1,733</u>	<u>1,845</u>

Analysis of amounts that are recognised in Other Comprehensive Income (OCI) of the University:

	2019 £000	2018 £000
Changes in assumptions underlying the present value of scheme liabilities	(4,066)	2,015
Return on assets less interest	1,797	582
Experience gain on defined benefit obligation	(1)	0
Change in demographic assumption	1,758	0
<b>Actuarial gain / (loss)</b>	<u>(512)</u>	<u>2,597</u>

#### Movement in the deficit attributable to the University during the year

	2019 £000	2018 £000
Reconciliation of the defined benefit obligation		
<b>Opening defined benefit obligation</b>	<b>32,554</b>	<b>32,901</b>
Service cost	1,437	1,523
Interest cost	832	878
Actuarial losses	4,066	(2,015)
Estimated benefits paid net of transfers in	(1,383)	(977)
Contributions to the scheme participants and other employees	252	246
Unfunded pension payments	(1)	(2)
Change in demographic assumption	(1,758)	0
Past service costs, including curtailments	19	0
Experience loss/(gain) on defined benefit obligation	1	0
<b>Closing defined benefit obligation</b>	<u><b>36,019</b></u>	<u><b>32,554</b></u>

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions (cont)

Reconciliation of the fair values of the scheme assets	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Opening fair value of scheme assets</b>	<b>22,714</b>	21,710
Interest on assets	<b>585</b>	584
Return on assets less interest	<b>1,797</b>	582
Administrative expenses	<b>(30)</b>	(28)
Contributions by the employer including unfunded	<b>726</b>	599
Contributions to the scheme participants and other employees	<b>252</b>	246
Estimated benefits paid plus unfunded net to transfer in	<b>(1,384)</b>	(979)
<b>Closing fair values of fund assets</b>	<b>24,660</b>	22,714
Reconciliation of opening and closing surplus	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Deficit in the scheme at the beginning of the year</b>	<b>(9,840)</b>	(11,191)
Movement in the year:		
Current service cost	<b>(1,456)</b>	(1,523)
Employers contributions	<b>726</b>	599
Other financial losses	<b>(247)</b>	(294)
Administrative expenses	<b>(30)</b>	(28)
Actuarial gains / (loss)	<b>(512)</b>	2,597
<b>Deficit in the scheme at the end of the year</b>	<b>(11,359)</b>	(9,840)

#### (iii) Teachers Pension Fund

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report issued to the Department of Education by the Government's Actuary's Department is dated 5 March 2019. There has been some legal challenge to the valuation which has taken time to resolve and this has caused some delay in implementation. This delay will give rise to increases from September 2019 in order to ensure the schemes assets can keep pace with the schemes liabilities. The key elements of the valuation and subsequent consultation are:

- employer contribution rates previously set at 16.48% of pensionable pay, including a 0.08% employer administration charge will now increase to 23.6% from 1 September 2019.

## Notes to the Accounts

### Year Ended 31 July 2019

#### 20 Pensions (cont)

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1bn (2012 £191.5bn), and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1bn (2012 £176.6bn) giving a notional past service deficit of £22bn (2012 £14.9bn)
- an employer cost cap of 7.3% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% until 2019, then 2.4% (2012 3.0%) in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 4.2%, 2.2% (2012 2.75%) in excess of assumed CPI. The assumed nominal rate of return is 4.45% (2012 5.06%).

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS102 and has accounted for the contributions to the scheme as if it were a defined-contribution plan.

#### (iv) The Church of England Pension Scheme

The Church of England Pensions Scheme has 1 member and the employers contributions for the year ending 31 July 2019 were £9,612. There are no employee contributions for this scheme.

The latest valuation of the scheme was completed on the 31 December 2015 although updates are carried out by the schemes actuary ahead of the next formal valuation. The latest update being December 2017. The total assets of the scheme at 2015 £1,308m (2017 £1.813m) with total liabilities of £1,544m (2017 £2.068m) a deficit of £236m (2017 £255m).

#### 21 Related Party Transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and balances outstanding at 31 July 2019, are as follows:

	Income from related party	Expenditure to related party	Balance due from related party	Balance due to related party	2018 Expenditure to related party
	£'000	£'000	£'000	£'000	£000
Marjon Student Union	0	151	0	0	101
	0	151	0	0	101

#### 22 Governors

No Governor has received any remuneration/waived payments from the group during the year (2018 none)

The total expenses paid to or on behalf of 18 Governors was £4k (2018 £5k to 18 Governors). This represents travel and subsistence expenses incurred in attending The Board meetings, sub-Committee meetings, University and Charity events in their official capacity.







Plymouth Marjon University  
Derriford Road, Plymouth, Devon, PL6 8BH, UK  
Tel: **01752 636700** [marjon.ac.uk](http://marjon.ac.uk)  
    **MarjonUni**



Plymouth Marjon University is a trading name of the University of St Mark & St John