

Annual Statements 2019 - 2020

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

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 2020

Contents

Company information	4
Members of the University of the Board of Governors and Senior Management Team	5-7
Welcome by the Chair	8
Welcome by the Vice-Chancellor	9
Strategic report	10-14
Report of the Members of the University Board of Governors	15
Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements	16
Statement of Corporate Governance	17
How the University is Governed	18-21
Statement of Responsibilities of the Board of Governors	22-23
Independent Auditors Report to the Governing Body of the University of St Mark & St John (a company limited by guarantee)	24-26
Consolidated Statement of Comprehensive Income and Expenditure	27
Consolidated and Institute Statement of Changes in Reserves	28
Consolidated and Institute Statement of Financial Position (Balance Sheet)	29
Consolidated and Institute Statement of Cash Flows	30
Statement of Accounting Policies	31-35
Notes to the Accounts	36-51

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 Unity Stuart (January 2018 – January 2020)

Mr Stephen Plant (January 2020 – present)

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

Membership of the Board of Governors during the year ended 31 July 2020, up until the date on which the Financial Statements were approved by the Board of Governors, 16 December 2020, is shown below. Governors are registered as Directors of the Company with Companies House and also perform the role of Trustee.

Biographies and declared interests can be viewed on www.marjon.ac.uk/about-marjon/governance--management/

Governors	Category of Membership	Membership of Board Committees	Attendance~ Board (Committees)	Date Appointed	Current Term Due to End
Mr Graham Raikes MBE, Chair of Board	Directly Appointed Independent Governor	Finance & Resources Committee; Governance & Nominations Committee; Remuneration Committee; People & Organisational Development Sub-Committee; Committee Chairs' Discussion Group	6/6 (10/10)	01/11/2017	13/11/2024*
Dr Greg Borne	Senate Elected Academic Staff Governor		N/A	16/12/2020	15/12/2023
Mr Stephen Criddle OBE	Directly Appointed Independent Governor	Audit Committee; Remuneration Committee	1/1	13/05/2020	12/05/2023
Mrs Kate Doodson	Directly Appointed Independent Governor	Finance & Resources Committee; Estates Development Task Group	4/4 (4/6)	01/01/2020	01/01/2023
Miss Lauren Edwards	Elected Student Governor; Marjon Student Union President		1/1	01/07/2020	01/07/2021
Mr Matt Evans	Directly Appointed Independent Governor	Governance & Nominations Committee	4/6 (4/5)	01/12/2018	01/12/2021
Mr Alex Hawtin	The National Society Nominated Independent Governor	Finance & Resources Committee; Committee Chairs' Discussion Group	5/6 (5/6)	10/12/2018	10/12/2021
Mrs Victoria Holbrook	Directly Appointed Independent Governor	Audit Committee	5/6 (2/3)	01/09/2019	01/09/2022
Prof Patricia Hind	Directly Appointed Independent Governor	Finance & Resources Committee; Remuneration Committee; People & Organisational Development Sub-Committee; Committee Chairs' Discussion Group	6/6 (7/8)	01/11/2017	01/11/2023*
Mrs Jacynth Ivey MBE	The National Society Nominated Independent Governor		3/4	10/01/2020	10/01/2023
Rt. Rev'd Nick McKinnel	Diocesan Nominated		5/5	18/09/2015	18/09/2021*

	Independent Governor				
Mrs Ruth Mounstephen	Diocesan Nominated Independent Governor	None	4/4	06.03.2020 ***	06.03.2023
Rev'd Prof Gina Radford	Diocesan Nominated Independent Governor	Audit Committee	3/5 (1/2)	01.11.2019	01.11.2022
Mr John Searson	Diocesan Nominated Independent Governor	Audit Committee; Governance & Nominations Committee; Committee Chairs' Discussion Group (from Sept 2020)	6/6 (5/5)	01/04/2017	17/09/2023*
Prof Gary Shum	Elected Academic Staff Governor		5/5	01/11/2019	01/11/2022
Mrs Lynn Tamsett-White	Elected Professional Services Staff Governor	Estates Development Task Group	5/6 (4/4)	01/09/2018	01/09/2021
Mrs Emma van der Lugt	Directly Appointed Independent Governor	Audit Committee; Governance & Nominations Committee; Remuneration Committee; People & Organisational Development Sub-Committee; Committee Chairs' Discussion Group	6/6 (7/7)	01/07/2016	01/07/2022*
Prof Rob Warner	Ex-Officio Governor, Vice Chancellor	Finance & Resources Committee; Estates Development Task Group; Governance & Nominations; People & Organisational Development Sub-Committee (from Sept 2020)	6/6 (13/13)	01/03/2017	N/A
Governors whose tenure ended during this period					
Governors	Category of Membership	Membership of Board Committees	Attendance~ Board (Committees)	Date Appointed	Date Term Ended
Dr Susan Cooper	Senate Elected Academic Staff Governor		6/6	01/12/2017	30/09/2020
Ms Claire Gibson	Directly Appointed Independent Governor	Finance & Resources Committee; Estates Development Task Group	5/6 (10/10)	05/07/2013	04/07/2020 **
Mrs Pamela Greener	Diocesan Nominated Independent Governor		0/1	01/11/2018	01/10/2019
Mr Geoffery Gulzar	Elected Student Governor; Marjon Student Union President	Estates Development Task Group	5/5 (3/5)	01/07/2019	01/07/2020

Ms Michele Shoebridge	Directly Appointed Independent Governor	Estates Development Task Group	1/2 (1/1)	01/01/2017	01/01/2020
Mr Richard Stevens	Directly Appointed Independent Governor	Remuneration Committee; Human Resources Sub-Committee	1/2 (1/1)	01/12/2018	31/01/2020

*indicates second term; ** indicates second term, when previously terms were four years
Attendance from 1 August 2019 to 31 July 2020. Figures represent: actual attendance/total possible.
***Appointed 06.03.2020, registered Companies House 20.03.2020.

Co-optees

The following have served on the Board of Governors as co-opted members during this period:

Name	Role	Date Appointed	End of Current Term
Ms Lindsey Hall	Co-optee	01/12/2018	01/12/2021
Prof Chris King	Co-optee	01/12/2018	01/12/2021
Mrs Jackie Westerman	Co-optee	01/11/2019	01/11/2022
Co-optees whose tenure ended during this period			
Mrs Kate Doodson	Co-optee	01/11/2019	01/01/2020
Ms Michele Shoebridge	Co-optee	01/01/2020	17/07/2020

Members of the Board

Appointments to the Board (process)

The Governance & Nominations Committee is 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 pages of the Plymouth Marjon University website. 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 2020 are outlined below.

Name	Role
Prof Rob Warner	Vice-Chancellor and Chief Executive
Prof Michelle Jones	Deputy Vice-Chancellor
Prof Ian Luke	Pro Vice-Chancellor (Academic)
Mrs Katy Willis	Pro Vice-Chancellor (Student Success)
Mr John Bailey	Director of Estates
Mr Simon Arthurs	Director of Finance & IT
Mrs Lucy Pengelly	Director of People & Organisational Development
Mr Stephen Plant	University Secretary (as of January 2020) and Registrar

Welcome by the Chair

We will remember 2020 for the global Coronavirus pandemic. Despite chaos resulting across all sectors and affecting economies all over the globe, the University has maintained year on year success. Marjon has grown contrary to the demographic downturn, performed outstandingly well in the academic and student rankings and driven digital and innovation for the future.

The University's leadership, Governors, staff and students have all responded positively, adapted and acted decisively in dealing with the issues they have faced. All are to be congratulated for their professionalism and commitment in the way that they have embraced the difficulties and changes - Marjon remains a strong community. The 2019/20 financial performance is a deficit. However, given the wider landscape, the finances have been well managed, risks identified and where possible mitigated. The focus has not just been restricted to 2019/20, we have taken the opportunity to plan and transform through and beyond with students at the forefront of our thinking.

The Board has endorsed the Campus Redevelopment Plan following a year of extensive stakeholder engagement and work with Architype and key consultants. This critical piece of work will feed into the next phase of the University Growth Plan and sets up an exciting future despite the backdrop of Higher Education fee reviews, Brexit and further waves of the Coronavirus pandemic.

The Board continues to work closely with the Vice-Chancellor to recruit and co-opt Governors who are best placed to drive the University forwards. We have also worked with the Students' Union to ensure we keep students uppermost in everyone's mind. Whilst significant risks remain within the Higher Education Sector, the University has not allowed this to dampen its confidence, ambition or the direction of travel.



Graham Raikes MBE
Chair of the Board of Governors



Welcome by Vice-Chancellor

180 years ago Marjon welcomed our first trainee teachers at St Mark's Battersea, including some from the local workhouse. Some in London criticised our commitment to train those with the ability to become teachers, irrespective of background. The first Principal, James Kay-Shuttleworth, held fast to this pioneering vision of social inclusion. In 1841, Derwent Coleridge, who had previously lived in Plymouth and then Helston, Cornwall, welcomed the first students at St John's Chelsea – Coleridge was equally committed to providing the very best education to every student, and he later wrote a mock apology for the college's 'inconvenient excellence'. These commitments to social inclusion, excellence and the transformative power of education continue to be the lifeblood of Marjon in the 21st Century.

Our vision as an educational charity is focussed on the commitment and ambition that we are *centred upon student success*. In the past year, in support of this central priority, we have developed new people and marketing strategies, a new Campus Development Plan to achieve zero carbon by 2035 and have commenced a digital transformation of our professional services and university-wide processes. To deliver excellence for our students it has been particularly important in 2019-20 to control our finances carefully; Covid has resulted in a loss of revenue in the region of £1 million so far and yet our financial position is robust and secure.

I can therefore state with confidence that we are not only proud of our exceptional heritage, as the oldest teacher training college in the country, but we are also proud of the current achievements our staff and students and, indeed, of our rigorous management controls that deliver continuing financial strength.



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 2020 despite it being a highly exceptional and challenging year.

Introduction

The Board has kept in touch virtually throughout the COVID lockdown period and recognises that Marjon has not only delivered within our core values but continues to make significant strides in taking the University forward. The Vice-Chancellor, Professor Rob Warner, continues to lead the University through a process of financial realignment whilst ensuring the Marjon community responds to the needs of students during the uncertainty that COVID presented and into the future. The early successes of the Growth Plan, now backed up with our Campus Redevelopment plan continues to give the University confidence to take a bolder view of the future where we are all Proud to be Marjon.

Operating Review

2020 was always planned to be a memorable year at Marjon. 180 years ago, Sir James Kay-Shuttleworth founded St John's College, and a year later, St Mark's College was founded by Reverend Derwent Coleridge. With their decisive action, our founders took revolutionary and pioneering steps to fight inequality, and to make a difference to their communities. This drive for social justice and empowerment through education is still what motivates us today, as we reflect on a most extraordinary year.

As well as our 180th anniversary, 2020 is also the 400th year of the Mayflower setting sail from Plymouth, and so we had always looked forward to a year of events and celebration. Whilst the year will of course be remembered for different, much sadder reasons, it was still a year of incredible achievements at Marjon.

We launched our 180th celebrations in February, 180 years exactly from when the first students took their seats in St John's College, Battersea. We celebrated by unveiling a copy of a section of the Parthenon (Elgin) Marbles in the Student Hub, reflecting the philosophy of our founder Revd. Derwent Coleridge, who had a copy on the walls of the college in order to expand the educational horizons of his students.

We were recognised in September, June and July with some incredible league table accolades. We were ranked 1st University in England for teaching quality in September 2019 by The Times Good University Guide. In June the Complete University Guide ranked us 1st University in England for student satisfaction. And in July the WhatUni Student Choice Awards ranked us 6th in the UK for university facilities and 7th in the UK for courses and lecturers. We also saw huge climbs in the rankings in two other areas, with accommodation moving up 71 places from 95th to 24th, and societies and sport moving from 67th to 34th. These reflect substantial support and enhancements put in place in the last two years.

Our students have once again proven their talents in many areas across the University. Our Journalism students have been settling into our new facility *The Workshop* at the BBC campus, which opened in September 2019, with the ribbon cut by HM Lord Lieutenant of Devon, David Fursdon. In December the students used their facility to host local MPs across two nights of live online hustings shows before the general election, which have had over 30,000 views on Facebook.

We launched a new role for students called Marjon Change Makers– with eight students taking part in this pilot project. The roles were specifically aimed to support students from under-represented groups in higher education to take on a project to improve the student experience and to prove what they are capable of. One project – our student-led TikTok channel - has gone on to be nominated for a national marketing award.

Across inclusivity and diversity, we held an Inclusivity Day for all teaching colleagues in September to launch the new academic year, including listening from student voices about issues that affect them. We launched a new Equality, Diversity and Inclusion committee, chaired by the Deputy Vice-Chancellor, which considers these issues across staff and students. We published a Mental Health and Wellbeing Policy in November 2019, and worked with trans students to develop a trans policy which was finalised in September 2020.

A group of colleagues in the Teaching Education Partnership rolled out skills from *The Oracy Project* across members of the teaching staff, a project which aims to help students (and then pupils in schools) to express themselves effectively in their speech. Marjon research has shown how significant a difference this can make to children from more disadvantaged backgrounds, and the aim is to demonstrate this can also make a significant difference to students within Higher Education.

In order to further embed our Values of Humanity, Curiosity, Ambition and Independence across the University, we started new sessions for all recently appointed staff called *Living the Values* in which staff can explore what the Marjon Values mean to them, how they can challenge us and how to live them in their day to day work.

Graduation in 2019 was a moving occasion, with 588 students crossing the stage, cheered on by almost 1500 guests. We welcomed a very special group of VIPs: 18 former students of Marjon who had studied for a Certificate in Education before a degree was the entry requirement for teaching. All 18 crossed the stage to be awarded honorary degrees in Education in formal recognition and thanks for a lifetime in teaching. Our oldest known living alumni, John Hume, aged 96, could not attend so instead we had the honour of livestreaming to his living room in the Lake District to present him with his award.

In November 2019 we made further honorary awards in the area of Speech and Language Therapy, for which we celebrated the 25th anniversary as a Marjon programme. We awarded a Master of Science (MSc) to Nick Hewer (President of the Royal College of Speech and Language Therapists (RCSLT)) and Kamini Gadhok MBE (CEO of the RCSLT) for their significant contributions to the profession.

Our commitment to developing our beautiful campus to be leading in sustainability by 2030 has made great strides. In December we held a Climate Emergency Forum, hosting staff, students, alumni and local experts and stakeholders to draw up a plan and announcing a climate emergency. Alongside this, our 10 year Campus Development Plan has taken shape, and was signed off by our Board of Governors in July 2020.

In January we hosted The Peninsula Research in Outdoor Learning conference. Entitled *Making it Happen: Outdoor Learning in the Primary School Curriculum*, the conference was sponsored by the Association for the Study of Primary Education, with the purpose of bringing together researchers, practitioners and policy makers in the area of outdoor learning in all settings, for all ages.

In February we hosted a lunch in the former Cathedral School in Truro – the location for Marjon University Cornwall - to discuss with stakeholders from Cornwall how to enable more disadvantaged regional young people to access higher education. Marjon University Cornwall saw its first graduates from the MA Education course at the end of the year, who will attend ceremonies in 2021.

By March it was evident that we would have to make substantial changes to our ways of working, teaching, living and learning, and we began to plan for a lockdown, including ensuring that all learning resources were updated online prior to any Government requirements being in place. Within a couple of days of the official announcement, almost all staff were successfully working from home, and lectures and tutorials had been moved online. Our IT team worked valiantly to support the whole staff and student team, providing training sessions for hundreds of people across only a few days and implementing a new phone system to support home working.

We quickly moved to reassure students on campus that we would refund their accommodation fees for the final term, and supported them to move home, except for those who couldn't, who stayed on campus fully supported.

In the peak of the pandemic we worked closely with the NHS, offering them rooms in accommodation for NHS workers who wanted to stay away from their families to keep them safe. Around 30 NHS workers lived on site between April and July, being supported by a core crew of essential workers from our staff.

Teaching and learning moved quickly online, including some of the most practical subjects. Marjon Health & Wellbeing clinics moved to consultations through video calls, instant chat and by phone. This helped patients by enabling them to manage their pain, and also ensured our students could cover their required practical hours, whilst giving them an unexpected skill in offering online support: something they can take into their future careers. With the online launch, Sport Therapy clinics were also offered for free to any key worker staff to support their wellbeing.

In early April, just as these clinics were moved online, we were delighted to hear that we had been awarded a £250,000 grant to research the impact of our students' involvement in our Health & Wellbeing clinics. The grant is designed to enable us to demonstrate the positive impact on students of our immersive and innovative model, so that other institutions might follow suit.

It was of course critical that we could still maintain our community throughout lockdown. The Students' Union continued events through lockdown, hosting regular events such as quizzes, a virtual May Ball and a virtual Women in Leadership conference. Our acting academics worked incredibly creatively to deliver our first online theatrical performance in May, well before many professional companies had achieved this, to replace the usual national tour for third years. This was rehearsed and performed online, which resulted in a very diverse audience of agents and stakeholders for our third year actors who were rewarded with many agent offers.

Our Marjon Sports Awards were held in May, streamed live on Facebook and YouTube in celebration of sporting achievements throughout the year. In June, the Marjon 2020 Staff and Student Awards celebrated more achievements. Over 450 nominations were received, with 20 awards and two special awards presented, and this was our biggest ever event on Facebook and YouTube.

Our usual events programme of Open Days and Applicant Days and outreach events such as GCSE Easter Revision School were replanned, and delivered as a series of online activities called *Marjon Live*, from April right through the summer. Activities included a fully online Summer School for students interested in teaching. A key focus was ensuring that applicants – our future first years – could find ways to bond and get to know one another online and we delivered a series of activities to suit them and answer all their concerns about arriving in September. In late 2019 we launched Unibuddy, a system to enable prospective applicants to chat to Student Ambassadors about their experience with full safeguarding procedures in place, and this system became even more important during lockdown. The year saw a strong and steady increase in applications, particularly on postgraduate teacher training which saw more than 55% year on year increase. We expect our 2020 intake for first years onsite to be almost 19% higher than 2019.

Our Health & Wellbeing area has seen substantial developments this year, launching a new section of our website at the start of the year to showcase the rich and varied work of the team and allow easier online booking of appointments and access for members of the public. The team also launched a new Osteopathy clinic with free appointments from our third year Osteopathy students during autumn 2019 which were hugely popular.

With the appointment of two new governors in late 2019, we gained substantial experience from very senior national level which will help us to propel forward in the areas of Nursing, Allied Health and Social Care. The Rev'd Professor Gina Radford was the national Deputy Chief Medical Officer from 2015 to 2019, had previously been Director of Public Health in South West Devon, and as Head of the Public Health Development Unit she established The National Institute for Health and Care Excellence (NICE). Jacynth Ivey MBE has been a non-executive associate Director of Health Education England and a non-executive Director of a Community Healthcare NHS Trust and an Ambulance Service NHS Trust.

We strengthened our partnership with Plymouth Argyle FC, signing an agreement that sees the first team players using the Marjon gym equipment and strength and conditioning labs, and sees Marjon students offered placements and experiences within the club. The Argyle Ladies' team has worked closely with Marjon this year and we have become the Football Association's Women's High Performance Football Centre for the South West.

Our academic team celebrated various accreditations during the year: our MSc Applied Sport Psychology received British Psychological Society accreditation and four sport and health courses received accreditation from The Chartered Institute for the Management of Sport and Physical Activity (CIMSPA).

Our Students' Union had a year of engaging more and more students in the life of the University. 15 new societies were launched in Freshers' Week, in a push to ensure that all students could find a peer community. The SU launched a Homesafe taxi service with local police and a local taxi firm Need-a-Cab, to enable students who are stuck in town to get a safe taxi home on the SU's account. The team ran a series of events for Movember to raise awareness of men's health issues such as prostate and testicular cancer and men's mental health. On a lighter note, the MSU mascots, the Lion and the Lamb, reached the final of the World University Mascot Rankings in September though a massive drive to get votes across staff and students against universities many times our size - a result which shows that Marjon pride knows no boundaries!

This has been a year of extraordinary challenges for both student and staff, and they have come through it admirably. By working together, by being there for each other, and by staying true to our values we are finding a new way of working in which our staff-student partnership has never been more important. This year has called for curiosity in how we can do things differently, for thoughtfulness for others, and an ambition and determination that in our decisions and actions we stay - at all times - centred on student success. In this most extraordinary of years, we can confidently say we are *proud to be Marjon*.

Sustainability

Financial forecasts were initially approved that anticipated the University delivering a sustainable surplus in future years as the Growth Plan continues to come to fruition. Naturally, the COVID pandemic forced a rapid review of the financial position and the University has performed with swift and prudent action to arrive at a small management accounting deficit of £259k (before FRS102 adjustments relating to pension and staff leave adjustments). This achievement is much lower than the £1+m income lost from having to close operations and students returning home in the final semester. The FRS102 technical financial accounting adjustments are out of the University's control and are driven largely by an economy impacted by COVID. These adjustments have created significant movements in investment and pensions, resulting in a larger "bottom line" deficit. These movements are not cash transactions and do not impact on financial resilience or financial sustainability of the University. A break even position is planned for 2020/21 as the University regroups to position for the post COVID future, where surpluses will be needed to begin to implement the Campus Redevelopment plan and to invest in new programmes. The OfS also monitors Universities' financial health and spoke to each University during the summer, the outcome of which meant Marjon University was given a clean bill of financial health.

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 COVID risk and 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 2020-21 and beyond. Far more scrutiny of student numbers, assumptions and risk is taking place to shape the future revenue assumptions. Having highlighted the risk of student numbers the University continues to show steady sustainable year on year growth ahead of the demographic upturn.

The University has now firmly embedded risk at a strategic level and work is scheduled to review operational risk management in 2020/21. Risks continue to be highlighted 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
- COVID19 Impact and business continuity

Senior Management Team and Governors continue to monitor progress towards delivery of the Growth.

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.

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 £1,777. This represents travel and subsistence expenses incurred in attending Board, committee meetings and other events in their official capacity.

Financial Highlights

The University continues to deliver on a Financial model that is designed to forward forecast, mitigate financial risk and to ensure the continuation of financial resilience and sustainability. This is key to support the ambitions outlined in the Marjon Growth Plan and in particular the Campus Redevelopment Plan. The Senior Management Team has controlled the financial performance to mitigate the impact of COVID and limiting a deficit of £259k, before adjusting for the costs of the Local Government Pension Scheme (LGPS).

The balance sheet remains solid, with a sound level of cash reserves to support the on-going needs of the University. The decision to protect capital investment early, restructure the investment portfolio and explore deposit options was prudent and meant losses were significantly limited. Opening Green Deposits to utilise from 2020/21 means that cash deposits will earn interest in a positive sustainable manner. The University continues its plans to invest in developing an asset lifecycle replacement plan over the medium term to minimise revenue costs on reactive maintenance. Additional investment in capital and digital growth will be based on a prioritisation process and is scrutinised on a business case basis. The University is in a robust position to meet its loan covenants and continues to explore a wider range of options to secure credit for the delivery of the Growth Plan.

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 2020.

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 2020.

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 from page 5. 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 2019/20 in line with their appointment in 2015/16 following a competitive tender process.

The financial statements on pages 27 to 51 were approved by the Board of Governors of the University of St Mark & St John 16 December 2020 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 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 2019 to 31 July 2020 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 2020 ("The Code")
 - The Higher Education Senior Staff Remuneration Code 2020 ("The Remuneration Code") 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 2020. The CUC Code continues to be adopted on a 'comply or explain' basis.

Marjon Student Union

Marjon Student Union 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. Marjon Student Union's President is a Board member and the Board of Governors receives regular input and an annual report from Marjon Student Union. The Marjon Student Union has its own Board of Trustees.

How the University is Governed

Members of the University's Board of Governors 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 they 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 Office for Students (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 is normally undertaken during the Board of Governors' meeting in December.

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

Specifically, 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, as a minimum, four times a year.

Board meetings and membership

The University Secretary 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 to confirm suitability ("Fit and Proper Persons") and eligibility on appointment and declare any interests regularly. Any issues would be referred to the Chair, joint Deputy Chairs and University Secretary. 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 University Secretary. They are also displayed on the University's website, in an accessible format.

The committees of the Board of Governors are as follows;

- **Finance & Resources Committee**

This is a finance and general purpose committee that considers estates and finance. 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 Finance & Resources Committee has to authorise any new, controversial or commercial activities and in line with the limits outlined in the Financial Regulations. The committee also approves the financial plans and accounts before they are presented to the Board of Governors. The Finance & Resources also monitors key statutory returns to OfS prior to approval by the 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**

This committee provides assurance and reviews the risks management, internal controls and governance of the University by examining the University's processes and how they operate. The University's internal auditors are PricewaterhouseCoopers, the external auditors are Bishop Fleming and both report directly to the Audit Committee. The Audit Committee also produces 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**

This 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 Governance & Nominations Committee also oversees the effectiveness of the Board.

- **Remuneration Committee**

This committee monitors and reviews the salaries and any performance related payment to the most senior staff of the University and also considers human resources related matters.

The Remuneration Committee also delegates authority to the **People & Workforce Development Sub-Committee** (formerly Human Resources Sub-Committee) to seek to ensure that the University is managing its people issues effectively and monitoring how people strategies contribute to improved organisational performance.

Senate

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. Previously Academic Board, it provides regular reports to the Board of Governors on these matters, such that the Board of Governors is 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. Governors regularly attend meetings of Senate as observers, receiving minutes and regular reports and those of internal committees.

Student Engagement

The Board continues to engage with student experience and to ensure accountability with regards to student experience, welfare and engagement. A remunerated Student Engagement Officer role was created in April 2019 and the post holder is invited to attend Board meetings to provide an additional level of information regarding

student issues. Marjon Student Union's elected president, the Student Governor, attends Board of Governors' meetings, as well as meetings of the Finance & Resources Committee and People & Organisational Development Sub-Committee. The Pro Vice-Chancellor (Academic) and Pro Vice-Chancellor (Student Success) are also regularly invited to attend Board and committee meetings. A governor-student lunch is included in the annual cycle of business.

The Student Engagement and Outcomes Panel (SEOP) holds monthly meetings, with a focus on enhancing student engagement, student experience, student outcomes and equality of opportunity. The Student Experience Council (SEC) aims to facilitate student participation in order to enhance the student experience, as does the University Board of Studies (UBoS) which debates, reviews and recommends approaches to improve the quality of students' learning opportunities and their academic experience within the University. Students are also panel members for validation events.

Governance during the year

The Board and its committees convened with greater frequency than previously, in response to the COVID-19 pandemic. Additional meetings were held 'virtually' to keep the Board fully informed of developments. The University's Board of Governors met six times in 2019/20. Four of these meetings were as per the published schedule, two were additional 'virtual' meetings.

The University Board of Governors' four committees, one sub-committee and one task group met as follows in 2019/20:

1. Finance & Resources Committee - eight meetings
2. Audit Committee - three meetings
3. Governance & Nominations Committee – two meetings
4. Remuneration Committee – one meeting
5. People & Workforce Development Sub-Committee – one meeting
6. Estates Development Task Group – four meetings

The Board of Governors considered and approved the revenue and capital budgets, Annual Monitoring Statement and the Financial Forecasts. The Board also approved the Campus Development Plan.

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

- a) Local, national, regional, sector and political developments
- b) Response and approach to COVID-19
- c) Updates from Vice Chancellor
- d) KPIs and Strategy
- e) Academic issues including the portfolio and programmes, research and ethics
- f) Student recruitment, retention and performance
- g) Updates from MSU President
- h) Partnerships and collaborative provision
- i) Prevent Duty
- j) Updates on changes in key staff
- k) Updates on University events and activities
- l) Reports to and from OfS
- m) Management accounts and other financial information.
- n) Estates development matters, including Campus Development Plan
- o) Departmental updates
- p) Updates from Chaplain
- q) Equality and Diversity
- r) Gender and pay
- s) Tackling racial harassment
- t) Any fraudulent, health and safety or whistleblowing incidents

- u) Details of Risk Management issues and developments
- v) Minutes of the meetings of the Finance & Resources Committee, Audit Committee, Estates Development Task Group, Governance & Nominations Committee, People & Organisational Development Sub-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.
- w) Data returns and statistics inclusive of annual data assurance report
- x) Access and Participation Plan
- y) Modern Slavery and Human Trafficking Annual Statement

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, the IT provision and library resourcing. Data returns and any financial implications were also covered.

The Internal Auditors worked closely with the Director of Finance & IT to respond to risk assessed temporary changes to Internal Control required to enable the University to operate effectively due to the restrictions on working from home due to the Coronavirus pandemic.

The Audit Committee met with the Internal Auditors on three occasions during the year. As one of these meetings was inquorate, actions were ratified at the following meeting. The committee met to consider Internal Audit Reports; review and plan forthcoming internal audit reviews; to receive the Internal Auditors' annual report; to review the CUC Higher Education Audit Committees Code of Practice (May 2020). The Committee met with the External Auditors twice in 2019/20 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 2019/20, the Audit Committee commissioned reviews including: Finance, Human Resources, Student Accommodation – UUK Code of Practice, Marketing & Student Recruitment and dBs Partnership as well as a follow-up review of any outstanding recommendations from 2018/19 audit reports.

The Governance & Nominations Committee considered nominations for vacancies to the University Board of Governors and its committees; committee terms of reference; Board effectiveness; skills and diversity of the Board; induction.

The Remuneration Committee met to discuss matters relating to the terms and conditions of service and the emoluments of the holders of 'Senior Posts' as defined in the Articles of Association.

The People & Workforce Development Sub-Committee (formerly Human Resources Sub-Committee) considered the University's People Strategy and other human resources matters.

The Estates Development Task Group met regularly with a particular focus on the development of the Campus Development Plan.

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 & 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 is 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 2020 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. Its terms of reference have been reviewed and align with the CUC Higher Education Audit Committees Code of Practice (May 2020). A Management Audit Group has been established comprising Internal Auditor, Director of Finance and University Secretary to provide oversight of the internal audit process.

The 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 External Auditors have provided a highlights memorandum and management letter in connection with the 2019/20 financial statements and their report to the Audit Committee will be forwarded to the OfS.

The Board, through the Audit Committee, has reviewed the effectiveness of the system of control operating in 2019/20 and up to 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.

A handwritten signature in black ink, appearing to read 'G. Raikes', with a stylized flourish extending to the right.

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 2020 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 2020 and of the University's deficit of income against 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.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- The University's expenditure on access and participation activities for the financial year has been materially misstated.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, 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.

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.



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 18 January 2021

**Consolidated Statement of Comprehensive Income and Expenditure
Year Ended 31 July 2020**

	Notes	Year ended 31 July 2020 Consolidated £'000	Year ended 31 July 2019 Consolidated £'000
Income			
Tuition fees and education contracts	1	21,559	21,193
Funding body grants	2	1,080	1,088
Research grants and contracts	3	187	270
Other income	4	4,466	5,770
Investment income	5	88	150
Total income		27,380	28,471
Expenditure			
Staff costs	6	13,528	11,619
Restructuring costs	6	125	349
Other operating expenses	8	12,218	13,009
Depreciation and amortisation	9	2,151	1,847
Interest and other finance costs	7	871	1,006
Total expenditure		28,893	27,830
Surplus/(Deficit) before other gains/(losses)		(1,513)	641
		(5%)	2%
Gain / (Loss) on investments		(492)	14
Surplus /(Deficit) before tax		(2,005)	655
		(7%)	2%
Taxation		0	9
Surplus / (Deficit) for the year		(2,005)	664
		0%	2%
Other comprehensive income			
Actuarial loss in respect of pension schemes	21	(4,966)	(580)
Total comprehensive income for the year		(6,971)	84
		(25%)	0.3%
Surplus / (Deficit) for the year attributable to:			
Institution		(2,005)	664

All items of income and expenditure relate to continuing activities.
Notes on pages 32 to 52 form part of these financial statements

**Consolidated and Institute Statement of Changes in Reserves
Year Ended 31 July 2020**

Consolidated	Income and expenditure reserve	Revaluation reserve	Total
	Unrestricted		
	£'000	£'000	£'000
Balance at 1 August 2018	20,270	3,699	23,969
Surplus/(deficit) for the year	664	-	664
Other comprehensive income	(580)	-	(580)
Total comprehensive income for the year	84	0	84
Balance at 1 August 2019	20,354	3,699	24,053
Surplus/(deficit) for the year	(2,005)	-	(2,005)
Other comprehensive income	(4,966)	-	(4,966)
Total comprehensive income for the year	(6,971)	0	(6,971)
Balance at 31 July 2020	13,383	3,699	17,082
	Unrestricted		
	£'000	£'000	£'000
Balance at 1 August 2018	20,377	3,699	24,076
Surplus/(deficit) for the year	664	-	664
Other comprehensive income	(580)	-	(580)
Total comprehensive income for the year	84	0	84
Balance at 1 August 2019	20,461	3,699	24,160
Surplus/(deficit) for the year	(2,005)	-	(2,005)
Other comprehensive income	(4,966)	0	(4,966)
Total comprehensive income for the year	(6,971)	0	(6,971)
Balance at 31 July 2020	13,490	3,699	17,189

**Consolidated and Institute Statement of Financial Position (Balance Sheet)
Year Ended 31 July 2020**

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Non-current assets					
Tangible assets	9	34,308	34,326	35,220	35,238
Investments	10	1,363	1,363	3,898	3,898
		<u>35,671</u>	<u>35,689</u>	<u>39,118</u>	<u>39,136</u>
Current assets					
Stock	11	5	5	5	5
Trade and other receivables	12	2,296	2,386	1,849	1,938
Cash and cash equivalents		9,071	9,071	7,317	7,317
		<u>11,372</u>	<u>11,462</u>	<u>9,171</u>	<u>9,260</u>
Less: Creditors: amounts falling due within one year	13	(3,301)	(3,301)	(3,408)	(3,408)
Net current (liabilities)/assets		<u>8,071</u>	<u>8,161</u>	<u>5,763</u>	<u>5,852</u>
Total assets less current liabilities		<u>43,742</u>	<u>43,850</u>	<u>44,881</u>	<u>44,988</u>
Creditors: amounts falling due after more than one year	15	(8,809)	(8,809)	(9,401)	(9,401)
Provisions					
Pension provisions	18, 21	(17,852)	(17,852)	(11,427)	(11,427)
Total net assets		<u>17,082</u>	<u>17,189</u>	<u>24,053</u>	<u>24,160</u>
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		13,383	13,490	20,354	20,461
Revaluation reserve		3,699	3,699	3,699	3,699
Total Reserves		<u>17,082</u>	<u>17,189</u>	<u>24,053</u>	<u>24,160</u>

Notes on pages 32 to 52 form part of these financial statements



Graham Raikes MBE
Chair of the Board of Governors



Professor Rob Warner
Vice-Chancellor

Date: 16 December 2020

Consolidated and Institute Statement of Cash Flows
Year Ended 31 July 2020

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash flow from operating activities			
(Deficit)/Surplus for the year before tax		(2,005)	664
Adjustment for non-cash items			
Depreciation	9	2,151	1,847
Decrease/(increase) in stock	11	0	(2)
Decrease/(increase) in debtors		(447)	(659)
Revaluation loss/(gain) on investments		522	(8)
Actuarial movement on pension		(4,966)	(580)
Pension Notional Interest		232	247
Increase/(decrease) in creditors	12,13	102	(489)
Increase/(decrease) in pension provision	21	6,193	1,340
Adjustment for investing or financing activities			
Investment income	5	(88)	(132)
Interest received			(18)
Interest payable	7	639	759
(Gain)/loss on the sale of tangible assets		<u>0</u>	<u>2</u>
Cash flows from operating activities		<u>2,333</u>	<u>2,971</u>
Taxation		<u>0</u>	<u>(9)</u>
Net cash inflow from operating activities		<u>2,333</u>	<u>2,962</u>
Cash flows from investing activities			
Purchase of investments	10	(481)	(578)
Sale of investments	10	2,493	630
Investment income	5	88	132
Payments made to acquire tangible assets	9	(1,239)	(1,349)
Interest received		0	18
		<u>861</u>	<u>(1,147)</u>
Cash flows from financing activities			
Interest paid	7	(639)	(759)
Repayments of amounts borrowed	16	<u>(802)</u>	<u>(802)</u>
		<u>(1,441)</u>	<u>(1,561)</u>
Increase in cash and cash equivalents in the year		<u>1,754</u>	<u>254</u>
Cash and cash equivalents at beginning of the year		<u>7,317</u>	<u>7,063</u>
Cash and cash equivalents at end of the year		<u>9,071</u>	<u>7,317</u>

Notes on pages 32 to 52 form part of these financial statements

Statement of Accounting Policies Year Ended 31 July 2020

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 2020. 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.

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.

Capital Grants

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

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 in relation to COVID19 and also the longer term horizon scanning with continued into the uncertainty surrounding University funding and student capping. 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 University has been growing during the demographic downturn whilst other Universities have been seeing falling student numbers. The University is well placed as the demographic upturn begins from

2021. In addition, the University has been adapting its financial model and is also coming to the end of two of the three major debt finance arrangements over the next 3 years. 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 Authority (LPFA)*
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 regularly 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.

The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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 14. 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 15 and 16. 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.

20. 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 2020

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
1 Tuition fees and education contracts				
Full-time home and EU students	20,986	20,986	20,651	20,651
Full-time international students	69	69	143	143
Part-time students home and EU students	491	491	366	366
Part-time students international students	13	13	33	33
	21,559	21,559	21,193	21,193
2 Funding body grants				
Recurrent grant				
Office for Students	1,077	1,077	1,069	1,069
Research England	1	1	3	3
Education and Skills Funding Agency	2	2	16	16
	1,080	1,080	1,088	1,088
3 Research grants and contracts				
Research councils	0	0	40	40
Government (UK and overseas)	0	0	224	224
Industry and commerce	24	24	2	2
Other research grants and contracts	163	163	4	4
	187	187	270	270
4 Other income				
Residences, catering and conferences	1,872	1,872	2,958	2,958
Sports Centre	661	661	1,085	1,085
Other income	1,932	1,932	1,727	1,727
	4,465	4,465	5,770	5,770
5 Investment income				
Other investment income	88	88	150	150
	88	88	150	150
Total income	27,380	27,380	28,471	28,471

Notes to the Accounts

Year Ended 31 July 2020

6. Staff costs

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Staff Costs				
Salaries	9,670	9,670	8,751	8,751
Social security costs	852	852	773	773
Other pension costs	3,006	3,006	2,095	2,095
Sub-total	13,528	13,528	11,619	11,619
Restructuring costs	125	125	349	349
Total	13,653	13,653	11,968	11,968

A further breakdown of pension costs has been included in pensions notes.

	30 July 2020 £'000	31 July 2019 £'000
Total remuneration of the head of the institution		
Basic salary	186	166
Performance-related pay and other bonuses	0	10
Employer's NI	25	23
Pension contributions and payments in lieu of contributions	43	27
	254	226

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 in the £24m – £70m bracket. Mission group data from GuildHE is also used as a comparator, where available.

i. The Vice-Chancellor's basic salary is 8.5 times the median pay of staff (2019 7.5 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by provider to its staff.

ii. The Vice-Chancellor's total remuneration is 8.9 times the median total remuneration of staff (2019 7.9 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 2020

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 2020		31 July 2019	
	Consolidated No.	Institution No.	Consolidated No.	Institution No.
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	1	1	1	1
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£225,000 - £229,999	1	1	1	1
	2	2	2	2

Staffing numbers reflect all staff within the University who are under an hourly paid contract of service, be it full time or part time. A large proportion of hourly paid staff are on either annualised hours contracts or zero-hours contracts, which span 6 months/the academic year. However, the hours actually worked under these contracts vary on a monthly basis (and these staff do not necessarily work every month), which is reflected in the headcount being significantly higher than the FTE.

Average staff numbers by major category	Year ended 31 July 2020		Restated Year ended 31 July 2019	
	No	FTE	No	FTE
Academic	248	85	299	78
Management & specialist	8	8	7	7
Technical	126	39	168	39
Other	364	160	477	156
Total Number of staff	746	293	950	280

Key Management Personnel

The key management personnel of the University comprise the senior management team as listed on page 7. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for services to the University was as follows:

Key management personnel compensation (this represents pay including employer pension contributions and employer national insurance contributions)	Year ended 31 July 2020	Year ended 31 July 2019
	£'000	£'000
	956	756

Notes to the Accounts

Year Ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019 (restated)	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
7 Interest and other finance costs					
Loan interest		638	638	759	759
Unwind of discount on USS pension provision		1	1	0	0
Net cost on pension scheme	22	<u>232</u>	<u>232</u>	<u>247</u>	<u>247</u>
		871	871	1,006	1,006
8 Analysis of other operating expenditure by activity					
Academic Departments		6,951	6,951	7,518	7,518
Administration and central services		1,218	1,218	1,014	1,014
Premises (including service concession cost)		2,271	2,271	2,208	2,208
Residences, catering and conferences (costs)		668	668	1,324	1,324
Other expenses		<u>1,110</u>	<u>1,110</u>	<u>945</u>	<u>945</u>
		12,218	12,218	13,009	13,009
Other operating expenses include:					
Operating lease rentals					
Land and buildings		48	48	12	12
Other		49	49	47	47
External auditors remuneration in respect of audit services		27	27	28	28
Access and Participation					
Access Investment		535	535	n/a	n/a
Financial Support		471	471	n/a	n/a
Disability Support		218	218	n/a	n/a
Research and Evaluation		<u>44</u>	<u>44</u>	<u>n/a</u>	<u>n/a</u>
Total Access and Participation costs		1,268	1,268	n/a	n/a

(i) £652k of these costs are already included in the overall staff costs figures included in the financial statements, see note 6. This is allocated:

Access Investment £398k

Disability Support £218k

Research and Evaluation £36k

The University Access and Participation Plan can be viewed at <https://www.marjon.ac.uk/about-marjon/governance--management/university-strategies--policies/>

Notes to the Accounts
Year Ended 31 July 2020

9 Tangible Assets

Consolidated	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2019	32,518	23,431	203	56,152
Additions	0	0	1,239	1,239
Transfers	0	982	(982)	0
Disposals	0	(1,616)	0	(1,616)
At 31 July 2020	32,518	22,797	460	55,775
Depreciation				
At 1 August 2019	8,948	11,984	0	20,932
Charge for the year	581	1,570	0	2,151
Disposals	0	(1,616)	0	(1,616)
At 31 July 2020	9,529	11,938	0	21,467
Carrying amount				
At 31 July 2020	22,989	10,859	460	34,308
At 31 July 2019	23,570	11,447	203	35,220
Institution				
Cost and valuation				
At 1 August 2019	32,535	23,341	203	56,079
Additions	0	0	1,239	1,239
Transfers	0	982	(982)	0
Disposals	0	(1,616)	0	(1,616)
At 31 July 2020	32,535	22,707	460	55,702
Depreciation				
At 1 August 2019	8,948	11,893	0	20,841
Charge for the year	581	1,570	0	2,151
Disposals	0	(1,616)	0	(1,616)
At 31 July 2020	9,529	11,847	0	21,376
Carrying amount				
At 31 July 2020	23,006	10,860	460	34,326
At 31 July 2019	23,587	11,448	203	35,238

Notes to the Accounts

Year Ended 31 July 2020

9 Tangible Assets (cont)

At 31 July 2020 freehold land and buildings included £3,884k (2019 £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 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Investment in subsidiaries	0	0	0	0
Other investments (a)	1,363	1,363	3,898	3,898
	1,363	1,363	3,898	3,898

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 (2019 £88k) and the results have been consolidated into these financial statements.

(a) Other investments

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
At 1 August 2019	3,898	3,898	3,942	3,942
Additions	481	481	578	578
Disposals	(2,493)	(2,493)	(630)	(630)
Fair Value adjustments	(523)	(523)	8	8
At 31 July 2020	1,363	1,363	3,898	3,898

The historic cost of the quoted investments was £1,045k (2019 £2,951k).

11 Stock

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
General consumables	5	5	5	5
	5	5	5	5

Notes to the Accounts

Year Ended 31 July 2020

12 Trade and other receivables

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other trade receivables	1,414	1,414	1,404	1,404
Amounts due from subsidiary companies	0	88	0	88
Other receivables	54	54	4	5
Prepayments and accrued income	828	828	441	441
	2,296	2,384	1,849	1,938

13 Creditors : amounts falling due within one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Secured loans	577	577	802	802
Trade payables	349	349	347	347
Social security and other taxation payable	553	553	404	404
Other creditors	216	216	202	202
Accruals and deferred income	1,606	1,606	1,653	1,653
	3,301	3,301	3,408	3,408

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 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Research grants received on account	107	107	51	51
Other income	170	170	413	413
	277	277	464	464

Notes to the Accounts

Year Ended 31 July 2020

15 Creditors : amounts falling due after more than one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Deferred income	164	164	180	180
Secured loans	8,645	8,645	9,221	9,221
	8,809	8,809	9,401	9,401

16 Loans

Analysis of secured and unsecured loans:

Due within one year or on demand	577	577	802	802
Due between one and two years	501	501	577	577
Due between two and five years	1,554	1,554	1,590	1,590
Due in five years or more	6,590	6,590	7,054	7,054
Due after more than one year	8,645	8,645	9,221	9,221
Total secured and unsecured loans	9,222	9,222	10,023	10,023
Investors loan repayable by 2023	426	426	499	499
Secured loan repayable by 2021	96	96	466	466
Secured loans repayable by 2036	8,700	8,700	9,058	9,058
	9,222	9,222	10,023	10,023

Loan / Lender	Amount £'000	Term	Interest rate %	Borrower
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	22,970			

**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 £264k (2019 £210k) included in cash at bank and in hand. The bank deposit account is a fund for the repayment of the BES loan (see note 18) 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 Peninsula Allied Health Centre (for both loans).

Notes to the Accounts

Year Ended 31 July 2020

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

Consolidated	Obligation to fund deficit on USS Pension £'000	Defined Benefit Obligations (Note 22) £'000	Total Pensions Provisions £'000
At 1 August 2019	(68)	(11,359)	(11,427)
Additions in 2019/20	16	(6,440)	(6,424)
Unused amounts reversed in 2019/20	(1)	0	(1)
At 31 July 2020	(53)	(17,799)	(17,852)

Institution	Obligation to fund deficit on USS Pension £'000	Pension scheme provision under FRS102 £'000	Total Pensions Provisions £'000
At 1 August 2019	(68)	(17,799)	(17,867)
Additions in 2019/20	16	0	16
Unused amounts reversed in 2019/20	(1)	0	(1)
At 31 July 2020	(53)	(17,799)	(17,852)

Notes to the Accounts

19 Consolidated reconciliation of net debt

	Year Ended 31 July 2020
	£'000
Net debt 1 August 2019	2,706
Movement in cash and cash equivalents	1,754
Other non cash changes	(4,310)
Net debt 31 July 2020	<u>150</u>
Change in net debt	<u>(2,556)</u>

Analysis of net debt	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Cash and cash equivalents	9,071	7,317
Borrowings: amounts falling due in one year		
Secured loans	577	802
Borrowings: amounts falling due after one year	8,644	9,221
Net debt	<u>150</u>	<u>2,706</u>

20 Lease obligations

Total rentals payable under operating leases:

Consolidated and Institution	Year ended 31 July 2020			Total	31 July 2019
	Land and Buildings	Plant and Machinery	Other leases		
	£'000	£'000	£'000	£'000	£'000
Payable during the year	48	0	49	97	59
Future minimum lease payments due:					
Not later than 1 year	48	0	28	76	85
Later than 1 year and not later than 5 years	130	0	0	130	195
Later than 5 years	0	0	0	0	0
Total lease payments due	<u>178</u>	<u>0</u>	<u>28</u>	<u>206</u>	<u>280</u>

Notes to the Accounts

Year Ended 31 July 2020

21 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:

	2019-20	2018-19
	£000	£000
Contributions paid to:		
USS	24	17
LGPS	783	726
TPS	979	612
CoE	10	10
Total contributions	1,796	1,365
Pension FRS102 Charge	1,210	730
Total Pension Costs for the year within staff costs	3,006	2,095

(i) The Universities Superannuation Scheme

The total cost charged to the profit and loss account is £24k

The latest available complete Actuarial Valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A Valuation as at 31 March 2020 is underway but not yet complete, due by the summer of 2021.

The 2018 Valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 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	Years 1-10: CPI +0.14% reducing linearly to CPI –0.73%
(forward rates)	Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
	Years 21 +: CPI + 1.55%

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 2018 Actuarial Valuation. The mortality assumptions used in these figures are as follows:

Notes to the Accounts

Year Ended 31 July 2020

21 Pensions (cont)

2018 valuation

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

Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females

Future improvements to mortality

CMI_2017 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:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 until 30 September 2021, at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount Rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

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

A provision of £79,409, met by contributions of £24,303, deficit payments of £1,944, built into the employer's rate leaving a provision of £53,162 on the balance sheet.

The employer's rate is 21.5% (2019 18.5%) and there is also deficit recovery rate of 2.0% (2019 1.4%) to meet the funding plan that ends in June 2036.

(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 2019 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, following the 2019 actuarial variation at 16.5% from April 2020 and remains in place until April 2022. The next actuarial valuation is due in 2023 and will set the contributions from April 2023 to March 2026. 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 2020.

Notes to the Accounts
Year Ended 31 July 2020

21 Pensions (cont)

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

	2020	2019
	%pa	%pa
Discount Rate	1.35%	2.10%
Pension increases	2.25%	2.40%
Salary increases	3.25%	3.90%
Inflation assumptions	2.40%	2.40%

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.

	2020	2019
	Years	Years
Current Pensioners		
Males	20.3	19.8
Females	23.9	23.6
Future Pensioners		
Males	21.7	21.6
Females	25.4	25.4

Scheme assets and expected rate of return for LGPS

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

	2020	2019
	£000	£000
Equities	14,055	13,436
Target Return Portfolio	6,198	6,263
Infrastructure	1,801	1,413
Property	2,412	2,247
Cash	1,768	1,301
Total	26,234	24,660
	2020	2019
	£000	£000
Estimated assets share for the University	26,234	24,660
Present value of scheme liabilities	(44,024)	(36,009)
Present value of unfunded liabilities	(9)	(10)
Net pension liability	(17,799)	(11,359)

Notes to the Accounts

Year Ended 31 July 2020

21 Pensions (cont)

An analysis of the defined profit and loss cost attributes to the University for the year 31 July 2020 is as follows :

	2020	2019
	£000	£000
Current Service cost	1,993	1,456
Administrative expenses	32	30
Net interest on the defined liability	<u>232</u>	<u>247</u>
Total	2,257	1,733

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

	2020	2019
	£000	£000
Changes in assumptions underlying the present value of scheme liabilities	(5,161)	(4,066)
Return on assets less interest	334	1,797
Experience gain/(loss) on defined benefit obligation	(725)	(1)
Other actuarial gain/(loss)	243	0
Change in demographic assumption	<u>343</u>	<u>1,758</u>
Actuarial gain / (loss)	(4,966)	(512)

Movement in the deficit attributable to the University during the year

	2020	2019
	£000	£000
Reconciliation of the defined benefit obligation		
Opening defined benefit obligation	36,019	32,554
Service cost	1,895	1,437
Interest cost	755	832
Actuarial losses	5,161	4,066
Estimated benefits paid net of transfers in	(565)	(1,383)
Contributions to the scheme participants and other employees	289	252
Unfunded pension payments	(1)	(1)
Change in demographic assumption	(343)	(1,758)
Past service costs, including curtailments	98	19
Experience (gain)/loss on defined benefit obligation	<u>725</u>	<u>1</u>
Closing defined benefit obligation	44,033	36,019

Notes to the Accounts
Year Ended 31 July 2020

21 Pensions (cont)

Reconciliation of the fair values of the scheme assets	2020	2019
	£000	£000
Opening fair value of scheme assets	24,660	22,714
Interest on assets	523	585
Return on assets less interest	334	1,797
Administrative expenses	(32)	(30)
Contributions by the employer including unfunded	783	726
Contributions to the scheme participants and other employees	289	252
Estimated benefits paid plus unfunded net to transfer in	(566)	(1,384)
Other actuarial gain/(loss)	243	0
	<hr/>	<hr/>
Closing fair values of fund assets	26,234	24,660
Reconciliation of opening and closing surplus	2020	2019
	£000	£000
Deficit in the scheme at the beginning of the year	(11,359)	(9,840)
movement in the year:		
Current service cost	(1,993)	(1,456)
Employers contributions	783	726
Other financial losses	(232)	(247)
Administrative expenses	(32)	(30)
Actuarial gains / (loss)	(4,966)	(512)
	<hr/>	<hr/>
Deficit in the scheme at the end of the year	(17,799)	(11,359)

(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 with a valuation report issued to the Department of Education by the Governments Actuary's Department dated 5 March 2019. 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 increased to 23.6% from 1 September 2019.
- 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)

Notes to the Accounts

Year Ended 31 July 2020

21 Pensions (cont)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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 Pension Scheme has 1 member and the employer's contributions for the year ending 31 July 2020 were £10,188. There are no employee contributions for this scheme.

The latest actuary valuation of the scheme was completed on the 31 December 2018. Annual updates are carried out by the scheme's actuary annually ahead of the next formal valuation. The latest update being December 2019. The total assets of the scheme at 2019 £2,140m (2018 £1,818m) with total technical provisions of £2,020m (2018 £1,868m) a surplus of £120m (2018 deficit £50m).

22 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 2020, are as follows:

	Income from related party £'000	Expenditure to related party £'000	Balance due from related party £'000	Balance due to related party £'000
Marjon Student Union	0	130	0	0
	0	130	0	0
<i>2018/19</i>	<i>0</i>	<i>151</i>	<i>0</i>	<i>0</i>

23 Governors

No Governor has received any remuneration/waived payments from the group during the year (2019 none)

The total expenses paid to or on behalf of 24 Governors was £2k (2019 £4k 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     MarjonUni



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