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Loughborough
University

Annual Review and Financial Statements 2017/18



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OUR UNIVERSITY

Loughborough University is renowned for its excellence in research, teaching and enterprise; the unique contribution it makes to the world of sport and the links it holds with business, industry and policymakers ensures that the University and its activities have a tangible positive impact on issues worldwide.

Since its inception in 1909, the University has grown significantly and now operates across two sites – the main campus in Loughborough and Loughborough University London, a postgraduate campus located on the Queen Elizabeth Olympic Park.

The University offers undergraduate, postgraduate taught and postgraduate research programmes, across a wide range of disciplines. Both sites also offer access to a range of student support services and amenities, as well as one of the best students' unions in the country, Loughborough Students' Union.

The University's diverse student community, across both Loughborough and London campuses, is made up of over 17,800 students from over 130 countries.

Supporting this community is a workforce of over 3,800 employees, including teaching and research staff, and staff that provide a range of support, professional and technical services.

Loughborough is a research-active institution that contributes at the very highest levels to new knowledge and understanding, helping business and industry to compete more effectively, shaping public policy and, ultimately, helping to improve the quality of people's lives.

Loughborough University also owns and manages Loughborough University Science and Enterprise Park (LUSEP), an established, dynamic innovation community of organisations and business start-ups.

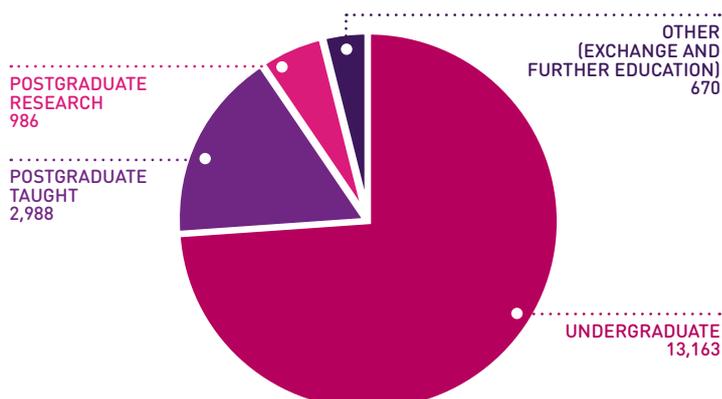
Our mission

- To further knowledge and understanding through internationally-recognised research.
- To provide a high quality, comprehensive educational experience that prepares our graduates for their future lives and the global workplace.
- To influence the economic and social development of individuals, businesses, professions and communities.
- To shape national and international policy and practice.

Our values

- Respect each other and celebrate our diversity.
- Recognise and reward excellence in our staff for their contribution and commitment.
- Be inclusive and value the views of our staff, students, alumni and partners.
- Respect the communities and environments in which we operate.
- Work together as a team with professionalism and integrity.
- Take pride in being the very best we can be.

STUDENT NUMBERS 2017/18 TOTAL 17,807



OUR STRATEGY

The success Loughborough enjoys is built on the hard work and high standards achieved by our staff and students. These high standards stem from our ambitious outlook, which is reflected in our Building Excellence strategy.

Our ambitions

The Building Excellence strategy outlines that by 2020 we will have achieved the following as an institution:

- A distinctive international reputation for excellence.
- A life-shaping student experience.
- Outstanding partnerships to deliver social, economic and cultural prosperity.
- A culture of delivering excellence in all that we do.
- One outstanding university: two vibrant campuses.

Monitoring the University's performance in delivering Building Excellence is a primary responsibility of Council. Council considers a suite of over 30 key performance indicators (KPI's) aligned to the five ambitions set out above together with an overarching measure of financial sustainability and an overall assessment of institutional performance. These KPI's are kept under constant review, as is our benchmark for success which continues to rise in line with our performance expectations. Key performance indicators are reflected in the graphics and statistics that appear throughout this strategic report.

Our drivers

The strategy is built upon four central themes which act as drivers to support us in achieving our ambitions – with research, teaching, enterprise and sport embedded in each.

- **Investing in our staff** – We will be an outstanding employer; supporting our staff to achieve their full potential and recognising excellence and achievement. We will maintain a strong staffing profile to enhance our centres of research excellence and provide a dynamic learning environment for our students.
- **Educating for success** – We will develop our students as creative, confident and adaptable individuals who will make a significant contribution to global society.
- **Growing capacity and influence** – We will grow capacity in key areas of teaching, research and enterprise by investing strategically and developing international partnerships and collaborations, with policymakers, business, industry and the community.
- **Raising standards and aspirations** – We will build on our strengths and focus on developing the activities we do well, such as internationally excellent research and a high quality student experience.

Sector changes and challenges

The higher education environment is continuously evolving. Our strategy supports us in anticipating and responding to change so that we remain in a strong position. Current sector challenges include:

- **Raised student expectations** – A rise in tuition fees has generated greater expectations from students regarding the experience they receive.
- **Uncertainty around overseas recruitment** – Changes to the student immigration policy and visas, as well as the impact of the EU Referendum result make realistic recruitment targets difficult to set.
- **Rising pension and national insurance costs** – Changes to both national insurance contributions and the provision of pensions, which continue to increase, puts pressure on employment costs.
- **Increased competition** – The removal of the student numbers cap in 2015 and an increasing number of alternative and private providers has contributed towards growing competition in the sector.
- **Higher Education and Research Bill 2017** – Adding to the above, the most significant sector legislation in 25 years has now been passed. Although legislation has been delayed until 2020, under the Bill, new rules and regulations will make teaching quality transparent, and up the value students get for their money. It will also increase competition further by making it simpler and quicker for innovative and specialist providers to set up, award degrees and compete alongside existing institutions. It will place students at the heart of higher education regulation through the creation of a single regulator.
- **Research** – Under the same Bill the seven existing Research Councils are being brought together into a single body. There are some concerns that this could lead to the loss of the close relationships between specialist funding bodies and research groups that have created a system of effective funding that nurtures world-class research.
- **Reduction in teaching grant to universities** – During the Autumn Statement in 2015 it was announced that the teaching grant to universities would be reduced by £120 million by 2019/20.

REVIEW OF THE YEAR 2017/18

PROFILE AND REPUTATION

Current position

Loughborough University has established itself with a Top 10 UK ranking and with areas of world-class excellence. Our distinctive achievements in research, teaching, enterprise and sport place us in an excellent position, and we continue to develop our international standing and profile.

Progress in 2017/18

League tables

The University confirmed its position as a leading higher education institution when it was ranked top ten in every major UK league table; placing 4th in the Guardian University Guide 2019, 6th in the Times Higher Education (THE) 'Table of Tables' 2018, and 7th in both the Times and Sunday Times Good University Guide 2018 and the Complete University Guide 2019.

Loughborough joined the global elite when it received a five-star plus rating – the highest available – in the International QS Stars Scheme 2017; one of only 15 universities in the world to do so.

Our strong reputation amongst students was also cemented this year when Loughborough was named the UK's best student experience in the Times Higher Education (THE) Student Experience Survey 2018, as well as winning University of the Year in the WhatUni Student Choice Awards 2018.

The University also won two top accolades at the Times Higher Education Awards in November: Outstanding Research Supervisor of the Year and Technological Innovation of the Year.

Overseas visits

Over the past year, Vice-Chancellor Professor Robert Allison has made a series of trips abroad to further the profile and reputation of the University, build key strategic partnerships and engage with our global alumni community.

In October, Professor Allison visited India for a series of events, including an alumni reception in New Delhi. The Vice-Chancellor also visited IIT (Indian Institute of Technology), India's top university and long-standing Loughborough partner, to meet with academic departments and participate in a roundtable discussion on innovation, science parks and incubators. Participants included Professor Venkatraman Ramakrishnan, President of The Royal Society, and Jo Johnson, Minister for Universities, Science, Research and Innovation.

At the end of January, the Vice-Chancellor and Head of Philanthropy travelled to the USA on an alumni relations tour. Sir Peter and Lady Bonfield hosted an exclusive dinner for a VIP group of alumni and donors in the Gems and Minerals Hall at the Perot Museum of Science and Nature in Dallas. The University also hosted a dinner for alumni in New York with the aim of identifying potential volunteers to help lead events and networking in the area, and was an important step towards establishing a New York Alumni Chapter.

In April and May, the Vice-Chancellor, members of the senior management team and Students' Union representatives visited Singapore and Australia. The visit included meetings at Nanyang Technological University (NTU), followed by a Singapore alumni dinner. In Melbourne, the delegation attended a joint symposium between Loughborough University

and the University of Queensland on student experience and enterprise.

Media coverage

Across the Christmas and New Year period, the PR and digital teams delivered the Health and Wellbeing media campaign which aimed to attract attention to Loughborough University's research and broader expertise in these areas.

The campaign – powered by social media – saw 167 items picked up by the media with a potential news reach of 3.4 million. Its social reach exceeded 580,000 with over 220,000 video views. It had a global impact, with #LboroExperts reaching 159 countries across five continents through strategic placement of existing 'evergreen' content, new and unique angles, third-party syndication and celebrity endorsements.

In January, the University commissioned an external report which showed a significant increase in media coverage in 2017 compared with the previous year. When measured against a competitor group of universities – including eight members of the Russell Group – Loughborough had the largest percentage increase (+23%) in coverage. We were reported 6,532 times in media outlets, up by 1,185 reports in 2016.

The University had more media cuttings in 2017 than in any of the five years since the analysis began; bolstered by significant pick up of strong research stories. Our continued partnership with The Conversation, a news and commentary website centred on academic-led content, has helped to raise the profile of Loughborough's research and academic community.

During the Commonwealth Games in April, the Gold Coast 2018 PR campaign took an integrated, international approach – utilising media relations, digital and social media assets, interviews and research alongside athlete perspectives. It achieved a total reach of 29.1 million across 113 countries, with over 28,000 engagements and 377,000 video views.

Moving forwards

Recent brand tracking reports have shown that Loughborough's ranking has increased by three places, demonstrating our growing reputation. Our focus now is to shift the dial further through a combination of media, influencer, public affairs and stakeholder activity, as well as increasing support and training for a range of colleagues, to grow our media profile and social sharing opportunities.

We will look to refresh and position existing activities and events under a new thematic to allow us to achieve further cut-through across core audiences including funders, government and media. Although not recruitment focused, the campaign should also generate a 'halo effect' that supports ongoing work to attract the best students to Loughborough.



THE COMPLETE
UNIVERSITY GUIDE 2019
RANKED 7TH



GUARDIAN UNIVERSITY
GUIDE 2019
RANKED 4TH



ONE MEMBER OF
ACADEMIC STAFF
FOR EVERY 13.8
STUDENTS



TEACHING EXCELLENCE
FRAMEWORK
GOLD

TEACHING AND LEARNING

Current position

Teaching and learning directly impact the lives of all our students. We continue to work to ensure we are delivering inspiring taught programmes which prepare students for future success.

Our league table success places us in the top 10 universities in the UK, and Loughborough remains a popular choice amongst prospective students at all levels. Recruitment for the 2017/18 academic year was excellent, with over 31,300 applications received for undergraduate entry for a total intake of around 3,700 students. For postgraduate study, we received a total of 19,400 applications and accepted an intake of over 1,900. Over the last two years, our average A level tariff on entry for undergraduates has gone up from under 400 to around 420 points.

Progress in 2017/18

Student satisfaction

In August, it was announced that Loughborough was ranked the top mainstream university in England for student satisfaction in the 2017 National Student Survey (NSS). Almost 92% of students who completed the survey agreed they were satisfied with their course at the University, compared to the national average of 84%.

Loughborough's learning resources were rated first in the UK, and 16 of the University's subject areas were in the national top 10 rankings.

This year also saw the opening of STEMLab and the Central Park Teaching Hub, with both receiving very favourable feedback from students and staff.

Digital developments

Our Digital Strategy for Teaching and Learning focuses on ensuring that our face-to-face teaching is supported by the latest and most appropriate technologies. The aim is to provide a series of tools that enhance the learning experience for students, develop the digital fluency of students and staff, and deliver consistent and efficient processes that support teaching.

The first elements of the Digital Strategy were delivered during the 2017/18 academic year. We rolled out new lecture capture technology, ReVIEW, to strong feedback from students.

The start of term saw the launch of the mobile myLboro app, which provides a central point of access to University news and information, timetables and Learn, our Virtual Learning Environment. By February, students were able to record their attendance through the app, replacing paper registers. Next academic year we will launch a new system within myLboro that will allow students to build up a record of their skills developments both within and outside the curriculum to prepare them for their future success in the workplace.

We have also put in place new initiatives to ensure that our students are prepared for the digital workplace, and that staff are well-placed to use technologies effectively to support learning and teaching. This includes the provision of Lynda.com, an online learning platform that is now freely available to all staff and students.

Employable graduates

Our commitment to developing highly employable graduates was recognised when we were named Best Careers Service in the UK by Student Crowd. In the Times Higher Education (THE) Student Experience survey we came 2nd in the UK for industry connections, and in the WhatUni Student Choice Awards 2018 we ranked 2nd for job prospects.

Our graduates were also ranked as some of the top earning employees in the country, according to the Department for Education's Longitudinal Education Outcomes. Loughborough ranks 19 out of 125 HE institutions when it comes to earning above the expected salary in 23 subject areas, with communication, architecture and business all in the top five.

International opportunities

Loughborough prides itself on being an international community with staff and students coming to study and work here from across the globe. At the start of 2018, the University signed up to the Go International: Stand Out campaign, which was developed by Universities UK International (UUKi). The campaign aims by 2020 to increase the percentage of undergraduate students who go abroad as part of their studies. In addition, we pledged to start up new mobility programmes across Europe and beyond; offer financial support in the form of travel grants and bursaries; engage with alumni around the world; and identify academics who will champion travelling abroad on an undergraduate programme.

Moving forwards

In the coming year, we will continue to roll out new technologies to support teaching and learning as the next phase of the implementation of our Digital Strategy for Learning and Teaching. Of particular note will be the new module feedback system and a voting system to allow more interaction in class, to facilitate student engagement.

2018 also sees the formal launch of the Personal Best programme - an exclusive development programme for Loughborough students. It is structured around the University motto: Veritate, Scientia, Labore - with each word recognising development in a particular dimension of a students' life at Loughborough - academic, professional and personal.

We will also continue to ensure that we develop our degree programmes to ensure that we are developing highly employable graduates for the careers of tomorrow.

STUDENT EXPERIENCE

Current position

In addition to academic excellence, Loughborough's student experience is renowned. Working closely with Loughborough Students' Union (LSU), we consistently appear at the top of major student experience rankings, many of which are voted for by students themselves.

Our community spirit and vast range of societies and sports clubs are unrivalled. The key to our success is a long-standing collaboration with the Students' Union which allows us to understand the needs of our students and deliver an all-round experience that enriches lives.

Progress in 2017/18

Awards and accolades

The University was awarded the UK's best student experience in the Times Higher Education (THE) Student Experience Survey 2018. As well as claiming the overall top spot, Loughborough was ranked number one for good extra-curricular activities and societies, good environment on campus and around the university, and high quality facilities. It was also the university that students are most likely to recommend to their friends.

Loughborough was also named University of the Year in the WhatUni Student Choice Awards 2018, and took the top spot in the University Facilities and Giving Back categories. LSU was ranked second out of all students' unions in the UK.

Our students' fundraising and volunteering efforts reached new highs as Loughborough Students' Union Rag, for the ninth year in a row, raised more than £1m for a variety of local, national and international charities. Since 1979 they have raised a phenomenal total of over £17.5 million. Through LSU Action, Loughborough students volunteered 20,500 hours to support good causes.

In the 2017 National Society Awards, LSU societies picked up no fewer than ten awards, including Best New Society for Loughborough Space, and the Welfare and Inclusivity Award for the Loughborough LGBT+ Association.

Welfare and diversity

In June, a number of students were recognised for their dedication to Welfare and Diversity at a special LSU awards ceremony. A variety of accolades were given out, both to outstanding individuals and student-led initiatives such as the University's first ever Women's March.

Celebrating creativity

LU Arts, the University's arts programme, alongside the School of Arts, English and Drama, launched a new arts festival in June. Established with the aim to celebrate the creative arts at Loughborough, the multi-day programme provided an opportunity for current students, staff and alumni to showcase their work alongside internationally-renowned artists.

Moving forwards

The partnership between the University and Loughborough Students' Union continues to be a key role in delivering an outstanding experience for students. We are committed to supporting and working with the Union to deliver a world-class student experience that is adaptable and inclusive to all.

In particular, we will continue to support the Union to deliver on its education priorities, such as shaping and improving teaching and learning in line with the student voice by supporting a community of education volunteers, alongside their other vibrant volunteering communities.



TIMES HIGHER EDUCATION
STUDENT EXPERIENCE
SURVEY 2018
THE UK'S BEST
STUDENT EXPERIENCE



WHATUNI? STUDENT
CHOICE AWARDS 2018
UNIVERSITY OF
THE YEAR

RESEARCH



£41.8 MILLION
SECURED IN RESEARCH
GRANTS AND CONTRACTS



RESEARCH COMMUNITY
OF OVER 2,500 STAFF AND
DOCTORAL RESEARCHERS

Current position

As a university we are renowned for the quality and impact of our research. We shape public policy, make business and industry more competitive and improve lives around the world. Collaboration is key to our success. This includes our partnerships with multi-national businesses and many other public and private sector organisations.

We have five Research Beacons, which are the broad strengths of the University: Built Environment, Communication and Culture, High Value Manufacturing, Sport and Exercise, and Transport Technologies. The Beacons are complemented by our Global Challenges: Changing Environments and Infrastructure, Energy, Health and Wellbeing, and Secure and Resilient Societies, which bring together research capabilities to develop multi-disciplinary solutions to society's biggest problems.

Progress in 2017/18

This year there have been several significant research achievements across our Beacon and Global Challenges programmes, as well as in our Centres of Excellence. Examples include:

Resilient towns and cities

Built Environment Beacon

Involving 14 universities, the UK Collaboratorium for Research on Infrastructure and Cities (UKCRIC) will provide cutting-edge research to bolster the country's rail, urban water, waste, environmental, energy and ICT infrastructures. This £276 million infrastructure programme was launched in London in September 2017.

Tissue regeneration

High-value Manufacturing Beacon

A team led by Loughborough scientists announced the discovery of a new method for tissue regeneration which mimics the body's natural healing process, using cell derived nano-sized particles to repair damaged tissue. The breakthrough is a new direction for tissue regeneration with the potential to help repair bone, teeth and cartilage, while reducing the strain on healthcare systems worldwide.

Driverless transport

Transport Technologies Beacon

In November, the University announced it would be the lead academic partner for a £13.4 million initiative – the Smart Mobility Living Lab- to develop a working test bed for connected and autonomous vehicles around our campus in London.

Solar technology

Energy Global Challenge

It was announced in July that the University would lead a new £1 million solar research network aimed at advancing knowledge to boost the renewable energy industry. The project is part of a wider £16 million investment by the EPSRC.

The impact of social media

Communication and Culture Beacon

This year saw the launch of the Online Civic Culture Centre for Doctoral Training (CDT), focused on the impact of social media on the spread of misinformation and the rise of hate speech and incivility.

The Living Wage

Centre for Research in Social Policy

This year marked a decade of the Minimum Income Standard (MIS) which is led from our Centre for Research in Social Policy. It acts as a barometer of living standards in the UK and is regularly updated as society and the economy changes.

Research fellowships

Driven by our Research Leaders programme under CALIBRE, nine Loughborough academics were awarded prestigious external fellowships from funders including The Royal Academy of Engineering, Leverhulme, EPSRC and AHRC.

Institute of Advanced Studies (IAS)

The Institute of Advanced Studies embodies our commitment to collaborations with the world's leading researchers. In its inaugural year, the IAS welcomed 60 international visitors through its programmes, including Nobel Prize winner Prof Venki Ramakrishnan.

Research for the Developing World

The Global Challenges Research Fund, launched in 2015, supports cutting-edge research that brings benefit to the developing world. The University's projects include Flood Prediction that uses real time sensing, Emergency Water Information Networks over mobile phone networks and Wi-Fi, and a UK-Africa network to improve the nutrition of poor children in urbanising sub-Saharan Africa.

In January 2018 a two-day workshop was held with delegates from Kenya, Nepal, Comic Relief, UNICEF and Youth Sport Trust to explore how sport can be used to promote sustainable development.

Moving forwards

The opening of the National Centre for Combustion and Aerothermal Technology will be a highlight, as will our participation in the government's recently announced Active Building Centre. We will initiate exciting major projects in gender identity in sport and creative clusters for the cultural industries, while developing our plans to work with The Defence and National Rehabilitation Centre as it builds its new home just outside Loughborough.

With recent announcements, we look forward to participation in Doctoral Training Partnerships from the Engineering and Physical Sciences Research Council, the Natural Environment Research Council, the Economic and Social Research Council and the Arts and Humanities Research Council. The Institute of Advanced Studies will open its new home and look to add a residential element to its offering, enhancing our international research profile.

ENTERPRISE

Current position

Enterprise is integrated in everything the University does. We provide opportunities for organisations to tap into our expertise and collaborate with our academics; inspire our students to be enterprising and nurture new graduate businesses; and provide an outstanding base for businesses to grow through Loughborough University Science and Enterprise Park (LUSEP).



17 NEW STUDENT AND GRADUATE VENTURES HAVE BEEN SUPPORTED BY THE START-UP FUND, LAUNCHED IN 2018



KNOWLEDGE TRANSFER PARTNERSHIPS BETWEEN THE UNIVERSITY AND INDUSTRY HAVE INCREASED BY MORE THAN 300% IN 12 MONTHS

Progress in 2017/18

Impact through enterprise

The University has directly funded a number of important enterprise projects, which showcase outstanding commercial potential.

ACCT, the industry first technology with the potential to significantly cut harmful nitrogen oxide (NOx) emissions in diesel engines has received several national awards, most notably the Autocar Sturmeay Award which has hailed the invention 'nothing less than a new lease of life for modern diesel engines'.

Xaar and Stratasys, world leaders respectively in inkjet and additive manufacturing technologies, have launched a new company, Xaar 3D Ltd, which is underpinned by a transformational 3D printing technology developed at Loughborough. Capable of producing high volume 3D printed components, the tool-free technology High Speed Sintering unlocks the potential for a faster time-to-market and increase in ROI compared to traditional additive manufacturing processes.

Loughborough's cross-disciplinary expertise underpins a show home designed around concepts and technologies which will allow people with dementia to live independently for longer. The pioneering facility opened at BRE Innovation Park in Watford in July 2018.

Researchers at Loughborough have developed a unique system for real-time flood nowcasting – a technology for predicting floods in the very short term (up to six hours) and beyond (48+ hours) with street-level resolution updated every six hours. With a basis of data source partnerships already established, the system is readily scalable to cover any population centre in the world. Innovate UK's ICURE programme is helping us accelerate the technology which to our knowledge is unique, both in the UK and internationally.

Science and Enterprise Park development

Leading software company, The Access Group, is expanding its headquarters and moving into a new building at the University's



41 ENTERPRISE PROJECTS HAVE BEEN FUNDED, 17 BY THE EPSRC IMPACT ACCELERATION ACCOUNT AND 24 BY THE HIGHER EDUCATION INNOVATION FUND

Science and Enterprise Park, LUSEP. Work begins in early 2019 on the 100,000 sq ft £22 million project, which will create over 500 new jobs. The venture has been made possible thanks to a partnership between Leicestershire County Council and Loughborough University, and is the first development following designation of LUSEP as part of the Loughborough and Leicester Science and Innovation Enterprise Zone.

The £12 million National Centre in Combustion and Aerothermal Technology, which will put Loughborough at the heart of UK aerospace engineering and technology development, opens in late 2018.

Occupation levels within the existing site at LUSEP are buoyant: The Advanced Technology Innovation Centre, which welcomed its 40th occupier in spring 2018, is close to capacity with several of its largest occupiers in discussion about follow-on space.

Student and graduate enterprise

With Santander Universities' support, we have created The Start-Up Lab, a dedicated space for co-working and ideas sharing to help students get into the business zone.

Graduate commercialisation hub, The Studio, has expanded and moved to LUSEP, enabling its members to connect with the dynamic innovation community of over 75 businesses spanning tech, start-ups, healthcare, creatives and international businesses, and access the University's research base and graduate supply.

Loughborough Enterprise Network provides support throughout the enterprise journey for our students and graduates at both the Loughborough and London campuses. New appointments in 2018 are enabling us to support even more early-stage entrepreneurs.

Moving forwards

Over the next year, we will continue to grow activity, building on our reputation as a leading institution for enterprise. This will include:

- Development of an incubator for start-up and spin out businesses to expand support for early-stage companies at LUSEP
- Further development of design and build projects at LUSEP for specific occupiers
- Deepening partnerships with business, industry and other partners



**QS WORLD UNIVERSITY
RANKINGS BY SUBJECT 2018**
BEST UNIVERSITY IN THE
WORLD TO STUDY SPORTS-
RELATED SUBJECTS



**BRITISH UNIVERSITIES
AND COLLEGES SPORT
CHAMPIONS**
38 YEARS IN A ROW

SPORT

Current position

Our global reputation is built on a long and successful sporting heritage. Over 100 years ago our Principal, Herbert Schofield, made educating the mind and the body central to his student welfare philosophy and saw sport and physical education as crucial to this.

Today, Loughborough Sport plays host to many of the highest performing student athletes and teams in the country and our campus-wide opportunities allow all of our students the chance to enjoy life-shaping experiences through sport. Our focus is on ensuring that every student has the chance to enjoy sport regardless of ability or interest.

Progress in 2017/18

Awards and accolades

In February 2018, Loughborough was named the best university in the world for sports-related subjects in the QS World University Rankings by Subject for the second year in a row, cementing our position as the world leader for sport subjects.

At the end of the year, the University won the British Universities and Colleges Sport (BUCS) championship title for a 38th consecutive year.

Inspiring winners

Loughborough had 19 athletes in action at the IAAF World Championships in August 2017, with a total of four medallists. A month earlier at the World Para Athletics Championships, our athletes took home a total of nine medals, including seven golds.

In spring 2018, over 85 students, alumni and campus-based athletes representing nine different countries across seven sports travelled to Australia's Gold Coast to compete in the Commonwealth Games. Our athletes enjoyed tremendous success and together won 30 medals – 8 gold, 12 silver and 10 bronze. If Loughborough had been competing as a nation, it would have finished tenth in the medal table; ahead of Jamaica and Kenya.

School Games

For the second year running, the University hosted the 2017 School Games - a national multi-sport event for the UK's most talented school-age athletes. Around 1,600 athletes from across the UK competed in 12 sports, seven of which include disability disciplines. The event aims to replicate the experience of a major sporting event such as the Olympic and Paralympic Games with an athletes' village and a full education programme that gives the competing athletes a unique insight into the world of elite sport. Loughborough hosted the event for a third time in August 2018.

Loughborough Sport app

The Loughborough Sport app was launched at the start of the 2017/18 academic year to ensure that all students have the opportunity to enjoy sport. The app, available on the App Store and Google Play, gives users easy access to sporting opportunities such as gym membership, volunteering, physiotherapy, as well as information on free-to-play sports, fitness classes, swimming timetables and facility booking.

Supporting parents in sport

In October, University staff and students supported the national Parents in Sport Week – an initiative established by the Child Protection in Sport Unit (CPSU) to encourage sports organisations and clubs to recognise and promote the positive and important role parents play in helping children reach their full potential.

To support the week's activities, the University's National Centre for Sport and Exercise Medicine East Midlands (NCSEM East Midlands) produced a series of videos featuring expert advice from Loughborough's School of Sport, Exercise and Health Sciences (SSEHS) academics. Topics included: the role parents play in helping children meet the demands of elite sport, overcoming barriers faced by children with disabilities, and the importance of reducing young peoples' screen time.

Moving forwards

Building on another incredible year for sport, we are committed to setting new and even higher standards.

Over the next 12 months, we will continue to invest in the outstanding support services we offer to athletes to ensure we maintain, if not extend, our British Universities and Colleges Sport winning margin. From improvements to our support in strength and conditioning, physiotherapy, nutrition, and facilities we will continue to build upon our formula for success.

We continue to develop our strong relationship with the Sports Development Centre and the School of Sport, Exercise and Health Sciences to increase the level of applied sports science we offer. This is of huge benefit to our sporting performances, our sports science students and the high quality research produced at the University.

We are committed to providing some of Europe's very best athlete accommodation through our investment in the Elite Athlete Centre and Hotel. Opening in November 2018, this gives us an unrivalled sporting offer across our campus.

STAFF



90% OF STAFF THINK
THE UNIVERSITY IS A
GOOD PLACE TO WORK

Current position

Investing in our staff is a central theme of our University strategy. We invest in the professional growth and the wellbeing of our employees and have created a vibrant culture and community across both our campuses in which people enjoy working and can perform at their best.

Progress in 2017/18

Making personal development a priority

A revised Performance and Development Review (PDR) process was implemented in 2016/17 and was run for the second time in 2017/18. All eligible staff received a PDR during 2017/18. Work will continue in order to refine and embed the process fully and to ensure that it enables all staff to have constructive conversations about their performance and development.

Rewarding excellent work

A revised rewards programme was also implemented in 2016/17 and some amendments were made to it in 2017/18. The arrangements help to align performance and reward much more closely.

23% of all University staff received an excellence reward which equates to 96% of staff who were given a performance rating of excellent in their PDR receiving a reward. This is an increase of 4% on the previous year.

Investing in leading academics

Our Excellence 100 campaign, launched in January 2017, has helped us to recruit exceptional new talent into the University to complement our existing talent. So far 55 appointments have been made across a variety of disciplines. Plans are underway to use our learning from the campaign to help us to maximise our reach to high performing academics around the globe.

Staff numbers for 2017/18

Administrative services	662
Management and specialist	631
Operational services	1,004
Specialist and supporting academic	455
Research, teaching and enterprise	835
Technical services	210
Total number	3,797

Total headcount as of December 2017

Staff wellbeing

A new Employee Assistance Programme was launched in December 2017 which provides staff with 24-hour support via an online portal and a telephone helpline. Unlimited support is available to all staff on a range of issues such as mental health and wellbeing, relationships and money issues.

Employment of staff

A project was established in summer 2017 to review the University's usage and reliance on casual employment and zero hours contracts. We need to ensure that people are employed appropriately for the work they are undertaking, and ensure that they have access to development opportunities so that they are fully engaged in their role, School or Professional Service and the University. We are working hard to review our employment practices to meet these objectives.

Moving forwards

Over the next year we will continue to review and embed the initiatives already in place. Following the appointment of a new Director of Human Resources and Organisational Development in August 2018 we anticipate an exciting schedule of work which will build on the work already underway and identify new ways in which we can invest in our staff so that they're able to contribute to the ongoing success of the University.

Trade Union Facility Time Data

Section 13 of the Trade Union Act 2016 has introduced a new requirement on public sector employers to publish data on facility time. The University's data for 1 April 2017 – 31 March 2018 is as follows:

Trade Union Representatives:	19
FTE Trade Union Representatives:	17.5
Hours spent on paid facility time:	4233
Hours spent on paid trade union activities:	0
Percentage of total paid facility time hours spent on paid TU activities:	0%
Total cost of facility time:	£82,811
Percentage of pay spent on facility time:	0.05%

Distribution of working hours

0% of working hours	0
1 – 50% of working hours	18
51 – 99% of working hours	1
100% of working hours	0

Number of TU reps at LU

0
18
1
0



THE TIMES HIGHER
EDUCATION STUDENT
EXPERIENCE SURVEY 2018
**1ST FOR HIGH
QUALITY FACILITIES**



WHATUNI STUDENT
CHOICE AWARDS 2018
**1ST FOR UNIVERSITY
FACILITIES**

CAMPUS DEVELOPMENT AND FACILITIES

Current position

Loughborough University has two incredible campuses. In the East Midlands, our stunning 440-acre green campus offers great facilities for every aspect of student life, with plenty of open space, gardens and sports areas, interspersed with academic buildings and student accommodation.

Loughborough University London, our dedicated postgraduate campus, is situated at the heart of the Queen Elizabeth Olympic Park, which was the home of the London 2012 Olympic and Paralympic Games.

Progress in 2017/18

Award-winning campus

This summer, the University was awarded Best UK University Campus 2018 by Studentcrowd. Over 7,000 university students took part in the nationwide survey, which asked questions about facilities on campus, the number of green areas available and what events and societies students could attend.

Loughborough also received the sought-after Green Flag Award for its vibrant campus, marking it out as one of the nation's best green spaces. The international accolade, now into its third decade, is a sign to the public that a space boasts the highest possible environmental standards, is beautifully maintained and has excellent visitor facilities.

Imago Venues – the commercial arm of Loughborough University – was named the UK's best academic venue at the National Venue Awards in May. Judged by a host of industry leaders and clients, Imago received the award against fierce competition from several other leading universities and academic venue providers.

STEMLab

STEMLab is a £17 million state-of-the-art suite providing science and engineering laboratories, workshops, studios and facilities, which opened in September 2017.

New student village

Almost £50 million is being invested in new halls of residence, providing over 600 student bedrooms. The halls will also incorporate the UK's first Active Campus with outstanding recreation facilities and fitness opportunities.

In June, the University announced that the new hall, which welcomes its first cohort of students in September 2019, will be named after Claudia Parsons, one of the UK's first female engineers. Claudia attended Loughborough between

1919 and 1922 and was one of just three women on the Automotive Engineering course at that time. After graduation she became a highly respected member of the Women's Engineering Society and the first woman to circumnavigate the globe by car.

World-class facilities for athletes

Work is continuing on the world-class Elite Athlete Centre and Hotel, which opens in November 2018 as part of the Student Village development. The facility will include 44 four-star bedrooms; 20 of which will have the capacity to adjust climatic altitude conditions up to 5000m. The centre, coupled with the sporting facilities on campus, will be unparalleled in the UK.

Environmental management

The University has committed to embed sustainability and social responsibility into all of its processes, operations and developments. To help deliver this, we continue to sustain and improve our campus-wide accreditation to the internationally recognised environmental management system ISO14001:2015. Our re-accreditation in September 2017 saw the best audit results to date and was expanded to include the London campus and Imago Venues.

Moving forwards

The next year will see continuation of the refurbishment programme of the University's legacy buildings, providing high-standard facilities for staff, students and visitors alike.

We will improve the student experience through rolling investments in teaching and learning spaces, including the recent refurbishment of Wavy Top. Over £40 million is being invested in the West Park, including works on the W and S buildings due to complete in late 2019. In addition, there is an ongoing programme of quality bedroom refurbishments for existing student accommodation, and planned investment in new arts facilities due for completion in 2021.

The growth of the Science and Enterprise Park (LUSEP) is a key focus, with the recent announcement that The Access Group will be expanding its headquarters on the Park as part of a £22 million project, with work beginning in early 2019. The £12 million National Centre in Combustion and Aerothermal Technology, which is set to open in late 2018.

Following the announcement that Loughborough University has been named as one of the UK's first two National Academies for tennis, we will be extending the existing comprehensive tennis facilities as well as providing new glass-backed squash courts to international standards. The work is due to finish in 2020.

RISKS AND UNCERTAINTIES

Overview

The financial environment remains uncertain, notably the potential impacts of Brexit and government policy regarding the future of higher education funding and the student fee regime.

We remain well placed to respond to such threats having firmly established our place in the Top 10 in every domestic league table and being named University of the Year by both the Times/Sunday Times and WhatUni Student Choice Awards in 2018. The resulting pipeline for student applications enables us to budget with confidence and protect investment while many in the sector are cutting back or pursuing a rapid expansion in student numbers.

The medium term appears set fair for flat or falling income and growing costs. In response we are addressing operating cashflows and continue to identify and realise efficiencies in our operations. During 2018 we secured an amortising term loan to meet our strategic investment needs.

Student fee income

Pressures on income arise from static regulated income streams and public and political pressure to reduce or remove the current tuition fee and student loan regime. As a result a wide range of possible outcomes from the review of post-18 education funding is possible.

Inflationary pressures could impact on the delivery of the excellent student experience for which Loughborough is renowned. We have a large UK/EU undergraduate population and deliver a significant proportion of teaching in high-cost subject areas around science, technology, engineering and mathematics [STEM] disciplines. As a result, adverse policy decisions regarding student fees would have an immediate and material impact on our finances and could trigger a fundamental review of the size and shape of the institution.

The sector's approach to such risks appears to be to grow student numbers. We have resisted this trend in the East Midlands, other than planned growth in new subject areas such as architecture. This enables us to raise entry requirements and deliver an unrivalled student experience. In London, growth over our first three years on the Queen Elizabeth Olympic Park has been significant. As we enter year four, Loughborough University London has admitted just under 1,000 students and this is an extraordinary achievement. Sector behaviour including the use of unconditional offers means that there is intense competition to attract students. We are clear in our strategy and continue to invest in excellence.

Changes to the profile of our student population

Student diversity in terms of nationality and subject area continues to improve, reducing exposure to volatility in international student recruitment, particularly at Loughborough University London.

We are nevertheless increasing our international student population from a historically low base and concerns prevail regarding immigration issues post-Brexit together with the wider impact on the attractiveness of UK higher education to overseas students. We monitor price sensitivity on international student recruitment and exposure to high volumes of students from specific markets, most notably China.

A material change to the international student population could result in a significant loss of income to the University. In response, we continue to plan prudently. Student recruitment for the 2018/19 academic year has been strong and any contingency can be redeployed to support investment in staff and educating for success during the year.

Brexit

We have highlighted risks associated with the UK's exit from the European Union in past statements and these matters remain unresolved. Access to EU funding streams for research and to support activities such as student placements overseas remain undecided and it remains the case that a significant number of our academic and non-academic staff are EU nationals. So far, however, our strong performance and reputation means that we are still able to attract excellent staff to the University.

Pensions

Pensions remain an attractive element of overall remuneration in higher education. Deficits resulting from the valuation of defined benefit schemes currently drive uncertainty for the sector, in terms of both cost and possible industrial action.

We welcomed the formation of the Joint Expert Panel (JEP) that reviewed valuation assumptions for the Universities Superannuation Scheme (USS). While the response to the JEP's report, issued in September 2018, is yet to be seen we consider that risks pertaining to possible industrial action, have decreased. The imposition of cost-sharing increases to employer and employee contributions under scheme Rule 76 will bring an additional cost pressure for the University. Any subsequent change to the scheme may further increase cash contributions payable by the University and/or result in a material charge to the Statement of Comprehensive Income and Expenditure as we restate future liabilities.

Macro-Economic Risks

As in previous years we highlight that financial sustainability is dependent on a strong domestic economy. Students' ability to live and study away from home in a campus environment may be impacted by macroeconomic factors such as inflation and interest rates. We contribute to and benefit from a strong local, regional and national economy by working closely with industrial partners, both to offer placements of value to our students but also to advance our research and enterprise activity. As such any threats to the economy continue to present an ongoing risk to the success and sustainability of the University.

FINANCIAL REVIEW

The University is pleased to report a net cash inflow from operating activities of £23.5 million, 7.8% of income. The cash position remains strong with a balance sheet total of cash and short-term deposits of £85.8 million.

Cash flow

The net cash inflow from operating activities totalled £23.5 million, compared to £25.0 million the previous year. An increase in working capital balances arising from student debtors and delayed receipt of capital grants have unwound in the first quarter of 2018/19 supporting an underlying trend of increased operating cash generation.

Overall, there has been a net increase in cash and short-term deposits of £9.7 million. This balance reflects both an unprecedented level of capital expenditure during the year, with payments to acquire tangible fixed assets of £78.9 million and draw down of a new £60.0 million loan facility.

Those movements combine to deliver a consolidated balance sheet total of cash and short-term deposits of £85.8 million at 31 July 2018 (£76.1 million 31 July 2017).

The University continues to pursue a low-risk approach to managing investments and liquidity. In balancing risk against return, the University is more concerned to avoid risk than to maximise return. The Treasury Management Policy determines the limits in terms of the credit ratings of institutions used for investments and on the sums placed with any one provider. The counter-party list is regularly reviewed and approved by Finance Committee.

Balance sheet

Consolidated net assets increased by £22.4 million (7.8%) to £311.2 million.

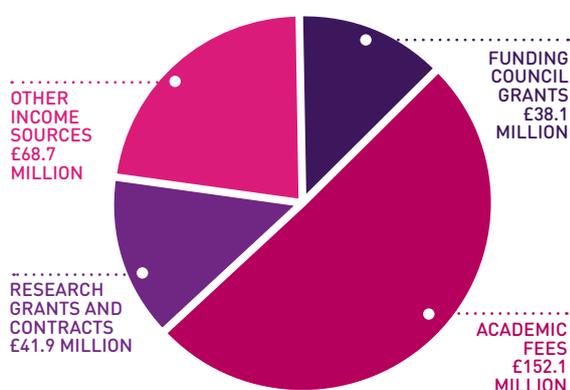
Fixed assets increased by £56.4 million (13.8%) to £445.0 million. This continues to be driven by investment in the campus infrastructure and equipment with no material revaluations or accounting adjustments in the year.

Major capital expenditure during the year was focused on refurbishment of our science and engineering estate (£23.0 million), construction of a new hall of residence and adjacent Elite Athlete Centre & Hotel (£27.2 million) and continuing construction of the National Centre for Construction & Aerothermal Technology (NCCAT) (£9.8 million).

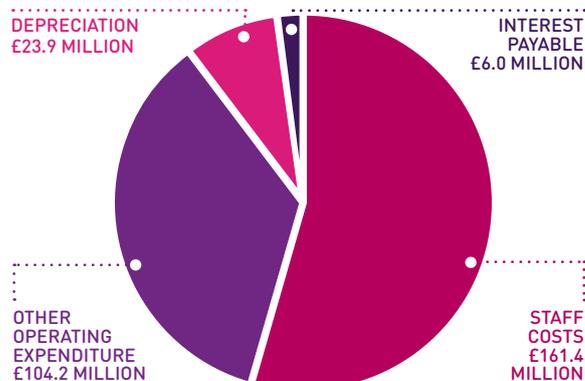
Long term loans increased to £119.7 million (2016/17 £64.3 million) following draw down of the new term loan facility. Capital repayments on existing loans of £4.7 million were made during the year. The University maintains significant headroom on its bank covenants and all long-term debt continues to be subject to fixed rate agreements or other hedging mechanisms.

Pension provisions decreased by £10.9 million to £90.2 million driven by actuarial assumptions and accounting adjustments pertaining to the Local Government Pension Scheme (LGPS).

TOTAL INCOME 2017/18 £300.8 MILLION



TOTAL EXPENDITURE 2017/18 £295.5 MILLION



Income and expenditure

In 2017/18 income was broadly static at £300.8 million although the underlying trend remains that of growth with 2016/17 being inflated by the recognition of a £5.0 million capital grant for STEMLab.

Tuition fees represent in excess of 50% of total income for the first time and grew by 3.2% to £152.1 million (2016/17 £147.4 million). Otherwise the mix of income remained very similar year on year. The breakdown by category is shown in the chart on the previous page.

Fees from Home/EU students of £99.4 million account for 33% of the total income of the University and 65% of total tuition fees, the latter being a small decrease over the previous year as we continue to see international student numbers grow at Loughborough University London. That growth has been the principal driver of a 10% growth in tuition fees relating to international students which have risen to £46.3 million.

Grants from funding bodies decreased £4.3 million (10.9%) to £38.1 million reflecting non-recurrence of the £5.0 million HEFCE capital grant for STEMLab recognised in 2016/17 offset by an increase in Higher Education Innovation Fund (HEIF) funding of £1.0 million.

Grants relating to NCCAT will be recognised on completion of the building which is expected to be during the 2018/19 financial year.

Income from research grants and contracts decreased by £1.4 million (3.3%) to £41.9 million although this in part reflects non-recurrence of Research & Development Expenditure Credits (RDEC). Year on year comparison is made difficult by large one-off grants for capital equipment and we do not consider that this reduction reflects anything other than an uneven cycle of grant awards and activity with a strong application pipeline evident through the University.

Total expenditure increased by 5.4% to £295.5 million, the breakdown by category is shown in the chart below.

As in previous years, the majority of expenditure (54.6%) relates to staff costs which have risen by 6.9% to £161.4 million. In addition to inflationary and incremental salary increases, the major factors influencing the increase in staff costs include a full year of the apprenticeship levy, year-end pension adjustments and continued investment in new staff through Excellence 100.

Other operating expenses of £104.2 million have risen by less than inflation demonstrating strong budgetary control and the continued realisation of efficiencies to secure funds for innovation and investment. Depreciation increased by 5.0% to £23.9 million, resulting from sustained investment in campus infrastructure including buildings and equipment.

Future financial outlook

The outlook remains challenging with pressure on costs set against broadly static regulated fees for home/EU undergraduate students. However, the University has a strong track record for responding quickly to the external funding environment, identifying and realising efficiencies to ensure value for money and preserving headroom for investment.

The University continues to command a strong position which contributes to its financial sustainability. This is evidenced by the University's league table standings and the strength of applications from, and admission of, high quality students on both campuses. Following a period of substantial capital investment, we are forecasting to maintain our capital expenditure at levels funded by internal cash generation and we do not foresee any requirement for additional external finance in the immediate future. We will protect our recently secured loan finance to manage risk and/or allow the University to make targeted investments to support its strategic ambitions.

DELIVERY OF PUBLIC BENEFIT

Loughborough University is an independent corporation established by Royal Charter and has the status of an exempt charity.

The information below notes the way in which the University has delivered activity for the benefit of the public, taking into consideration the guidance on public benefit, as set out in the Charities Act 2006. Due regard has also been given to the University's responsibilities as a charitable body, which is regulated by the Higher Education Funding Council for England (HEFCE) to 31 March 2018 and the Office for Students (OfS) from 1 April 2018.

What we seek to achieve

When looking at the University's delivery of benefit to the public, the University and its students contribute to this in a number of ways. These include:

- Contributing to knowledge and understanding across all sectors at the highest of levels.
- Contributing to the wider public in terms of making education accessible to all, and removing any barriers.
- Contributing to industry and economic growth at both a local and national level.
- Contributing to the level of talent and excellence in industry.
- Contributing widely to Loughborough's economy, community and social environment.

Our strategy

Public benefit is embedded across our strategic aims, ambitions and drivers; benefitting the public both internal and external to the University.

This section of the report presents our delivery of public benefit in two main areas: academic benefit, which covers our core charitable objects of delivering higher education (teaching, research and enterprise), and corporate benefit, which covers our approach to being socially responsible in the way that we run our business, the way that we work with external organisations, including suppliers, and the impact our actions have on the local community and economy.

Academic benefit

Research

Our aim in the delivery of our research is to create relevance; where the results help business and industry to compete more effectively, shape public policy, impact on the challenges we face in today's society, and ultimately improve the quality of people's lives.

The University has led a number of pioneering developments in dementia research; aiming to transform dementia care, diagnosis and prevention methods, and to save the lives of thousands each year. The project's multidisciplinary approach combines the work of academics in the Schools of Sport, Exercise and Health Sciences, Mechanical, Electrical and

Manufacturing Engineering, Social Sciences, Chemistry, and Loughborough Design School.

One of the project's major developments launched this summer. The 'dementia home' – a show home designed around concepts and technologies which will allow people with dementia to live independently for longer – opened at the BRE Innovation Park in Watford in July.

It features a vast collection of intuitive ideas, all based on proven academic research, from simple open-plan living spaces to more hi-tech innovations such as 'talking cushions', which promote activity after long periods of rest, sensory 'smart chairs', self-regulating climate control and safety sensors in high risk areas, such as the kitchen.

The house is open to the public, care-providers, local authorities, architects and anyone with an interest in dementia care to allow them to gather ideas, solutions and inspiration from the technology and design on show.

Our ongoing dementia research was supported by an award-winning fundraising campaign, which started in August 2017 and galvanized the support of the Loughborough family and wider community.

Further examples of our research and the benefit it brings to communities locally, nationally and internationally can be found in the earlier Research and Enterprise sections of this report.

Teaching and learning

Access to education

As a university we are committed to supporting students throughout the important stages of their educational careers to reach their full potential. We strive for teaching excellence and work to ensure that the opportunity to experience this is accessible to all.

Recruitment

As part of the University's Admissions Policy, we welcome applications from students irrespective of race, colour, nationality, ethnic origin, gender, marital status, disability, religious or political beliefs, age, sexual orientation or socioeconomic background.

As well as weekly campus tours we run University-wide open days twice a year, to provide those considering the University with an insight into what it is like to be a student at Loughborough, and the development opportunities that are available to them. The open days attract a large number of prospective students every year. Our events in 2017 welcomed almost 30,000 people - our largest number of visitors to date. The events proved even more popular in 2018, surpassing this figure and attracting over 31,000 individuals.

The School and College Liaison team also contributed to our recruitment activity through their involvement in and delivery of over 2,200 events and initiatives, which reached 42,219 people.

Widening participation to higher education

We focus on inspiring individuals with little family history of progression to higher education, by delivering a programme of targeted activities to prospective applicants from areas of low HE participation or non-traditional backgrounds.

This is coordinated by our School and College Liaison team who work in conjunction with colleagues across the institution to deliver a number of engaging initiatives. In 2017/18, the team delivered over 400 widening participation events, including sports and mentoring opportunities, reaching over 6,800 individuals from disadvantaged backgrounds. The programme this year focused on delivering intensive activities and interventions, such as the Year 9 experience day, which reached 240 participants, helping them understand where their GCSE option choices could take them through university study and beyond. Of the group, 52% wanted to attend university before the event, and this increased to 72% after the event.

Our widening participation activity includes the award-winning Subject in a Box project. It enables teachers of Year 10 students to provide their class with a unique insight into courses offered at degree level through an engaging, interactive lesson that is suitable for their current level of learning. Since its launch in 2017, 3,164 children across 45 schools have accessed the Subject in a Box resources, with 57% of these based in low participation neighbourhoods.

In addition, the team runs a mentorship initiative that has seen outstanding results. The project supports a Loughborough based charity, Baca, who provide specialist accommodation and training for young refugees and forced migrants, with a particular focus on matching Loughborough undergraduate student mentors to tutor them in foundation through to GCSE level English and Maths. Out of 14 refugees that took part in the programme, nine saw progression of at least one level in English or Maths, three students progressed by two levels, and one student progressed so rapidly that they passed their GCSE's, surpassing all expectations in the process. As a result of the project's success, more refugees and forced migrants will be supported in 2018/19, and Loughborough student-led mentoring will also be expanded to support Year 11 students from widening participation backgrounds with GCSE Maths and English.

The School and College Liaison team also work collaboratively with the Sports Development Centre on the SportMAD (Sport Making a Difference) programme. SportMAD aims to provide schools with free sports coaching delivered by student volunteers from the Coach and Volunteer Academy, whilst also helping educate children aged 14 -15 from widening participation backgrounds as to the different type of sports courses available to them through Loughborough, and the qualifications they will need to progress. Over 200 students took part in the programme in 2017/18.

The impact of our work in this area is monitored and evaluated through our membership of the East Midlands Widening Participation Research and Evaluation Partnership (EMWPREP). The EMWPREP database enables us and other partner institutions to record our activity and track progression of participants into higher education. It is a collaboration of locally based HE providers who jointly fund the service that is based at Loughborough University.

Financial support

In addition to raising the aspirations of individuals, the University also works to widen the access to higher education by ensuring that finance is not a barrier.

For study during 2017/18 the Loughborough Scholarship Programme awarded over £5.1 million in bursaries and tuition fee waivers – providing support to a total of 2,313 undergraduate students. Of these students, 2,101 received a bursary. The other 212 were either EU students, on placement, or both, so only eligible for fee waivers.

The total amount awarded through the programme in bursaries was over £4 million, with an average award per student of £1,930.

A further £1.1 million was awarded in tuition fee waivers, providing support to 498 students. Over 150 Loughborough students also benefited from a further £614,724, which was awarded in bursaries through other support programmes such as our Development Trust Scholarships, Elite Sports FY Bursaries, PGCE Travel Bursaries, Ford Blue Oval Scholarships and bursaries for unpaid placement.

At postgraduate level, 564 students based on our Loughborough campus received a scholarship which in total equalled more than £2.1 million. These figures only include the amount funded by University budgets.

Loughborough University London once again partnered with the London Legacy Development Corporation, providing scholarships that cover 100% of funding to nine graduates from across the East London boroughs, who started a master's degree with us in September 2017. It is estimated that there are more than 2,000 graduates living in East London struggling to find graduate level employment – this scheme is bridging that gap. A total of 269 scholarships were offered to students starting at our London campus in September 2017, including UK, EU, and International, full-time and part-time students, through a range of diverse scholarship types, with a total value of more than £1.1 million.

Continuing our support at postgraduate level, 167 new postgraduate research students received a full or partial scholarship funded by the Doctoral College in 2017/18. The annual investment is £8.7 million, distributed across UK/EU and international researchers. In support of widening access to postgraduate education, the Doctoral College also advertised 219 funded studentships, 15 UK/EU fee waivers and over 70 projects for PhD study without direct funding attached.

Development opportunities

Opportunities, whether they are curricular or extra-curricular, have always been a key part of the student experience at Loughborough. The wide range of opportunities we offer enable our students to achieve their full potential, professionally and personally as well as academically.

Encouraging our students to get involved in activities such as these also has a knock-on benefit to others too.

Employable graduates

Development opportunities at the University build on our students' skills and knowledge to improve their employability, which ultimately has an effect on the businesses and organisations they work for and their contribution to society.

Destinations of Leavers from Higher Education (DLHE) data from 2017 revealed that 94% of undergraduate students were in employment, further study or both six months after graduating*, and the average starting salary for a Loughborough graduate is £25,400 per year*. In an external report created for the University, the effects of our graduates' productivity over their lifetimes, for the organisations they work for and the premiums of their own earnings are estimated at £390 million for the UK.

The Times Higher Education (THE) Student Experience Survey 2018 ranked Loughborough second for industry connections; in the WhatUni Student Choice Awards, we were 2nd for job prospects. Student Crowd named Loughborough the best careers service in the UK.

Work placements

The University offers all undergraduate students the chance to complete a work placement during their studies, through the opportunity to embark on a year in industry. A variety of other work-related opportunities are also available to postgraduate students and undergraduates not wanting to complete a full year in industry. Our central Employer Engagement team continues to extend the range of services for businesses designed to deliver positive outcomes and proactive relationships across both campuses.

Coach and Volunteer Academy (CVA)

The CVA at Loughborough provides and delivers a high quality programme of student development through sport. This includes the opportunity for personal and professional development, building on employability skills and advancing career progression. The CVA Portal – an online volunteer management system – allows students to identify and apply for a vast range of voluntary sporting opportunities. In addition to this students can access a number of high quality masterclasses, qualifications and workshops, delivered by industry professionals, completely free of charge, further adding to the opportunities they have to enhance their skills. In the 2017/18 academic year, the CVA portal has recorded 2,500 members and over 46,500 hours of volunteering.

Enterprise

Enterprise enhances the impact and delivery of public benefit within both our research and teaching, by connecting the work we do with the outside world across industry, public bodies and charities. The impact can be localised but significant, linking to global issues such as reducing pollution and improving human health.

Students in enterprise

Opportunities to engage in enterprise are embedded within our teaching curriculum as well as the student experience; opportunities which ultimately prepare them for the workplace and add to the economy and its growth by enhancing their employability or supporting them in starting up their own business.

Switch On Stand Out is a Loughborough Students' Union training programme designed to support, advise and train local businesses in the benefits of social media marketing by connecting them with our students through workshops and consultancy. Developed by LSU's Enterprise Hub, the programme has benefited over 80 local businesses with the support of Charnwood Borough Council and Love Loughborough.

Staff in enterprise

By involving our academic staff in enterprise we offer external organisations the opportunity to tap into relevant expertise, as well as the opportunity for knowledge exchange, which can deliver results and solutions with a lasting impact for both the business and our economy. Collaborating through enterprise also enriches the daily work of our academics, and allows them to add real-world relevance to their teaching to enhance our students' learning experience.

Our business in enterprise

Loughborough University Science and Enterprise Park offers start-ups to global organisations an unrivalled opportunity to join a dynamic innovation community with a world-class research base and graduate supply.

Supporting entrepreneurial talent

Loughborough University London is supporting a recently-launched initiative that aims to provide female and BAME (black, Asian and minority ethnic) entrepreneurs with the opportunity to start and scale a high growth tech business. In June, Capital Enterprise announced the launch of the Diversity in Tech programme, which looks to double the number of female and BAME founders accessing investment by 2020.

The partnership will connect founders with mentors and help them access opportunities in London's world-class tech entrepreneurship ecosystem. It will work with over 50 venture capital groups, business angel groups and London's leading tech accelerators to achieve the initiative's ambitious targets which include raising \$20m of investment and creating 300 tech jobs. Academics at Loughborough University London are conducting a longitudinal study that will assess the impact of some of the Diversity in Tech activities, and provide lessons learnt for the programme leading to the development of a toolkit for the sector to support future strategies.

Corporate benefit

Corporate social responsibility

The University is committed to acting in a socially responsible way that maximises its positive impact and minimises its negative impact on society and for the communities in which it is based. Our strategy confirms this commitment with a promise to embed sustainability and social responsibility into all of our processes, operations and developments, whilst also working closely with local partners to enhance the social, cultural and economic wellbeing of the communities around us.

Sustainability

In providing high quality educational, research and workplace facilities we recognise that many of our activities have environmental impacts. The University takes its responsibility for the environment seriously and understands the need to respond to the challenges we face globally around issues such as climate change, human wellbeing, food, water and energy security. Loughborough seeks to respond to these opportunities by leading in environmental sustainability, building on the work of our research and enterprise activities and aspiring to make the campus a living laboratory demonstrating operationally our mission to provide a sustainable campus.

Our 440-acre campus is one of our greatest assets; and the green spaces we enjoy contribute to this fact just as much as the incredible facilities we have created. Biodiversity is a key element in maintaining this and is an area that staff, students and members of the community are actively encouraged to be involved in. Many of our green spaces are open for the public to enjoy, and the Sustainability team run a variety of innovative schemes and creative events for the public to engage with - such as the seasonal Fruit Routes programme - and contribute towards the sustainability of our campus.

The University opens up its Holywell Wood to a local nursery Forest School, where a group of children visit the woodland three to four days per week throughout the year. They are given opportunities to explore the area, learn to identify the flora and fauna, as well as make fires, build dens and climb trees; with all activities making use of sustainable and naturally sourced materials.

Community

Staff volunteering

As part of our aim to build on relationships with the local community, the University runs an employer-supported volunteering policy, which supports University employees and their involvement within the community and charitable organisations.

Community Donations Fund

Each year the University sets aside a budget for its Community Donations Fund to provide financial support to community groups and organisations. During 2017/18 over £41,000 was donated to 37 different projects in Charnwood and East London.

Heart 2 Heart

On Valentine's Day, Loughborough University, Loughborough Students' Union and the British Heart Foundation joined together to host Heart 2 Heart on campus to train staff, students, on-campus partners and visitors in CPR – a crucial life-saving procedure. Throughout the day more than 450 volunteers, including members of the East Midlands Ambulance Service, certified first-aiders and University staff and students, helped to train 1,479 people in a bid to increase the cardiac arrest survival rate of 1 in 18 in the East Midlands.

Student led activity

Our students are renowned for their volunteering and fundraising efforts. This year over 1,600 students were involved in volunteering activity, completing over 20,500 hours of work for the benefit of local communities, which included collecting 15,000 items of food and clothing for those in need. Students also raised over £1 million for good causes through Rag.

Economic impact

Based on external evaluation, the University's impact on the economy is around £1 billion and supports approximately 14,400 full-time equivalent (FTE) jobs.

Procurement

During 2017/18 the University's other operating expenditure was £104.2 million, further highlighting the impact the University has on both the regional and national economy.

As part of this the University ensures that it takes the necessary steps to ensure that our procurement processes do not create unnecessary barriers for small and medium-sized enterprises (SME's), which may deter or inhibit them when our contract opportunities are advertised. The University also regularly delivers presentations at local and regional supplier events explaining how it does business and where to find contract opportunities.

We also work towards sustainable procurement where wider social, economic and environmental benefits can be gained through our procurement contracts. As a university we are committed to ensuring our practices do not support organisations or individuals who engage in slavery and human trafficking.

*Full-time UK first degree students available for work or study

STATEMENT OF CORPORATE GOVERNANCE

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the governance procedures applied by the University Council (Council).

The Royal Charter sets out the objectives which form the University's charitable purpose:

"to advance knowledge, wisdom, understanding and professional competence through teaching, research and collaboration with industrial and other bodies and to develop the character of its students by virtue of its corporate life".

The University is committed to observing good practice in all aspects of Corporate Governance. Council last undertook a review of its own effectiveness in 2016/17 and during 2017/18 made a number of changes to its operations, in particular to enhance the quality of information available to Council members. As planned, Council initiated an effectiveness review of the Senate in 2017/18 which enabled it to satisfy itself that arrangements for academic governance were generally in good health. A number of specific recommendations for further enhancement of Senate's operations are currently under consideration.

The University has continued to keep its compliance with the Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014 (revised 2018) under review and has given careful consideration to CUC's recently published guidance (June 2018) in relation to senior staff remuneration.

In previous years, this report has noted that the size of Council exceeded the number of members recommended in the CUC Code on the grounds that this enabled greater involvement, particularly by staff. However, as part of the follow up discussions to the 2016/17 effectiveness review, Council concluded on balance that a smaller size would bring benefits without a substantial negative impact. Proposals for a reduction in its size to 23 members, in line with the CUC Code, have now been agreed in principle and will be brought forward through the formal approval arrangements that the Office for Students is currently establishing (replacing the Privy Council). In addition, the members of Council, i.e. the trustees of the University, have had due regard to the Charity Commission's guidance on charitable purpose and public benefit.

The University's Structure of Corporate Governance

The operation of the University is governed by its Charter, Statutes, Ordinances and Regulations.

The Council, the governing body of the University, comprises independent (lay), academic staff, non-academic staff and student members appointed or elected under the Statutes and Ordinances of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's chief executive, the Vice-Chancellor. In accordance with the CUC Code (2014, revised 2018), Council

has published a list of its primary responsibilities and these include the ongoing strategic direction of the University and approval of major developments. With the implementation of the Higher Education and Research Act (2017) the University has undertaken the process for full registration as a higher education provider with the Office for Students. Along with its own governing instruments, this means that final decision-making on certain key matters is specifically reserved for Council. Council meets at least four times a year and is advised by the Senate on academic issues.

The University also has the status of an exempt charity. This means that members of Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations.

Both Council and Senate conduct their routine business through a committee structure; some of the committees are jointly composed. This structure is kept under regular review and the sub-committees reflect regularly on their own effectiveness.

The financial management of the University rests with the Operations and Finance committees. The Operations Committee, comprising executive officers, has responsibility for the integration of academic, financial and physical planning and the allocation of resources to academic Schools and Professional Services. The Operations Committee monitors the budget holders on a regular basis. Finance Committee is responsible for advising Council on both the University's financial strategy and treasury management; the Committee is chaired by the Vice-Chancellor and comprises executive officers and lay members of Council.

The external auditors address their report on the Financial Statements to Council through the Audit Committee which comprises lay (independent) members of Council, who are not otherwise involved in the management of the University, and other independent persons appointed by Council. Both internal and external auditors report to the Audit Committee on a regular basis. The Committee considers their detailed reports together with any recommendations on the systems and controls in operation. The operation of the Committee pays due regard to the terms of the University's registration with the Office for Students. The Committee appoints the internal auditors whilst Council appoints the external auditors.

Both internal and external auditors have direct access to the Chair of Council, the Chair of Audit Committee and the Vice-Chancellor at any time.

The Nominations Committee of Council is chaired by the Chair of Council and includes lay members, academic members and the Vice-Chancellor with lay members in the majority. Its role is to make recommendations to Council on the appointment of senior lay officers (excluding the Chair of Council) and on the appointment of other lay members of Council as well as advise on other matters related to lay contributions to the governance of the University.

The Remuneration Committee of Council which is composed of lay members and is chaired by the Chair of Council determines the remuneration of professorial and senior administrative staff. The Deputy Chair of Council takes the

chair for consideration of the Vice-Chancellor's remuneration. The Committee's operations have been reviewed carefully in light of the additional CUC guidance on senior staff remuneration issued in June 2018.

Internal control and management of risk

The Council, as the governing body of Loughborough University, has responsibility for maintaining a sound system of internal control that supports the achievement of strategic objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Charter, Statute XIII and the terms of registration with the Office for Students.

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

The system of internal control is based on an ongoing review process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2018 and up to the date of approval of the Financial Statements, and accords with the Office for Students guidance.

The University maintains a strategic risk register which is aligned with the University strategy Building Excellence.

Risk management processes and procedures continue to evolve with input from our internal auditors with all work being overseen by the Audit Committee.

Council, both directly and through its committees, is responsible for ensuring the delivery of value for money, defined as economical, effective and efficient use of resources.

Council is responsible for the safeguarding of assets and oversight of systems to prevent and detect fraud.

The system of internal control provides for a comprehensive financial planning process, assessment of income, expenditure, capital and cash flow budgets during the year and periodic review of management information including the reporting of material variances and the projection of out-turn for the year.

On behalf of Council, the Audit Committee monitors the effectiveness of control, governance, the management of risk and gains assurance on the University's arrangements to secure value for money and data quality. It receives regular reports from the internal auditors, and where relevant, the external auditors. Periodic reports concerning internal control are received by Council from the Audit Committee.

Reports on the progress on key projects and regular reports from senior management on the steps they are taking to manage risks in their area of responsibility are received by the Council and its principal committees.

Going concern

Council is satisfied that the University and its subsidiary companies have adequate resources to continue in operation for the foreseeable future and for a period of not less than twelve months from the date of this report. The Operations Committee, Finance Committee and Council have reviewed the University's financial forecast for the period to August 2019 and have a reasonable expectation that the University has adequate resources to continue operations for its foreseeable future.

Following a review of our corporate structure, the decision was taken to reduce the number of subsidiary companies. Consequently, the financial statements for Loughborough University Services Limited and Loughborough University Development Trust have been prepared on the basis other than that of a going concern. The financial statements of the University, the remaining subsidiaries and the consolidated group continue to be prepared on a going concern basis.

Officers of the University

The University's formal principal officer is its Chancellor, who has responsibility for conferring Loughborough's academic awards at congregations and plays an important role in the advancement of the University. The Lord Coe CH KBE (Sebastian Coe), formerly a Pro-Chancellor, was installed as Chancellor in July 2017.

The Senior Pro-Chancellor, Sir Peter Bonfield, serves as the Chair of Council and also chairs the Nominations and Remuneration Committees.

The day-to-day running of the University is the responsibility of the Vice-Chancellor and President, who is the academic and executive head and the accountable officer to the Office for Students.

Officers of the University

Visitor	Paul Michell
The Chancellor	Lord Sebastian Coe
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield
The Pro Chancellors	Alan Hughes Mark Sismey-Durrant Ann Greenwood <i>(from 1 August 2018)</i>
Honorary Treasurer	Alan Hughes
The Vice-Chancellor	Professor Robert Allison
Deputy Vice-Chancellor	Professor Chris Linton
Pro Vice-Chancellor (Teaching)	Professor Rachel Thomson
Pro Vice-Chancellor (Research)	Professor Steve Rothberg
Pro Vice-Chancellor (Enterprise)	Professor Tracy Bhamra
Chief Operating Officer	Richard Taylor
Director of Finance	Andy Stephens

Chairs of Key Committees

Council	Sir Peter Bonfield
Senate	Professor Robert Allison
Remuneration Committee	Sir Peter Bonfield <i>For matters relating to the Vice-Chancellor's remuneration the committee is chaired by Alan Hughes</i>
Finance Committee	Professor Robert Allison
Audit Committee	Mark Sismey-Durrant <i>(until 31 July 2018)</i> Ann Greenwood <i>(from 1 August 2018)</i>

Members of the University Council

who served during 2017/18 and up to 22 November 2018

The Chancellor	Lord Sebastian Coe
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield
The Pro Chancellors	Alan Hughes <i>(Deputy Chair)</i> Mark Sismey-Durrant <i>(until 31 July 2018)</i> Ann Greenwood <i>(from 1 August 2018)</i>
Honorary Treasurer	Alan Hughes
The Vice-Chancellor	Professor Robert Allison
Provost	Professor Chris Linton
Appointed by the Alumni Association	Paul Drummond

Members of the University Council (continued)

Appointed by the Students' Union	Rahul Mathasing <i>(from 1 August 2018)</i> Rory Pears <i>(from 1 August 2018)</i> George Etherington <i>(until 31 July 2018)</i> Sam Hanys <i>(until 31 July 2018)</i>
Elected by the Senate	Dr Alexandre Zagoskin Professor Sergey Saviliev Professor Mark Lewis <i>(until 31 July 2018)</i>
Elected by the General Assembly	Professor Eleonora Belfiore Professor Marsha Meskimmon Dr Heike Jons
Other elected members	Jane McCormack Siobhan O'Reilly <i>(until 31 July 2018)</i>
Co-opted members	John Sinnott Jean Tomlin <i>(until 11 October 2018)</i> Peter Saraga Tony Williams Jennifer Maxwell-Harris Sally-Ann Hibberd Jane Tabor Ann Greenwood <i>(until 31 July 2018)</i> Steve Varley Paul Hodgkinson

Key Advisers

External auditor	KPMG LLP
Internal auditor	PwC LLP

STATEMENT OF THE RESPONSIBILITIES OF COUNCIL

The University Charter establishes Council as the Governing Body of the University, subject to other terms of the Charter and the Statutes, and its responsibility for:

1. General control over the University and all its affairs, purposes and functions.
2. The management and administration of the revenue and property of the University.
3. The custody and use of the Common Seal of the University.

The Council has identified a number of primary responsibilities arising from these general duties under the Charter, which are consistent with the functions of Council noted in Section 6 of Statute XIII:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To approve the annual budget and Financial Statements, to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
3. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To appoint the Vice-Chancellor as chief executive and principal Academic and Administrative Officer of the University, in accordance with paragraph 7 of the Charter, and to put in place suitable arrangements for monitoring his/her performance.
5. To delegate authority to the Vice-Chancellor for the appointment of University nominees to the boards of public bodies, limited companies and other institutions.
6. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
7. To conduct its business in accordance with best practice in higher education, corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the University.
9. To appoint the Secretary to Council, and to ensure that, if he/she has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.

13. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.

14. To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

It follows from the above that Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiary companies and enable it to ensure that the financial statements are prepared in accordance with the relevant parts of the Royal Charter, company law, the Statement of Recommended Practice on Accounting for Further and Higher Education and other Accounting Standards.

In addition, within the terms and conditions of funding for higher education institutions between the Office for Students and the University, the latter, through its accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiary companies and of the surplus or deficit and cash flows of the University and its subsidiary companies for that year.

In preparing the Financial Statements, Council has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed
- the going concern basis is used unless it is inappropriate to presume that the University will continue in operation.

Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England (HEFCE) to 31 March 2018 and the Office for Students (OfS) and Research England from 1 April 2018 are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance & Accountability and Terms of conditions of funding for higher education institutions, respectively, and any other conditions which HEFCE/OfS/Research England may from time to time prescribe
- ensure that income from the National College for Teaching and Leadership is applied for the purpose for which it has been received and in accordance with the funding agreement with the agency
- ensure that income from the Education & Skills Funding Agency and research councils is applied for the purpose for which it has been received and in accordance with the funding agreement with the relevant body
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and its subsidiary companies and prevent and detect fraud, and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary companies.

Sir Peter Bonfield
Chair of Council
22 November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Loughborough University ("the University") for the year ended 31 July 2018 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance sheet, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2018, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

Council is responsible for the other information, which comprises the Strategic Report and the Statement of Corporate Governance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council responsibilities

As explained more fully in their statement set out on page 23, Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to Council, in accordance with the Charters and Statutes of the university. Our audit work has been undertaken so that we might state to Council 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 Council for our audit work, for this report, or for the opinions we have formed.

Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

Financial Statements 2017-18

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. General information

Loughborough University is an independent corporation established by Royal Charter and has the status of an exempt charity which is regulated by the Office for Students (OfS).

2. Accounting convention

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 Standard 102 (FRS102).

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets and derivative financial instruments).

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemption has been taken in these separate company financial statements in respect of presentation of a cash flow statement.

3. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2018. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the accounts of Loughborough Students' Union, as it is a separate body over which the University does not exert control and nor does it have dominant influence over policy and operational decisions.

4. Recognition of income

Tuition fees

Tuition fee income is recognised over the period of study to which the fee relates. 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.

Grant funding

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

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.

Other income

Income, from trading activities, is recognised when the goods or services are supplied to the customers or the terms of the contract have been satisfied. Investment income is recognised on a receivable basis.

Donations and endowments

Resources received from non-government bodies as part of a non-exchange transaction will either be treated as a donation, or as an endowment in the event the donor either wishes an endowment fund to be established, or places sufficiently large restrictions on expenditure such that the funds will need to be retained over an extended period.

Donations are recognised as income when the University is entitled to the funds and any performance related conditions have been met. Where income is received in advance of performance related conditions being met, it is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Where a donor imposes restriction on the use of the donated resources, income is retained within a restricted reserve until such time as expenditure is incurred in accordance with the restrictions. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Endowment income is recognised on entitlement to the income. The income is retained within an endowment reserve until such time as expenditure is incurred in accordance with the restrictions of the endowment. Endowments are classified as either a permanent endowment, when the donor specifies that the capital is to be retained for the benefit of the institution, or as an expendable endowment where no such requirement exists.

Investment income received on endowments and restricted funds is recorded as income in the year in which it arises, and is held in the restricted or endowment reserve to the extent it has not been spent in line with restrictions of the donation or endowment. Investment gains and losses on endowment funds invested for the longer term are recognised in surplus or deficit and are credited/debited to the capital portion of the endowment reserve.

5. Pension schemes

The University participates in the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the Teachers' Pensions Scheme (TPS).

The USS 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.

The TPS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities attributable to University members and therefore is accounted for as a defined contribution retirement benefit scheme. Contributions made are recognised as an expense in surplus or deficit in the periods during which services are rendered by employees. TPS is valued every five years by the Government Actuary. It is an unfunded scheme and contributions are made at the rate set by the Government Actuary.

The LGPS is a defined benefit scheme which is externally funded. The University is able to identify its share of the assets and liabilities of this scheme and the difference between the fair value of the University's share of the scheme's assets and liabilities measured on an actuarial basis using the projected unit method is recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through refunds from the scheme.

6. Employment benefits

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

7. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

8. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. The assets are depreciated over the life of the arrangement.

Payments under the service concession arrangements are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

9. Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives are spread over the term of the lease.

10. Land and buildings

Land held at 31 July 2014 is stated at deemed cost which is equivalent to the market value on this date. Land additions since 31 July 2014 are stated at cost. Land which is held freehold is not depreciated as it is considered to have an indefinite useful life.

Buildings are stated at cost or, in the case of buildings acquired as a result of the merger with Loughborough College of Art & Design, at valuation: the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International Property Advisors.

Freehold buildings are depreciated over their estimated useful lives, which range between 10 and 60 years depending on the method of construction used. Leasehold land and buildings are amortised over the life of the lease up to a maximum of 60 years. Improvements to buildings and long term maintenance projects are capitalised, where they are seen to increase the value or effective life of a building or building related plant and the value of the improvements is in excess of £50,000. Depreciation is charged from the year of completion and is calculated based on the remaining life of the improved building or building related plant. Where parts of a building have different useful lives, they are accounted for as separate items of fixed assets.

Finance costs, which are directly attributable to the construction of land and buildings, are recognised as expenditure in the period in which they are incurred.

11. Fixtures, fittings, plant and equipment

All such items, where the cost is less than £20,000 per individual item or group of related items, are recognised as an expense in the year of acquisition. All other items are capitalised.

Items are stated at cost and depreciated over their expected useful life, as follows:

- Main computer systems and computer equipment over £100k – between 4 and 7 years
- Equipment acquired for specific research projects – project life (generally 3 years)
- Motor vehicles and other equipment – 4 years
- Plant, furniture and fixtures – between 5 and 25 years

12. Heritage assets

Works of art and other valuable artefacts valued at over £10,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

13. Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in surplus or deficit. Investment properties are not depreciated but are revalued annually to market value as at 31 July each year.

14. Stocks

Stocks of goods are stated at the lower of cost and net realisable value.

15. Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. 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.

Deposits are considered highly liquid if they have a penalty free notice period of 3 months or less.

16. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates.

The resulting exchange differences are recorded in surplus or deficit for the financial year.

17. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through surplus

or deficit, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that
 - the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or
 - the new rate is a market rate of interest and satisfies condition (a).
- There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through surplus or deficit.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and nonputtable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through surplus or deficit. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the University balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

(iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

18. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

19. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

20. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Schedule 6 Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

21. Reserves

Reserves are classified as unrestricted, restricted or endowment. Endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

22. Critical accounting judgements and key sources of estimation uncertainty

In the application of the University’s accounting policies, which are described in points 1 to 21 above, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the University’s accounting policies

The following are the judgements, apart from those involving estimations (which are dealt with separately below), that have been taken in the process of applying the University’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In the operating of performance model for government grants and non-exchange transactions, agreements with funders are evaluated for performance conditions, and revenue is recognised when these conditions are judged to have been met.

Investment property

The University has reviewed all rental generating properties in line with the accounting policy for investment properties. As part of this process management has evaluated whether an asset is held for the furtherance of the University’s enterprise objectives (which form part of the University’s core operations), or whether it is held primarily for the generation of rental income (and so represents an investment property).

Service concession arrangements

In determining which operations involving third party operators should be accounted for as service concession arrangements, the agreements with the third party operators are reviewed to identify those that meet the relevant conditions outlined in section 34 of FRS102.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Pensions – USS

FRS102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund the deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the estimated contractual deficit recovery contributions under the funding plan in existence at the date of approving the financial statements. This required estimates in respect of future headcount, salary changes and the discount rate to apply.

USS is valued every three years by professionally qualified independent actuaries, and a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 2.21% as at 31 July 2018, are included in notes [19, 23] to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year. Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £30.0 million at the 31 July 2018 (assuming the same discount rate of 2.21%):

Impact of:	Increase to current provision £'000
1% increase to deficit contributions (to 3.1%)	13,487
3.9% increase to deficit contributions (to 6%)	49,965
Change in the deficit repayment period from 14 years to:	
17 years	8,555
20 years	17,709

Pensions – LGPS

The LGPS deficit is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities. The carrying value of the net defined benefit obligation in respect of the scheme at 31 July 2018 is £58.0 million (2017: £67.8 million).

Change in assumptions at 31 July 2018	Approximate increase in scheme liabilities	
	%	£'000
0.5% decrease in Real Discount Rate	10%	21,412
0.5% increase in Salary Increase Rate	1%	2,795
0.5% increase in Pension Increase Rate	9%	18,372

Pensions – GMP

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes. For the USS, the provision included within the financial statements at note 19 will only be impacted to the extent the change in benefits increases cash financing.

Market value of investment properties

In determining the market value of the University's investment properties, valuations have been performed by professionally qualified valuers using assumptions determined using market standard methodology. However should any of these assumptions be incorrect this could have a significant impact on the valuation of these properties.

Useful lives of tangible fixed assets

Tangible fixed assets represent a significant proportion of the University's total assets (31 July 2018: 76%, 2017: 77%). Therefore the estimates of the useful lives over which these assets are depreciated could have a significant impact on the University's financial performance. The useful lives and residual values of the University's assets are determined at the time the asset is acquired or construction is completed, and these are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as expiry of leases. Historically, disposal of assets at the end of their lives has not resulted in material loss on disposal charges.

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	152,130	152,130	147,358	147,358
Funding body grants	2	38,050	38,050	42,319	42,319
Research grants and contracts	3	41,892	41,892	43,302	43,302
Other income	4	67,018	58,884	66,460	57,449
Investment income	5	574	538	411	384
Total income before donations and endowments		299,664	291,494	299,850	290,812
Donations and endowments	6	1,146	1,023	964	2,889
Total income		300,810	292,517	300,814	293,701
Expenditure					
Staff costs	7	161,369	157,305	151,005	146,196
Other operating expenses		104,158	102,028	102,083	99,758
Depreciation	11	23,949	23,176	22,815	21,721
Interest and other finance costs	8	6,023	6,023	4,383	4,383
Total expenditure	9	295,499	288,532	280,286	272,058
Surplus before other gains and losses		5,311	3,985	20,528	21,643
Gain/(loss) on disposal of fixed assets		154	154	(713)	(532)
(Loss)/gain on investments	14	(23)	(48)	116	86
Gain on sale of subsidiary		762	683	-	-
Surplus before tax		6,204	4,774	19,931	21,197
Taxation	10	(54)	-	(90)	(129)
Surplus for the year		6,150	4,774	19,841	21,068
Actuarial gain in respect of pension schemes	23	16,305	16,305	9,550	9,550
Transfer of reserves from subsidiary		-	2,120	-	255
Total comprehensive income for the year		22,455	23,199	29,391	30,873
Represented by:					
Endowment comprehensive income for the year		349	349	63	301
Restricted comprehensive (expenditure)/income for the year		(2,231)	(732)	(4,392)	(4,072)
Unrestricted comprehensive income for the year		24,337	23,582	33,720	34,644
		22,455	23,199	29,391	30,873

All items of income and expenditure relate to continuing activities.

Consolidated and University Balance Sheet as at 31 July 2018

	Notes	as at 31 July 2018		as at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	465,020	452,011	408,639	396,343
Heritage assets	12	1,165	1,165	1,165	1,165
Investments	14	21,637	41,203	21,711	41,001
		<u>487,822</u>	<u>494,379</u>	<u>431,515</u>	<u>438,509</u>
Current assets					
Stock		566	527	517	478
Trade and other receivables	15	33,777	33,401	26,026	26,926
Investments	16	20,000	20,000	20,000	20,000
Cash and cash equivalents		65,835	63,554	56,110	50,582
		<u>120,178</u>	<u>117,482</u>	<u>102,653</u>	<u>97,986</u>
Less:					
Creditors: amounts falling due within one year	17	(82,681)	(80,830)	(72,613)	(69,942)
		<u>37,497</u>	<u>36,652</u>	<u>30,040</u>	<u>28,044</u>
Net current assets					
		<u>37,497</u>	<u>36,652</u>	<u>30,040</u>	<u>28,044</u>
Total assets less current liabilities		<u>525,319</u>	<u>531,031</u>	<u>461,555</u>	<u>466,553</u>
Creditors: amounts falling due after more than one year	18	(123,808)	(123,808)	(71,666)	(71,642)
Provisions					
Pension provisions	19	(90,242)	(90,242)	(101,129)	(101,129)
Other provisions	19	(63)	-	(9)	-
Total net assets		<u>311,206</u>	<u>316,981</u>	<u>288,751</u>	<u>293,782</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	21	2,055	2,055	1,706	1,706
Income and expenditure reserve - restricted reserve	22	45,433	45,433	47,664	46,165
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		263,718	269,493	239,381	245,911
Total Reserves		<u>311,206</u>	<u>316,981</u>	<u>288,751</u>	<u>293,782</u>

These Financial Statements were approved by Council and were signed on its behalf by:

Professor Robert Allison, Vice-Chancellor and Accountable officer
Sir Peter Bonfield, Chair of Council

22 November 2018

Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2018

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2016	1,643	52,056	205,661	259,360
Surplus from the income and expenditure statement	63	32	19,746	19,841
Other comprehensive income	-	-	9,550	9,550
Release of capital grants with expired asset use restrictions	-	(4,424)	4,424	-
Total Comprehensive Income for the year	63	(4,392)	33,720	29,391
Balance at 31 July 2017	1,706	47,664	239,381	288,751
Surplus from the income and expenditure statement	349	(128)	5,929	6,150
Other comprehensive income	-	-	16,305	16,305
Release of capital grants with expired asset use restrictions	-	(2,103)	2,103	-
Total Comprehensive Income/(deficit) for the year	349	(2,231)	24,337	22,455
Balance at 31 July 2018	2,055	45,433	263,718	311,206

University	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2016	1,405	50,237	211,267	262,909
Surplus from the income and expenditure statement	46	352	20,670	21,068
Other comprehensive income	255	-	9,550	9,805
Release of capital grants with expired asset use restrictions	-	(4,424)	4,424	-
Total Comprehensive Income for the year	301	(4,072)	34,644	30,873
Balance at 31 July 2017	1,706	46,165	245,911	293,782
Surplus from the income and expenditure statement	(1,771)	1,371	5,174	4,774
Other comprehensive income	2,120	-	16,305	18,425
Release of capital grants with expired asset use restrictions	-	(2,103)	2,103	-
Total Comprehensive Income/(deficit) for the year	349	(732)	23,582	23,199
Balance at 31 July 2018	2,055	45,433	269,493	316,981

Consolidated Statement of Cash Flows

Year Ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Surplus for the year		6,150	19,841
Adjustment for non-cash items			
Taxation	10	54	90
Depreciation	11	23,949	22,815
(Gain)/loss on investments	14	23	(116)
Decrease/(increase) in stock		(49)	72
(Increase) in debtors		(2,081)	(5,264)
(Decrease) in creditors		(3,699)	(4,838)
LGPS service costs less contributions paid	23	4,668	2,855
USS deficit provision expense less contributions paid		(1,571)	(1,254)
(Decrease)/increase in other provisions	19	(108)	(154)
Research & Development Expenditure Credits		-	134
Service concession agreement nominal rent	13	(635)	(619)
Adjustment for investing or financing activities			
Investment income	5	(574)	(411)
Interest payable	8	6,023	4,383
Endowment income	6	1	1
(Gain)/loss on investments		48	-
Loss on the sale of fixed assets		(154)	713
(Gain)/loss on the sale of subsidiary		(762)	-
Capital grant income		(7,802)	(13,200)
Net cash inflow from operating activities		23,481	25,048
Cash flows from investing activities			
Capital grants receipts		11,829	10,177
Investment income received		510	412
Proceeds from sales of fixed assets		160	562
Net proceeds from sale of subsidiary		646	-
Payments made to acquire fixed assets		(78,895)	(37,717)
New non-current asset investments	14	-	-
Repayment of long term loans receivable	14	200	33
Redemption / (placement) of deposits with maturity of more than 3 months	16	-	(5,000)
		(65,550)	(31,533)
Cash flows from financing activities			
Interest paid		(3,251)	(2,212)
Arrangement fee paid on new borrowings		(300)	-
New borrowings		60,000	-
Endowment reserves received from LUDT	6	-	1
Reserves received from LUDT		-	-
Repayments of amounts borrowed	18	(4,655)	(2,298)
		51,794	(4,509)
Increase/(decrease) in cash and cash equivalents in the year		9,725	(10,994)
Cash and cash equivalents at the beginning of the year		56,110	67,104
Cash and cash equivalents at the end of the year		65,835	56,110

Notes to the Financial Statements for the year ended 31 July 2018

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition Fees and Education Contracts				
Full-time home and EU students	99,375	99,375	99,378	99,378
Full-time international students	46,332	46,332	41,765	41,765
Part-time students	6,423	6,423	6,215	6,215
	<u>152,130</u>	<u>152,130</u>	<u>147,358</u>	<u>147,358</u>

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Funding Body Grants				
Recurrent grant				
Higher Education Funding Council	19,035	19,035	27,808	27,808
Office for Students	2,282	2,282	-	-
Research England	6,300	6,300	-	-
Education and Skills Funding Agency	777	777	846	846
Capital grant	4,020	4,020	3,594	3,594
Specific grants				
Higher Education Innovation Fund	4,138	4,138	3,098	3,098
Other	1,498	1,498	1,973	1,973
Capital grants	-	-	5,000	5,000
	<u>38,050</u>	<u>38,050</u>	<u>42,319</u>	<u>42,319</u>

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Research Grants and Contracts				
Research councils	19,027	19,027	20,840	20,840
Research charities	3,978	3,978	4,903	4,903
Government (UK and overseas)	13,388	13,388	11,270	11,270
Industry and commerce	5,499	5,499	5,704	5,704
	<u>41,892</u>	<u>41,892</u>	<u>42,717</u>	<u>42,717</u>
Research and Development Expenditure Credits	-	-	585	585
	<u>41,892</u>	<u>41,892</u>	<u>43,302</u>	<u>43,302</u>

Research grants and contracts income contains £3,782,000 (2017: £4,328,000), in respect of capital grants on equipment. The Research and Development Expenditure Credits ("RDEC") income of £0 in 2017/18 and £585,000 in 2016/17 relates to claims in respect of the period from 1 April 2013 to 31 July 2015. Due to a change in the regulations the University is not eligible to make further RDEC claims for periods after 1 August 2015.

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Other Income				
Residences, catering and conferences	46,633	37,318	44,740	35,769
Other revenue grants	3,936	3,936	3,817	3,817
Other capital grants with restrictions	-	-	278	278
Other income	16,449	17,630	17,625	17,585
	<u>67,018</u>	<u>58,884</u>	<u>66,460</u>	<u>57,449</u>

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Investment Income				
Investment income on endowments	49	49	45	40
Investment income on restricted funds	12	-	10	-
Other investment income	513	489	356	344
	<u>574</u>	<u>538</u>	<u>411</u>	<u>384</u>

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

6	Donations and Endowments	2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	New endowments	1	-	1	-
	Donations with restrictions	823	735	840	1,253
	Gift aid donations from subsidiary companies	-	-	-	1,636
	Unrestricted donations	322	288	123	-
		<u>1,146</u>	<u>1,023</u>	<u>964</u>	<u>2,889</u>

7	Staff Costs	2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Salaries	125,290	121,564	118,576	114,316
	Social security costs	11,678	11,466	11,008	10,712
	Movement on USS provision	253	253	520	520
	Other pension costs	24,148	24,022	20,901	20,648
		<u>161,369</u>	<u>157,305</u>	<u>151,005</u>	<u>146,196</u>

	2017/18	2016/17
	£	£
Emoluments of the Vice-Chancellor:		
Salary	260,000	240,000
Pension contributions to USS	36,052	43,200
Payment in lieu of pension contributions to USS	8,618	-
	<u>304,670</u>	<u>283,200</u>

Background: The Vice-Chancellor receives no additional taxable benefits nor any non-taxable benefits such as living accommodation or transport funded by the University. The Vice-Chancellor's remuneration is set by the Remuneration Committee and the Deputy Chair of Council chairs the meeting for any discussions regarding the Vice-Chancellor's remuneration; the composition and terms of reference for the committee are available on the University's website. The committee determines an outcome based upon an assessment of the Vice-Chancellor's performance and benchmarking to sector norms.

Performance Assessment: The Vice-Chancellor participates in the same Performance & Development Review (PDR) process as all other staff. The PDR review is performed by the Chair of Council and a performance rating is given. Any pay adjustments are made in line with the same parameters used for all other staff. The Vice-Chancellor does not receive the nationally agreed cost of living increase and any pay adjustment is therefore based solely on performance.

Salary Benchmarking: The committee receives data from the UCEA Senior Staff Salary Survey and an analysis of Vice-Chancellor remuneration for institutions in the Top 10 in the three most comprehensive league tables. The Vice-Chancellor's remuneration is in line with the sector median.

Pay Multiple: Loughborough University is a campus university, operating retail and catering outlets and maintaining significant university-owned student accommodation. The University retains in-house many support services that have been outsourced at other institutions, for example cleaning, catering, security or facilities management functions. The University has also included in its calculations a significant number of staff who will have received remuneration during the year on the basis of atypical claims contracts. These factors may adjust downwards the median salary of staff compared to other institutions and pay multiples should be considered carefully in that context. The Vice-Chancellor's basic salary is 9.8 times the median pay of staff, where the median is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Vice-Chancellor's total remuneration is 10.1 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

The following number of staff received remuneration of £100,000 or more (excluding employer's pension contributions):

	2017/18	2016/17
£100,000 to £104,999	12	7
£105,000 to £109,999	8	10
£110,000 to £114,999	10	2
£115,000 to £119,999	3	8
£120,000 to £124,999	5	1
£125,000 to £129,999	1	-
£130,000 to £134,999	1	2
£135,000 to £139,999	-	1
£140,000 to £144,999	1	1
£145,000 to £149,999	-	1
£150,000 to £154,999	1	-
£155,000 to £159,999	-	-
£160,000 to £164,999	1	-
£165,000 to £169,999	-	1
£170,000 to £174,999	-	1
£175,000 to £179,999	1	-
£180,000 to £184,999	-	-
£185,000 to £189,999	1	-
	<u>45</u>	<u>35</u>

Staff numbers by major category :

Academic	795	768
Teaching and Scholarship	99	88
Research	314	295
Management & specialist	588	553
Technical	198	204
Other	1,100	1,133
	<u>3,094</u>	<u>3,041</u>

The staff numbers by major category disclosed above, are expressed as full-time equivalents and are disclosed as at 1 April each year.

During 2017/18 the University paid a total of £244,000 to 71 employees for compensation for loss of office (2016/17: £206,000 to 54 employees).

Key management personnel

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

The University considers its key management personnel to be the following seven members of staff: the Vice-Chancellor; Provost and Deputy Vice-Chancellor; Pro Vice-Chancellor (Teaching); Pro Vice-Chancellor (Research); Pro Vice-Chancellor (Enterprise); Chief Operating Officer; Director of Finance. 2016/17 figures have been restated to include employer's pension contributions and the Pro Vice-Chancellor (Enterprise).

Key management personnel compensation excludes amounts paid to the Vice-Chancellor whose remuneration is disclosed above.

	2017/18	2016/17
	£'000	£'000
Key management personnel compensation	<u>1,011</u>	<u>954</u>

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and Other Finance Costs				
Loan interest	3,658	3,658	2,197	2,197
Finance lease interest (including service concession finance charge)	363	363	362	362
Finance charge on USS pension provision	592	592	564	564
Movement in fair value of derivatives (note 20)	(480)	(480)	(516)	(516)
Net charge on LGPS pension scheme (note 23)	1,890	1,890	1,776	1,776
	<u>6,023</u>	<u>6,023</u>	<u>4,383</u>	<u>4,383</u>

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of Total Expenditure by Activity				
Academic and related expenditure	102,890	103,495	110,077	110,679
Academic services	28,210	27,341	23,587	22,960
Administration and central services	52,892	53,104	41,425	40,265
Premises (including service concession costs)	39,748	39,760	36,027	35,561
Residences, catering and conferences	33,026	26,496	31,944	25,360
Research grants and contracts	30,010	30,010	29,217	29,217
Other expenses	8,725	8,327	8,009	8,016
	<u>295,499</u>	<u>288,532</u>	<u>280,286</u>	<u>272,058</u>

Other operating expenses include:

External auditor's remuneration in respect of audit services	95	76	98	69
External auditor's remuneration in respect of non-audit services	5	5	19	19
Operating lease rentals:				
Land and Buildings	1,611	1,611	1,605	1,605
Plant and Machinery	602	568	819	692
Other	1,052	1,052	1,263	1,263

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10 Taxation				
Recognised in the Statement of Comprehensive Income and Expenditure				
Current tax				
Current tax expense	-	-	-	-
Taxation expense on RDEC Income	-	-	129	129
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>-</u>	<u>-</u>	<u>129</u>	<u>129</u>
Deferred tax				
Origination and reversal of timing differences	54	-	(39)	-
Deferred tax income	<u>54</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
Total tax expense	<u>54</u>	<u>-</u>	<u>90</u>	<u>129</u>

Taxation relating to RDEC income was provided for at a rate of 20% on the income claimed.

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

11 Fixed Assets

Consolidated	Freehold Land and Buildings £'000	Leasehold Improvements £'000	Service concession Land and Buildings (note 13) £'000	Fixtures, Fittings, Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
Cost						
At 1 August 2017	419,493	7,388	10,691	167,582	13,708	618,862
Additions	1,340	175	-	11,472	67,346	80,333
Transfers	1,089	-	-	2,837	(3,926)	-
Disposals	-	-	-	(5,752)	-	(5,752)
At 31 July 2018	421,922	7,563	10,691	176,139	77,128	693,443
Depreciation						
At 1 August 2017	119,702	495	1,554	88,472	-	210,223
Charge for the year	10,053	300	518	13,078	-	23,949
Disposals	-	-	-	(5,749)	-	(5,749)
At 31 July 2018	129,755	795	2,072	95,801	-	228,423
Net book value						
At 31 July 2018	292,167	6,768	8,619	80,338	77,128	465,020
At 31 July 2017	299,791	6,893	9,137	79,110	13,708	408,639

University	Freehold Land and Buildings £'000	Leasehold Improvements £'000	Service concession Land and Buildings (note 13) £'000	Fixtures, Fittings, Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
Cost						
At 1 August 2017	404,300	7,388	10,691	161,234	13,708	597,321
Additions	1,340	175	-	9,984	67,346	78,845
Transfers	1,089	-	-	2,837	(3,926)	-
Disposals	-	-	-	(4,950)	-	(4,950)
At 31 July 2018	406,729	7,563	10,691	169,105	77,128	671,216
Depreciation						
At 1 August 2017	115,173	495	1,554	83,756	-	200,978
Charge for the year	9,634	300	518	12,724	-	23,176
Disposals	-	-	-	(4,949)	-	(4,949)
At 31 July 2018	124,807	795	2,072	91,531	-	219,205
Net book value						
At 31 July 2018	281,922	6,768	8,619	77,574	77,128	452,011
At 31 July 2017	289,127	6,893	9,137	77,478	13,708	396,343

At 31 July 2018, freehold land and buildings included £68,600,000 (2017: £68,600,000) in respect of freehold land which is not depreciated.

In accordance with the memorandum of assurance and accountability with HEFCE and the terms and conditions of funding with OfS, HEFCE/OfS has the right but not the obligation to demand repayment of Exchequer interest in the event of the University ceasing to be designated to be eligible for HEFCE/OfS funding or becoming insolvent.

The Exchequer interest at 31 July 2018 was £37,876,000 (31 July 2017: £39,554,000).

12 Heritage Assets

The University's Heritage Assets, which were all acquired more than 4 years ago, consist of 7 works of art such as paintings, vases, trophies, medals and sculptures.

	Consolidated £'000	University £'000
Cost and net book value		
At 1 August 2017	1,165	1,165
At 31 July 2018	1,165	1,165

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

13 Service Concession Arrangements

The University has two arrangements where service delivery has commenced which have been recognised on the Balance Sheet.

Movement in Service Concession Arrangement Assets

The total asset values included in the Balance Sheet as at 31 July 2018 were £8,619,000 (31 July 2017: £9,137,000). The reduction of £518,000 was as a result of depreciation.

Movement in Service Concession Arrangement Liabilities

The total liabilities relating to the service concessions included in the Balance Sheet as at 31 July 2018 were £9,691,000. (31 July 2017: £9,977,000). The reduction of £286,000 was the result of the £635,000 treated as repaid during the year being offset by a finance charge of £349,000.

Future Commitments

The following table analyses the University's future commitments in relation to service concession arrangements.

	Payable in <1 year £'000	Payable in 2-5 years £'000	Payable in >5 years £'000	Total £'000
Liability repayments	651	2,769	10,201	13,621
Less: future finance charges	(339)	(1,238)	(2,353)	(3,930)
Present value of service concession agreement obligations	312	1,531	7,848	9,691

The notes below give more information on the University's current service concession arrangements:

a) On Balance Sheet Service Concession Arrangements

In March 2002 the University entered into a 35 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2002 and the contract will finish on 31 July 2037. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to committed annual payments for the year ended 31 July 2018 of £532,000 (31 July 2017 of £519,000) recorded within other operating expenses.

In August 2003 the University entered into a 20 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2023. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to annual payments for the year ended 31 July 2018 of £102,000 (31 July 2017: £100,000) recorded within other operating expenses.

b) Other Service Concession Arrangements not recognised on the Balance Sheet

In June 2007 the University entered into an agreement with a third party for the provision and maintenance of student accommodation. The agreement expires in 2044 and includes an option to receive the reversionary interest at nil consideration at the expiry date. The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

14 Non-Current Investments

	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment Properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
Consolidated						
At 1 August 2017	-	41	19,384	96	2,190	21,711
Disposals	-	-	-	(24)	-	(24)
Movement in fair value	-	(8)	-	-	(42)	(50)
At 31 July 2018	-	33	19,384	72	2,148	21,637
	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment Properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
University						
At 1 August 2017	8,231	-	30,784	127	1,859	41,001
Disposals	(64)	-	-	(24)	-	(88)
Transfers	-	-	-	-	338	338
Movement in fair value	-	-	-	-	(48)	(48)
At 31 July 2018	8,167	-	30,784	103	2,149	41,203

Investment properties, which are all freehold land and buildings, were revalued to fair value at 31 July 2018, based on a valuation undertaken by RJ Hartley (FRICS) of Innes England, an independent valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was comparables, investment or depreciated replacement cost depending on the nature of the asset and the manner of its occupation. Depreciated replacement cost based valuations are stated to be subject to the continuing profitability of the University. If the operations of the University were to cease these valuations may be materially lower. Investment valuations assume the continuing benefit of subsisting tenancies. There are no restrictions on the realisability of investment property. If freehold land and buildings had not been revalued they would have been included with a carrying value of:

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Carrying value of freehold land and buildings	16,525	22,014	17,119	22,944

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Trade and Other Receivables				
Amounts Falling Due Within One Year:				
Research grants receivables	6,107	6,107	4,613	4,613
Other trade receivables	22,702	21,329	17,270	15,652
Prepayments and accrued income	4,974	4,835	4,143	4,005
Amounts due from subsidiary companies	(6)	1,130	-	2,656
	<u>33,777</u>	<u>33,401</u>	<u>26,026</u>	<u>26,926</u>

Amounts due from subsidiary companies are non-interest bearing and are repayable on demand.

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Current Investments				
Short term deposits	20,000	20,000	20,000	20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months to maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2018 the weighted average interest rate of these fixed rate deposits was 0.78% per annum (31 July 2017: 0.72%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 168 days. The fair value of these deposits was not materially different from the book value.

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Creditors : Amounts Falling Due Within One Year				
Unsecured loans	5,517	5,517	2,405	2,405
Service concession arrangements (Note 13)	311	311	286	286
Trade payables	13,448	11,918	12,182	10,465
Social security and other taxation payable	3,929	3,715	3,951	3,515
Accruals and deferred income	59,184	58,735	53,013	51,901
Amounts due to subsidiary companies	(4)	338	-	594
Derivatives	296	296	776	776
	<u>82,681</u>	<u>80,830</u>	<u>72,613</u>	<u>69,942</u>

Amounts due to subsidiary companies are non-interest bearing and are repayable on demand.

Deferred Income

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

	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Donations	-	-	-	-
Research grants received on account	19,068	19,068	21,776	21,776
Grant income	15,639	15,639	7,066	7,066
Other income	6,815	6,149	7,201	6,591
	<u>41,522</u>	<u>40,856</u>	<u>36,043</u>	<u>35,433</u>

Derivatives

The derivatives balance shown above relates to a "receive floating, pay fixed" interest rate swap measured at fair value through income and expenditure. The floating rate on the interest rate swap is three months' LIBOR, with the fixed rate being 4.9725%. The Group settles the swap quarterly, with the difference between the fixed and floating interest rates settled on a net basis.

At 31 July 2018, the fair value of the swap was a liability of £296,000 (31 July 2017: £776,000), and the notional principal value was £9,676,000 (31 July 2017: £10,389,000)

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

18 Creditors : Amounts Falling Due After More Than One Year	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	-	-	24	-
Service concession liabilities due after one year (Note 13)	9,380	9,380	9,691	9,691
Unsecured loans	114,169	114,169	61,936	61,936
Other creditors	259	259	15	15
	<u>123,808</u>	<u>123,808</u>	<u>71,666</u>	<u>71,642</u>
Analysis of unsecured loans:				
Due between one and two years	5,466	5,466	2,517	2,517
Due between two and five years	15,590	15,590	6,765	6,765
Due in five years or more	93,113	93,113	52,654	52,654
Due after more than one year	114,169	114,169	61,936	61,936
Due within one year or on demand (Note 17)	5,517	5,517	2,405	2,405
Total unsecured loans	119,686	119,686	64,341	64,341
Unsecured loan repayable by 2035	26,410	26,410	27,314	27,314
Unsecured fixed rate (4%) loan repayable by 2039	8,177	8,177	8,410	8,410
Unsecured fixed rate (5%) loan repayable by 2020	1,049	1,049	1,614	1,614
Unsecured fixed rate (3%) loan repayable by 2041	8,555	8,555	8,798	8,798
Unsecured fixed rate (3%) loan repayable by 2043	17,745	17,745	18,205	18,205
Unsecured fixed rate (2.466%) loan repayable by 2037	57,750	57,750		
Total unsecured loans	119,686	119,686	64,341	64,341

All unsecured loans are repayable to Lloyds Bank plc.

Note on loan repayable by 2035: £10.9m reducing is fixed at a rate of 5.1725% until March 2019 and is subject to an interest rate swap (notes 17, 20). £7.3m has been fixed at a lower rate of 3.48% (3.28% cost of funds plus 0.20% margin) and the remaining £10.0m of the loan is charged at 0.20% above base rate. This loan is repayable by instalments over the period to 10 December 2035.

On 29 September 2017 the University borrowed £60.0m from Scottish Widows Ltd with Lloyds Bank PLC acting as agents. The unsecured loan is repayable on an amortising basis over 20 years until 2037 and is subject to an interest rate swap. This results in a net effective interest rate fixed at 2.466% for the life of the loan.

19 Provisions for Liabilities

Consolidated	Obligation to fund deficit on USS Pension	Pension enhancements on retirement	Defined Benefit Obligations (Note 23)	Total Pension Provisions	Deferred tax	Total Other Provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	30,993	2,385	67,751	101,129	9	9
Utilised	(1,824)	(142)	5,214	3,248	54	54
Additions and remeasurements	845	(19)	(14,961)	(14,135)	-	-
At 31 July 2018	30,014	2,224	58,004	90,242	63	63
University	Obligation to fund deficit on USS Pension	Pension enhancements on retirement	Defined Benefit Obligations (Note 23)	Total Pension Provisions	Deferred tax	Total Other Provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2017	30,993	2,385	67,751	101,129	-	-
Utilised	(1,824)	(142)	5,214	3,248	-	-
Additions and remeasurements	845	(19)	(14,961)	(14,135)	-	-
At 31 July 2018	30,014	2,224	58,004	90,242	-	-

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for future payments relating to benefits arising from past performance. The provision is calculated based on the University's best estimate of the future cash flows required to settle the obligation, taking account of estimated changes in salary rates and employee numbers during the deficit reduction period. The provision is discounted using a discount rate based on the yield on high quality corporate bonds of a currency and duration consistent with the currency and estimated period of the future payments. After obtaining advice from an actuary, the discount rate applied at 31 July 2018 was 2.21% (2017: 1.91%).

Pension enhancement on retirement

The University has an obligation to make payments to a small number of pensioners in relation to a legacy pension enhancement agreement. The provision is calculated based on the University's best estimate of the future cash flows required to settle the obligation. The provision is not discounted as the time value of money is not material to the valuation. The assumptions in respect of life expectancy for calculating this provision are the same as those shown in Note 23, however given the shorter duration of the expected cash flows inflation has been estimated at 2.17% (2017: 2.44%).

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

20 Financial Instruments

The carrying values of the Group and University's financial assets and liabilities are summarised by category below:

Financial assets	Note	2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Measured at fair value through income and expenditure					
Investments in listed ordinary shares		343	335	424	416
Investments in common investment funds		1,771	1,771	1,401	1,401
Debt instruments measured at amortised cost					
Long-term loans receivable	14	72	103	96	127
Measured at undiscounted amount receivable					
Trade and other receivables	15	28,803	28,566	21,883	22,921
Equity instruments measured at cost less impairment					
Non-current asset investments in unlisted equity instruments		67	42	75	42
		<u>31,056</u>	<u>30,817</u>	<u>23,879</u>	<u>24,907</u>

Financial liabilities		2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Measured at fair value through income and expenditure					
Derivative financial liabilities	17	296	296	776	776
Measured at amortised cost					
Loans payable	18	119,686	119,686	64,341	64,341
Obligations under Service concession agreements	13	9,691	9,691	9,977	9,977
Measured at undiscounted amount payable					
Trade and other creditors	17	17,373	15,971	16,133	14,574
		<u>147,046</u>	<u>145,644</u>	<u>91,227</u>	<u>89,668</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

Interest income and (expense)		2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total interest income for financial assets at amortised cost	5	574	538	411	384
Total interest expense for financial liabilities at amortised cost	8	(4,021)	(4,021)	(2,559)	(2,559)
		<u>(3,447)</u>	<u>(3,483)</u>	<u>(2,148)</u>	<u>(2,175)</u>

Fair value gains and (losses)		2017/18		2016/17	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
On financial assets measured at fair value through income and expenditure	14	(23)	(48)	116	86
On derivative financial liabilities	8	(480)	(480)	(516)	(516)
		<u>(503)</u>	<u>(528)</u>	<u>(400)</u>	<u>(430)</u>

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

21 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Restricted expendable endowments £'000	2017/18 Total £'000	2016/17 Total £'000
Consolidated				
At 1 August				
Capital	921	480	1,401	1,301
Accumulated income	189	116	305	342
	<u>1,110</u>	<u>596</u>	<u>1,706</u>	<u>1,643</u>
New endowments	1	-	1	1
Investment income	32	17	49	45
Expenditure	(32)	(8)	(40)	(86)
Increase in market value of investments	22	11	33	103
Transfer from restricted reserves	306	-	306	-
Total endowment comprehensive income for the year	<u>329</u>	<u>20</u>	<u>349</u>	<u>63</u>
At 31 July	<u>1,439</u>	<u>616</u>	<u>2,055</u>	<u>1,706</u>
Represented by:				
Capital	1,219	491	1,710	1,401
Accumulated income	220	125	345	305
	<u>1,439</u>	<u>616</u>	<u>2,055</u>	<u>1,706</u>
	Restricted permanent endowments £'000	Restricted expendable endowments £'000	2017/18 Total £'000	2016/17 Total £'000
University				
At 1 August				
Capital	921	480	1,401	1,167
Accumulated income	189	116	305	238
	<u>1,110</u>	<u>596</u>	<u>1,706</u>	<u>1,405</u>
Investment income	32	17	49	40
Expenditure	(32)	(8)	(40)	(86)
Increase in market value of investments	22	11	33	92
Transfer from restricted reserves	307	-	307	255
Total endowment comprehensive income for the year	<u>329</u>	<u>20</u>	<u>349</u>	<u>301</u>
At 31 July	<u>1,439</u>	<u>616</u>	<u>2,055</u>	<u>1,706</u>
Represented by:				
Capital	1,219	491	1,710	1,401
Accumulated income	220	125	345	305
	<u>1,439</u>	<u>616</u>	<u>2,055</u>	<u>1,706</u>
Analysis of consolidated funds by type of purpose:				
Prizes and Scholarships	744	249	993	668
Hardship Funds	103	121	224	214
Travel Awards & Other	107	-	107	105
Lectures	-	246	246	236
Post & Departmental Support	485	-	485	483
	<u>1,439</u>	<u>616</u>	<u>2,055</u>	<u>1,706</u>
			2017/18 £'000	2016/17 £'000
Analysis of consolidated funds by asset:				
Current and non-current asset investments			1,710	1,401
Cash & cash equivalents			345	305
			<u>2,055</u>	<u>1,706</u>

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

22 Restricted Reserves

Reserves with restrictions are as follows:

Consolidated	Capital grants for restricted use assets £'000	Other capital grants with restrictions £'000	Restricted donations £'000	Revenue grants with restrictions £'000	2017/18 Total £'000	2016/17 Total £'000
At 1 August	45,813	-	1,851	-	47,664	52,056
Grant income	-	3,485	-	38,079	41,564	47,746
Donation income	-	-	823	-	823	840
Investment income	-	-	11	-	11	11
Capital grants with expired use restrictions	(2,103)	-	-	-	(2,103)	(4,424)
Expenditure	-	(3,485)	(661)	(38,079)	(42,225)	(48,585)
Increase in market value of investments	-	-	6	-	6	20
Transfer to endowment reserves	-	-	(307)	-	(307)	-
Total restricted comprehensive income for the year	(2,103)	-	(128)	-	(2,231)	(4,392)
At 31 July	43,710	-	1,723	-	45,433	47,664

Analysis of consolidated donations with restrictions by type of purpose:	2017/18 Total £'000	2016/17 Total £'000
Post and departmental support	1,277	1,414
Prize funds	24	23
Other	422	414
	1,723	1,851

University	Capital grants for restricted use assets £'000	Other capital grants with restrictions £'000	Restricted donations £'000	Revenue grants with restrictions £'000	2017/18 Total £'000	2016/17 Total £'000
At 1 August	45,813	-	352	-	46,165	50,237
Grant income	-	3,485	-	38,079	41,564	47,746
Donation income	-	-	735	-	735	1,253
Capital grants with expired use restrictions	(2,103)	-	-	-	(2,103)	(4,424)
Expenditure	-	(3,485)	(662)	(38,079)	(42,226)	(48,647)
Reserves transferred from subsidiary	-	-	1,605	-	1,605	-
Transfer to endowment reserves	-	-	(307)	-	(307)	-
Total restricted comprehensive income for the year	(2,103)	-	1,371	-	(732)	(4,072)
At 31 July	43,710	-	1,723	-	45,433	46,165

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

23 Pension Schemes

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

- Universities Superannuation Scheme (USS)
- The Local Government Pension Scheme (LGPS) which is administered by Leicestershire County Council
- The Teachers' Pension Scheme (TPS)

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

	2017/18 £'000	2016/17 £'000
Contributions paid to USS (excluding amounts paid under the USS deficit recovery plan)	13,809	12,964
Movement on USS provision	<u>253</u>	<u>520</u>
	14,062	13,484
LGPS	10,187	7,732
Other pension schemes	<u>153</u>	<u>205</u>
	<u><u>24,402</u></u>	<u><u>21,421</u></u>

(i) The Universities Superannuation Scheme

The total cost charged to the profit and loss account is £14.1m (2017: £13.5m)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2014 valuation was the third valuation for USS 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 £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017/18	2016/17
Discount Rate	2.6%	2.6%
Pensionable Salary Growth	n/a	n/a
Pension increases (CPI)	2.0%	2.4%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table		
Pre-retirement	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YOB unadjusted for males.
Post-retirement	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2017/18	2016/17
Males currently aged 65 (years)		
Females currently aged 65 (years)	24.5	24.4
Males currently aged 45 (years)	26	26.6
Females currently aged 45 (years)	26.5	26.5
	<u>27.8</u>	<u>29</u>

	2017/18	2016/17
Scheme assets		
Total scheme liabilities	£63.6bn	£60.0bn
FRS102 total scheme deficit	£72.0bn	£77.5bn
FRS102 total funding level	£8.4bn	£17.5bn
	88%	77%

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

23 Pension Schemes (continued)

(ii) Local Government Pension Scheme (LGPS)

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

For LGPS, the actuary has indicated in the 2016 valuation that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The employer's contribution rate was increased to 21.0% from April 2017.

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 2018.

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:

	2017/18 %pa	2016/17 %pa
Pension Increase Rate (CPI)	2.4	2.5
Salary Increase Rate (RPI)	3.4	3.5
Discount rate	2.8	2.7

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.

	Males	Females
Current pensioners	22.1 years	24.3 years
Future pensioners	23.8 years	26.2 years

Scheme assets and expected rate of return for LGPS

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

	31 July 2018 £'000	31 July 2017 £'000
Equities	91,303	89,659
Bonds	39,761	26,764
Property	13,254	10,706
Cash	2,945	6,691
Total	<u>147,263</u>	<u>133,820</u>

	2017/18 £'000	2016/17 £'000
Analysis of the amount shown in the balance sheet		
Scheme assets	147,263	133,820
Scheme liabilities	<u>(205,267)</u>	<u>(201,571)</u>
Deficit in the scheme – net pension liability	<u>(58,004)</u>	<u>(67,751)</u>

Analysis of the amount charged to staff costs within operating surplus

Current service cost	9,886	7,532
Past service costs (including curtailments)	301	200
Total operating charge:	<u>10,187</u>	<u>7,732</u>

Analysis of the amount charged to interest payable

Interest cost on defined benefit obligation	5,525	4,757
Interest income on plan assets	<u>(3,635)</u>	<u>(2,981)</u>
Net charge to interest and other finance costs	<u>1,890</u>	<u>1,776</u>

Analysis of other comprehensive income for LGPS

Return on assets excluding amounts included in net interest	8,004	5,992
Changes in financial assumptions	8,301	(11,454)
Changes in demographic assumptions	-	2,276
Other experience	-	12,736
Total other comprehensive income before deduction for tax	<u>16,305</u>	<u>9,550</u>

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

23 Pension Schemes (continued)

	2017/18	2016/17
	£'000	£'000
Analysis of movement in the present value of scheme liabilities		
Present value at the start of the year	201,571	196,383
Current service cost	9,886	7,532
Past service cost including curtailment	301	200
Interest cost	5,525	4,757
Actual member contributions	1,499	1,439
Actuarial loss	(8,301)	(3,558)
Actual benefit payments	(5,214)	(5,182)
Present value at the end of the year	205,267	201,571
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	133,820	123,713
Interest income on plan assets	3,635	2,981
Actuarial gain on assets	8,004	5,992
Actual contributions paid by University	5,519	4,877
Actual member contributions (including notional contributions)	1,499	1,439
Actual benefit payments	(5,214)	(5,182)
Fair value of scheme assets at the end of the year	147,263	133,820
Actual gain on scheme assets in the year	11,639	8,973

LGPS assets do not include any of the University's own financial instruments or any property occupied by the University.

The estimated employer's contribution payable to LGPS in the financial year 2018/19 is £5,667,000.

iii) Teachers' Pension Scheme

This scheme is valued every 5 years by the Government Actuary. Contributions are paid by the University at the rate specified. The scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by Parliament. The contribution rate payable by the employers was 16.48% of pensionable salaries.

Under the definitions set out in Section 28 of FRS 102, this scheme is a multi-employer defined benefit pension scheme as the University is unable to identify its share of the underlying assets and liabilities.

24 Subsidiary Undertakings

The University wholly owns or effectively controls the following subsidiary companies (all of which are registered in England and Wales with their registered office at Finance Office, Loughborough University, Loughborough, LE11 3TU):

Company name	Shareholding	Principal Activity
Imago @ Loughborough Limited	100%	Management of conference and related commercial facilities
Loughborough University Enterprises Limited	100%	Marketing of the expertise and facilities of the University in applicable specialist areas
Loughborough University Development Trust	Limited by guarantee	Promotion of the charitable purposes of the University
Loughborough University Services Limited (non-trading)	100%	Supply of utilities and other services
CASCAiD Limited	Disposed 31/8/17	Production and sale of computer-aided careers guidance software

25 Associated Undertakings

The Group has the following interests in associated undertakings:

Company (registered office)	Shareholding	Principal Activity
Charnwood Molecular Limited (Court Prince William Road, Loughborough, Leicestershire, LE11 5GA)	22%	Contract research for the Chemistry industry

The Group's share of the profit or loss for the year and the net assets of the associated undertaking is not material to these financial statements in either the current or prior year and has therefore been excluded from the consolidation.

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

26 Connected Charitable Institutions

One charitable institution (Loughborough University Development Trust) is administered by or on behalf of the University and has been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, this connected institution is exempt from registration with the Charity Commission. This charity is included as a subsidiary undertaking in these consolidated financial statements and the movements in the year on the total funds of the connected institution, as reported in its own accounts, were as follows:

	Loughborough University Development Trust £'000
At 1 August 2017	1,940
Income	701
Expenditure	(2,647)
Gains on market value of investments	6
At 31 July 2018	0

On 31 July 2018 the assets and operations of Loughborough University Development Trust were transferred to Loughborough University and the Trust ceased to operate on the same date.

27 Related Party Transactions

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. All balances outstanding at the year-end are held on normal credit terms and do not carry any interest.

	Income £'000	Expenditure £'000	Balance due to/(from) the University at 31 July 2018 £'000
Members of Council			
Leicestershire County Council	89	(6)	1
EPSRC	16,102	(12,270)	(7,906)
Loughborough Students' Union	208	(630)	51
University of Leicester	374	(239)	137
Senior Members of the University			
English Institute of Sport	232	(4)	11
EPSRC	16,102	(12,270)	(7,906)
Loughborough College	178	(77)	(6)
Loughborough Students' Union	208	(630)	51
Manufacturing Technology Centre	69	-	193
University of Leicester	374	(239)	137
University of Manchester	86	(138)	(4)
University of Nottingham	2,094	(715)	178
Youth Sport Direct	125	-	4

The total expenses paid to or on behalf of 12 council members were £11,856 (2017: £10,933 to 10 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and any other events in their official capacity. The University Officers and Members of Council have also had access to the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

The University has taken advantage of the exemption allowed by FRS102 not to disclose transactions between wholly owned group companies. No information has been listed above for organisations where income or expenditure is less than £50,000 in the current year.

Notes to the Financial Statements (continued)

for the year ended 31 July 2018

28 Financial Commitments	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	80,033	78,461	72,265	72,058

Total future minimum lease payments under non-cancellable operating leases are as follows:

Consolidated	Land and Buildings £'000	2017/18		Total £'000	2016/17 Total £'000
		Plant and Machinery £'000	Other leases £'000		
Payable during the year	1,611	602	1,052	3,265	3,687
Future minimum lease payments due:					
Not later than 1 year	101	487	506	1,094	565
Later than 1 year and not later than 5 years	2,468	456	155	3,079	1,284
Later than 5 years	4,753	-	-	4,753	5,573
Total lease payments due	7,322	943	661	8,926	7,422

University	Land and Buildings £'000	2017/18		Total £'000	2016/17 Total £'000
		Plant and Machinery £'000	Other leases £'000		
Payable during the year	1,611	568	1,052	3,231	3,560
Future minimum lease payments due:					
Not later than 1 year	101	453	506	1,060	535
Later than 1 year and not later than 5 years	2,468	436	155	3,059	1,247
Later than 5 years	4,753	-	-	4,753	5,573
Total lease payments due	7,322	889	661	8,872	7,355

Significant leases include the lease of the London campus (included in land and buildings), sports equipment (plant and machinery) and software licences (other).

29 Leases Receivable

At the Balance Sheet date, the following future minimum lease payments were receivable from tenants under operating leases for land and buildings:

Future minimum lease payments receivable:	2017/18		2016/17	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Not later than 1 year	2,291	3,072	1,733	2,515
Later than 1 year and not later than 5 years	3,673	6,794	3,833	6,875
Later than 5 years	2,092	21,178	2,340	22,152
Total lease payments receivable	8,056	31,044	7,906	31,542

Significant leases include the lease of hotel and conferencing facilities to a subsidiary company and leases to tenants of the University's Science and Engineering Park.

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