



University of
Southampton

Financial Statements

2023-2024



Consolidated Financial Statements for the year ended 31 July 2024

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Summary – strategy overview

The University and its subsidiary undertakings (“The University”) has made good progress in delivery of the University strategy which was launched in early 2022. The strategy sets out a clear set of goals and ambitious targets for the University, focusing on excellence in the triple helix of education, research, and knowledge exchange & enterprise, with people at its core. More information on the University strategy is available at <https://www.southampton.ac.uk/about/strategy>.

People

Widening Participation continues to be a key priority for the University, recognising the importance of ensuring those from all backgrounds are able to succeed in Higher Education. In the most recent published data, from 2021/22, 87% of our home undergraduates were from a state school, and 8% were from low participation neighbourhoods. In the last 12 years, we have significantly increased our proportion of UK first-year undergraduate black and minority ethnic students from 11% in 2009/10 to 34% in 2021/22.

Education

The continued focus on quality has seen the University maintain high league table positions both nationally and internationally. The University was ranked 22nd in the Guardian, with 7 subjects in the top 10 and a further 11 subjects in the top 20. The University maintained a top 20 UK position within the Complete University Guide (20th), The Times and Sunday Times Good University Guide (19th), and a strong position in the global rankings being placed 80th in the Quacquarelli Symonds (QS) World University Rankings and 115th in the Times Higher Education (THE) World University Rankings. Strong league table performance is a good indicator of future student recruitment, especially internationally, and a testament to the continued hard work within our community to further improve student experience.

The University continues to focus on teaching excellence and the experience of all students. The results of the 2024 National Student Survey (NSS) were published in July and provide a strong guide to the experience that our final year students have had with us during their undergraduate studies, being completed by 72% of eligible students. The University achieved a positivity score above 70% in all ten themes with six scoring 80% or above, compared to 2023 where the University scored 80% or above in four themes. In 2023 the University was awarded a Silver rating in the Teaching Excellence Framework (TEF), recognising the very high-quality provision across all student groups.

Research

The University’s outstanding research continues to address some of the most challenging issues facing society, providing impactful results that help change the world for the better. In the 2021 Research Excellence Framework (REF) assessment, 92% of the University’s research was classed as ‘world leading’ (4*) or ‘internationally excellent’ (3*), placing the University in the top 10% of submitting institutions. Research income increased by 12% over the prior year reflecting an increase in activity. New awards in the year included £32m to launch two new centres for doctoral training to develop the future of quantum computing to boost UK defence expertise, focused on training PhD students and developing the skilled innovators needed for Britain’s quantum technology and defence sectors.

Knowledge Exchange and Enterprise

The University continues to perform strongly in the annual Knowledge Exchange Framework (KEF), run by Research England. The KEF is an annual assessment of how English universities carry out knowledge exchange. These results put the University in one of the top two quintiles for all areas of assessment compared to other similar institutions (those that are in the group of 17 very large, research-intensive and broad-discipline universities in England). External commentary identified the University as the strongest performing university in the KEF.

Sustainability

The University considers sustainability to be a critical component in aligning activities with the mission statement of changing the world for the better. The University vision is that by 2030, sustainability will be a part of every activity and operation: our individual behaviours, methods of working together, and making decisions for the future.

Strategic Report (continued)

The vision for 2030 includes achieving net zero for Scope 1 and 2 emissions, substantially reducing Scope 3 emissions, and embedding sustainability into teaching, learning, research, and professional services operations. The University continues to make progress in reducing net carbon emissions with 2024 emissions decreasing by 18% to 17,366 tons/m2 (2023: 18,191 tons/m2). More detail is available at <https://www.southampton.ac.uk/susdev/index.page>.

Place

The University continues to develop an estates programme of extensive refurbishment and replacement. The programme will ensure it meets the immediate and future needs of the University community, in line with our sustainability goals. The year saw the commencement of the North East Quadrant (NEQ) development at the Highfield campus with ground being broken as part of the site preparation. The NEQ will form the gateway to the University's main campus and provide much needed cutting-edge teaching and learning spaces. The University is also exploring opportunities to increase residences capacity, embarking on the first steps of a major programme of expansion and growth. Parallel to the investment in our physical infrastructure, we are developing an ambitious digital strategy and delivery plan. The digital investment is designed to transform our capabilities and enhance business process capability as well as enhancing the experience of students, staff and stakeholders.

The University generates significant positive economic impact for both the local area and the United Kingdom as a whole. A report by London Economics estimated the total economic impact on the UK associated with the University's activities to be £4.14bn in 2020/21, a multiplier of 7.4 times the University's direct expenditure in that year.

Organisational excellence

Throughout the year the University has continued to deliver high quality teaching, research, and knowledge exchange & enterprise, based on a foundation of strong financial management and commitment to a truly "One Southampton" approach. Continued financial sustainability will enable the investment necessary to meet the University's aspirations, enhancing the physical estate, facilities, and digital infrastructure.

Financial Highlights

Total Income £752m (2023 £730m)	EBITDA* £271m (2023 £141m)	Operating Surplus Before Gains & Losses £216m (2023 £86m)
Total Net Assets £943m (2023 £697m)	Cash; Cash Equivalents & Current Investments £615m (2023 £661m)	Net Cash Inflow** £72m (2023 £92m)

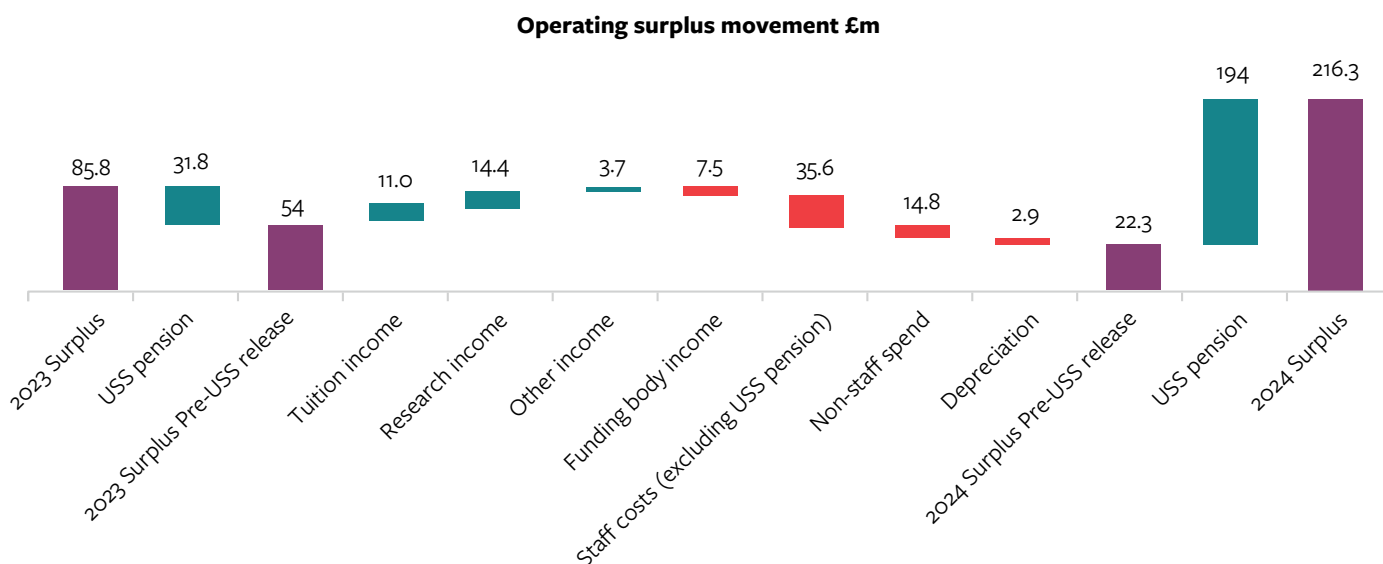
* EBITDA represents the surplus before other gains/losses excluding depreciation, amortisation, interest and other finance costs.

** Net cash inflow from operating activities.

The University achieved a 3% increase in income driven by tuition fees; EBITDA increased 92%, operating surplus by 151%, and net assets increased by 35% all due mainly to the Universities Superannuation Scheme (USS) pension scheme accrual release of £188.3m. Cash and cash equivalents reduced in the year due to repayment of loans and capital programme expenditure. Net cash inflow of £72.4m was down 22% due to increased activity and expenditure in the year.

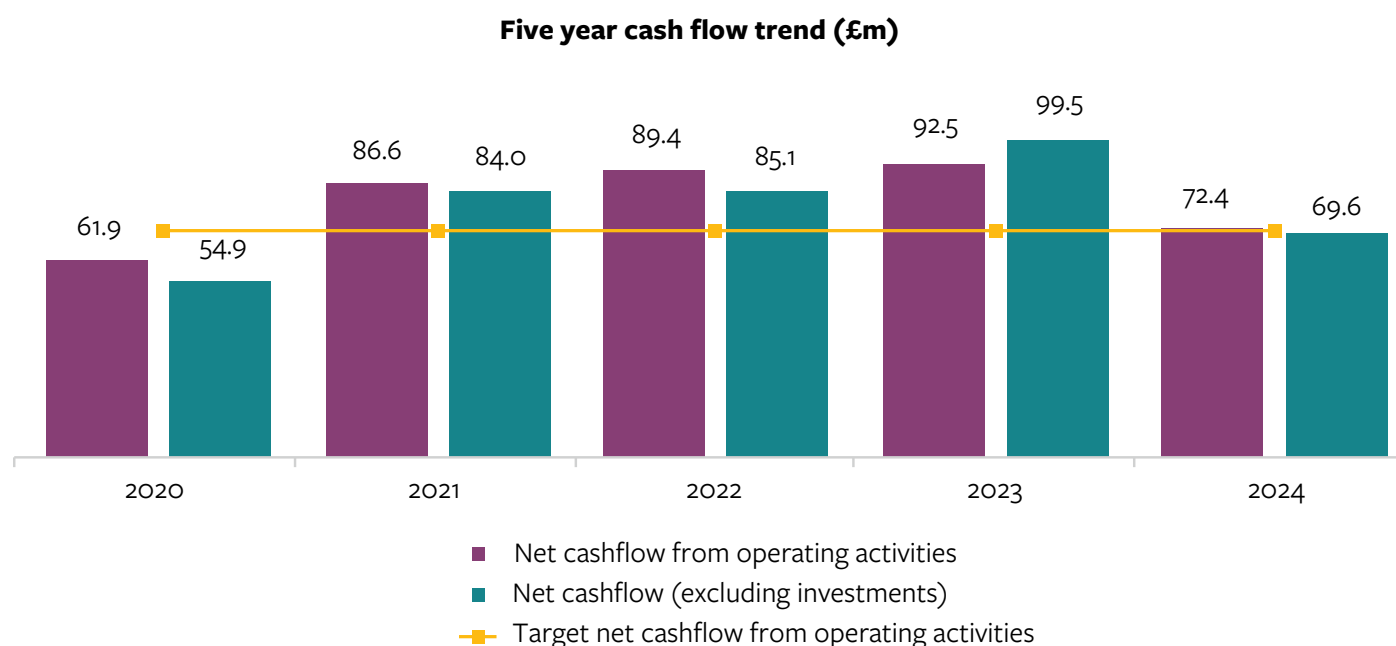
Review of the financial year

The University achieved surplus before other gains/losses (“operating surplus”) of £216.3m in the year ending 31 July 2024 (2023: £85.8m). This result includes the movement in the staff cost element of the USS accrual of £194.0m, which we draw out separately within the Statement of Comprehensive Income, as the scheme moved into surplus. This is £162.2m higher than the £31.8m movement in 2023.



The University absorbed in year inflationary pressures on expenditure and staff pay increases and through effective financial management was able to achieve a surplus after tax increase of £3.0m year-on-year (excluding the USS pension provision movements). A significant driver of this was a £38.1m market value gain on investments. Overall, this represents a strong outcome for the University.

The net cash inflow from operating activities in the year was £72.4m (2023: £92.5m), outperforming the strategic Key Performance Indicator (KPI) target of £70.0m, ensuring the continued financial sustainability of the University and the capacity for future investment.



Strategic Report (continued)

Total expenditure for the University, not including the decrease in the USS deficit accrual, was £729.2m (2023: £676.0m), an increase of £53.2m. This included an increase of £35.6m relating to staff costs driven by a combination of increased staff numbers to support University growth and pay increases. Other operating expenditure increased by £18.3m due to a range of factors including inflation, utility prices, rent and facility hire costs.

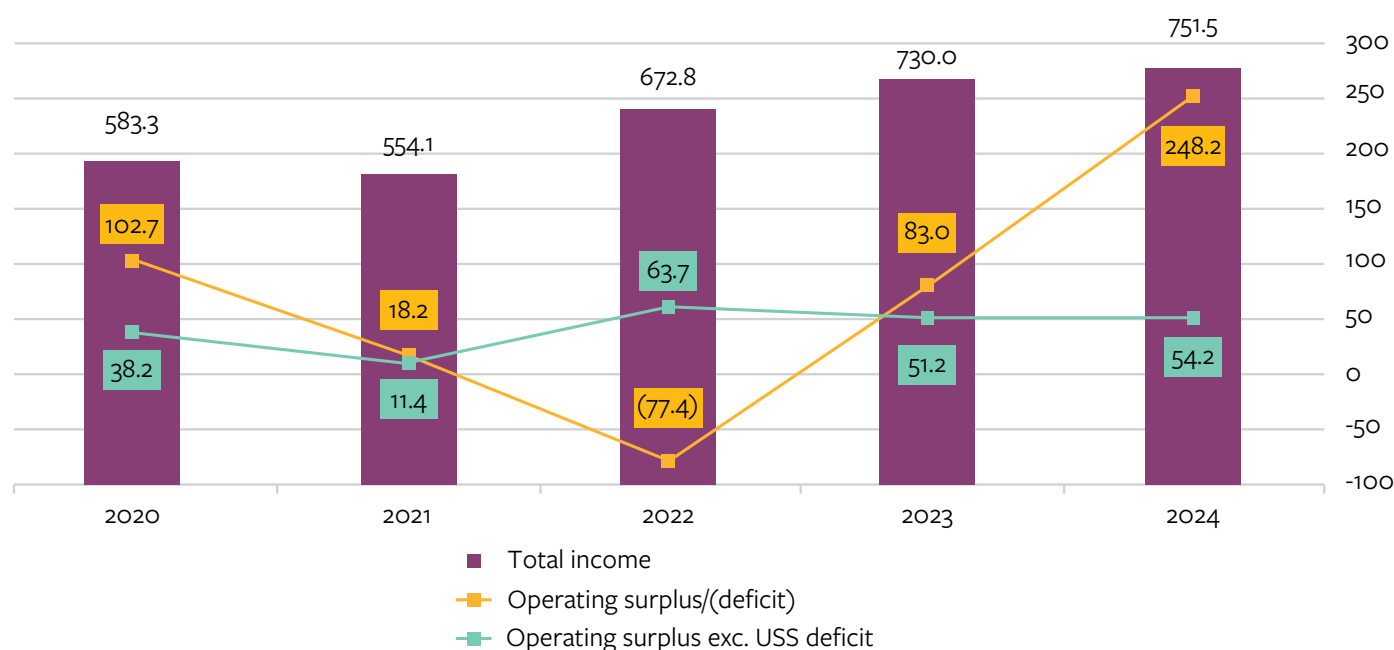
Capital expenditure increased notably in the year with additions totalling £96.6m, of which £69.7m were assets under construction.

The combined liability in respect of USS and the University's Pension and Assurance Scheme (PASNAS) decreased in the year to £25.4m (2023: £212.2m) with the USS element fully released (2023: £189.7m) following the completion of the March 2023 USS valuation which showed the scheme in a surplus position and therefore deficit contributions into the scheme are no longer required.

Income

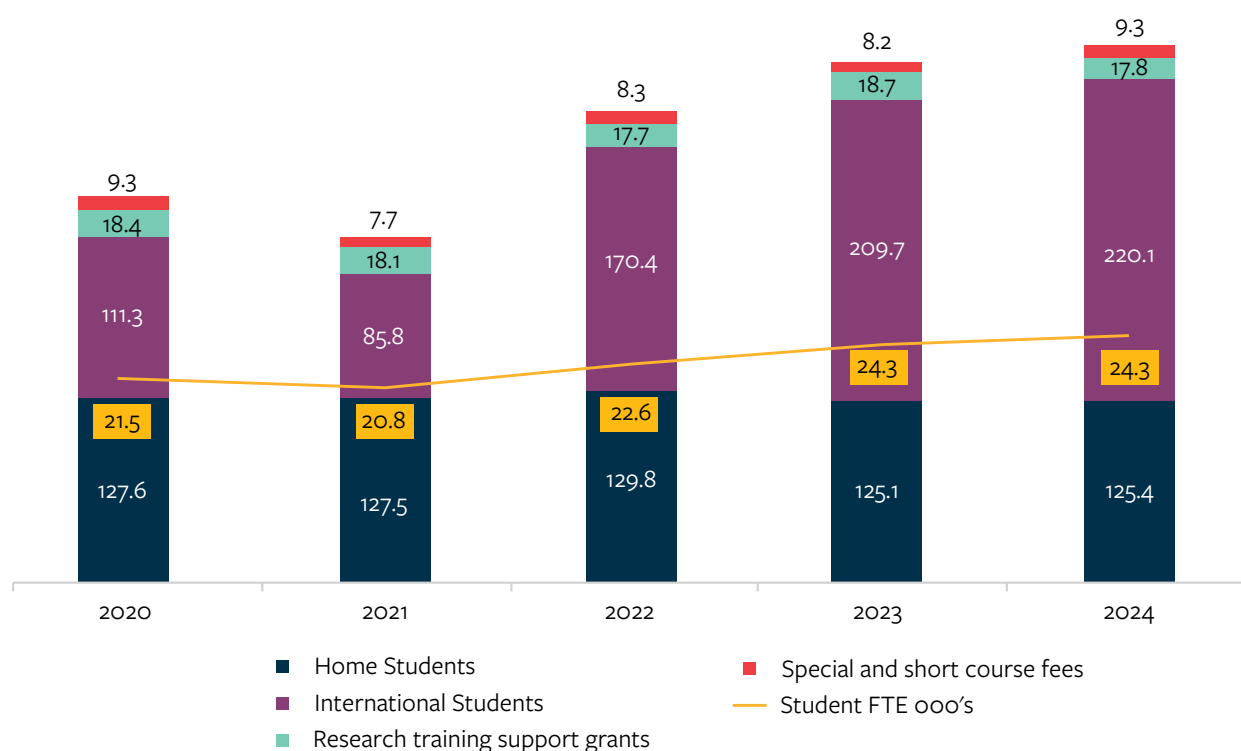
Total income of £751.5m (2023: £730.0m), an increase of £21.5m, set another record level for the University. Increases in tuition fee income of £11.0m, research grants of £14.4m, and other income of £7.4m were offset by decreases in funding body grants of £7.5m and investment income of £4.8m, representing the majority of the movement.

Total income (£m) vs operating surplus (£m)



Total income from tuition fees and education contracts increased by £11.0m to £372.6m (2023: £361.6m), an increase of 3%. The University's total student population increased by 346 to 24,606 FTE (2023: 24,260 FTE). The University strategy aims to deliver growth in our student numbers over the next decade, while maintaining quality standards.

Tuition income by type (£m) and student FTE equivalent



The number of undergraduate and postgraduate international students increased strongly by 497 to 9,797 FTE (2023: 9,300 FTE) an increase of 6%. The increase in international fee income of £10.4m to £220.1m (2023: £209.7m), an increase of 5%, represents the majority of the increase in tuition fees and education contracts in a challenging year for international and domestic student recruitment. The number of international students has grown from 5,430 before the start of the global pandemic in 2019 to 9,868 FTE in 2024 and illustrates the overall strong performance in this area by the University.

Research grants and contracts income increased by £14.4m to £136.9m (2023: £122.5m). The Engineering and Physical Sciences Research Council provided £6.6m of the increase, while the agreement reached by the European Commission and the UK Government on the association of the UK to Horizon Europe led to an additional £2.6m of research funding through UK Research and Innovation (UKRI). The increase also reflects the increase in staff and student numbers, enabling the completion of research projects and additional research applications and awards.

Other operating income increased by £7.3m to £144.7m (2023: £137.4m), an increase of 5%, attributable to residences and consultancy and trading income.

Investment income reduced by £4.9m to £8.7m (2023: £13.6m) partly attributable to the decrease in interest rates, but in the main due to the move from income funds to accumulation funds as part of the strategic investment plan. This change in investment strategy is reflected in the gain on investments of £38.1m for the year (2023: loss of £3.4m).

During the year the Office of Development & Alumni Relations (ODAR) continued to progress towards the goal of consistently raising £10m in philanthropic income per annum (consistent with peer organisations), growing volunteering hours and seeing a demonstrable increase in engagement, in support of University strategic priorities. Preparation for The Campaign for Southampton has begun and will be the University's first comprehensive fundraising and engagement campaign. Through strategic investment in ODAR, the University will drive a trajectory in income and engagement with support from alumni and friends across the globe. New funds committed income (pledges and new cash) was £8.9m (against a target of £8.5m). This is from a range of individuals (alumni and non-alumni, trusts, and foundations, including family foundations) and corporate partnerships. Over the course of the year a global community of donors transformed the lives of our students and supported life-changing research. Raising over £0.7m, the University supported two Ignite Scholarships, 24 Ignite Bursaries, 34 Ignite Awards – all funded by donors.

Strategic Report (continued)



2,500 Donors



16,000 Gifts

Supporting:

- Widening participation “Ignite” programme
- PhD studentships
- Medical innovation
- Turner Sims
- Humanities
- Ocean and earth sciences
- Physics and student enterprise

and many other areas across the University



285,000 Alumni



17,000 Hours

Supporting:

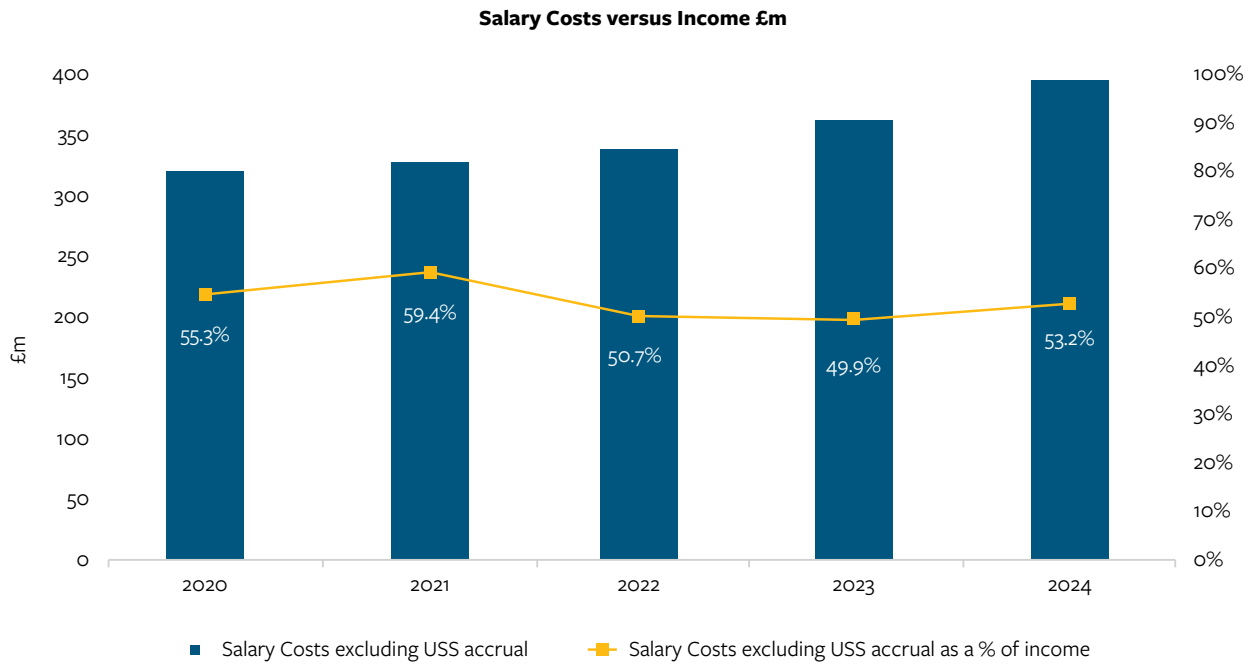
- Graduate employability
- Student recruitment
- Widening participation
- Social mobility
- Student experience
- International engagement

New funds committed - For ODAR and the HE fundraising sector, new funds committed is the approved method of counting philanthropic success. This includes all written pledge agreements, in addition to new cash income (not from a previous pledge). For the financial statements, the figure reflects only new cash income, and does not include any philanthropy that supports research or externally funded scholarships.

Expenditure

Total expenditure reduced by £109.0m to £535.2m (2023: £644.2m). Excluding the movement in the USS pension provision, expenditure saw an increase of £53.2m to £729.2m (2023: £676.0m).

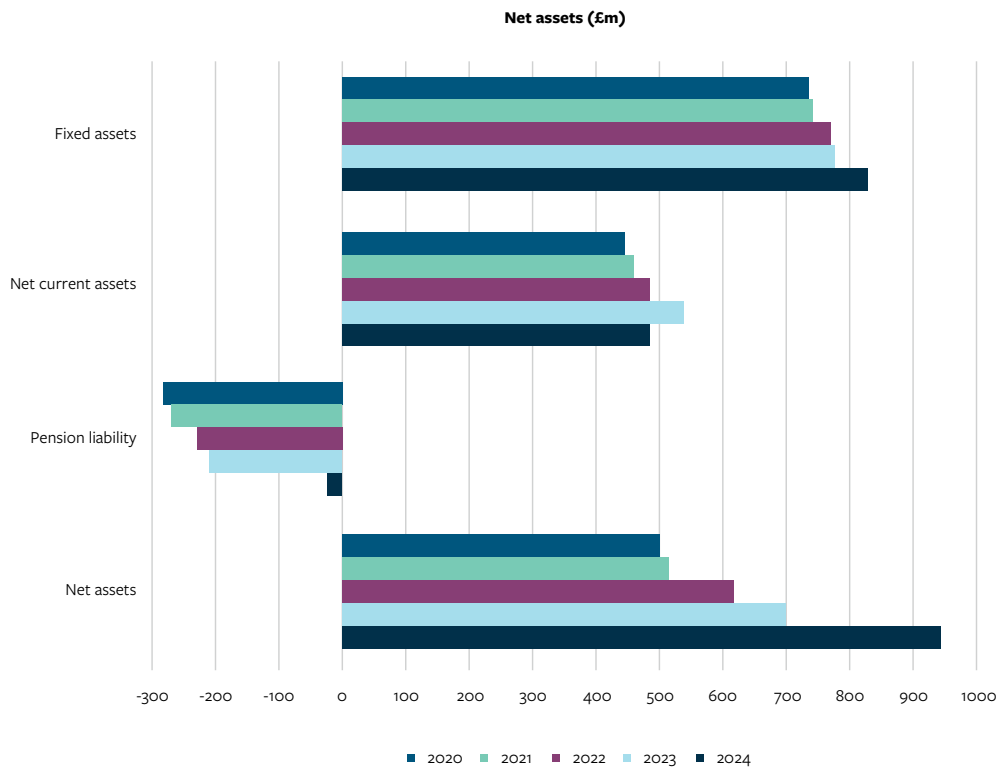
Staff expenditure, excluding the movement in the USS pension provision, increased by £35.6m to £399.8m (2023: £364.2m), an increase of 9.8% on the prior year. The average headcount for staff in the year increased by 525 FTE to 6,434 FTE (2023: 5,909 FTE), an increase of 9% on the prior year. Additional resource expenditure was carefully controlled within the University’s strategy for quality-focused growth.



Other operating expenses increased by £18.2m to £274.9m (2023: £256.7m), an increase of 7.1% on the prior year. The increase includes £4.4m relating to higher utility prices, £3.6m relating to rent and hire of facilities, £3.0m incurred on the ongoing Faraday building demolition, and £2.0m impairment on property relating to the University’s combined heat and power facility, with a decrease of £2.9m on temporary and agency staff costs.

Balance Sheet

The University net assets have increased by £245.1m to £942.5m (2023: £697.4m). The largest movement related to the release of the USS pension deficit of £188.3m.

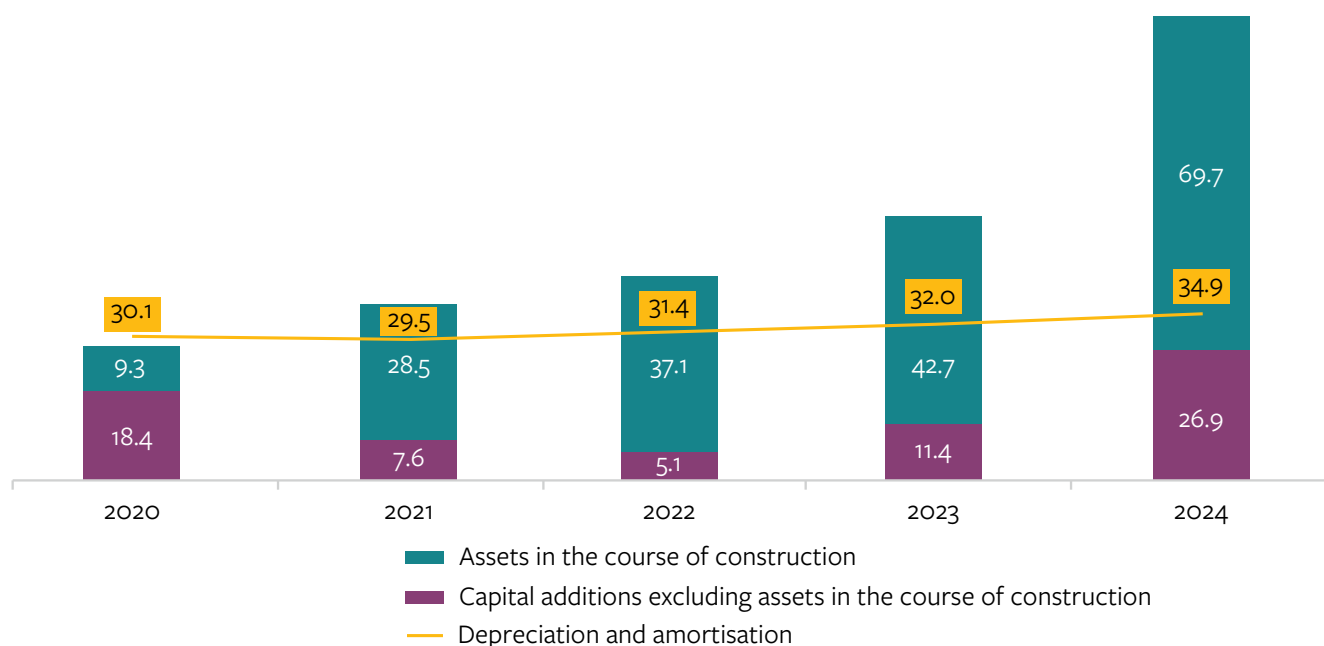


Strategic Report (continued)

The University holds significant funds which were raised to ensure the highest quality of our teaching and research facilities. These funds are now being utilised through an extensive estates programme.

During the year the University acquired or constructed capital assets with a value of £96.6m (2023: £54.1m). Included in this amount was £17.7m for the completion of the extended Jubilee Sports Centre, £15.4m for the purchase of 1 Guildhall Square in Southampton, £6.3m for the enabling works to demolish the Faraday building, £5.8m for the beginning of the North East Quadrant redevelopment, and £5.2m on the purchase of Capital House in Winchester.

Capital additions and depreciation (£m)



In April 2017, the University issued an unsecured fixed rate public bond of £300 million, with a 40-year term and a coupon rate of 2.25%. There are no capital repayments to be made over the term of the bond, with full repayment of £298.6 million due in 2057. An investment plan is in place to repay the bond in full at its term. The University held no bank loans at the balance sheet date (2023: £58.2m) reflecting the early repayment in full of two bank loans that had a total outstanding balance of £56.4m as at 31 July 2023.

The University's net debt, as set out in note 26, increased by £20.8m to £319.9m (2023: £299.1m). This increase mainly relates to a reduced level of cash held by the University of £79.4m. During 2023 the University Investment Committee implemented a new investment strategy placing more cash into investment funds which has continued into 2024. The net debt does not take into account the investment portfolio held as part of the University's treasury management strategy of £591.1m (2023: £557.5m). When this is taken into account, the overall position is adjusted net funds of £271.2m (2023: £258.4m).

The pension liability of the University's PASNAS fund increased by £2.8m to £25.3m (2023: £22.5m). The PASNAS scheme is subject to annual FRS102 revaluation and this year's increase in the net liability is due to remeasurements of assumptions, which have resulted in an actuarial loss.

During the year ended 31 July 2024, the 2023 actuarial valuation of the USS scheme was completed. The 2023 valuation was the seventh 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. This valuation was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%. Consequently deficit payments are no longer required (2023: 6.3% until March 2038).

Subsidiaries

The University of Southampton Science Park supports the long-term strategy of the University by providing opportunities for our research to spin out into knowledge exchange & enterprise activities, for student work experience during studies, and for student employment opportunities once graduated. The Science Park also makes a significant contribution to the economic growth and prosperity of both our city and our region. The occupancy rate for the park in July 2024 was 90% (2023: 89%). Occupancy in the year has increased overall which includes the Engineering Centre which was 97% occupied (2023: 90%). Science Park turnover was £6.6m (2023: £5.7m) and incurred a loss before taxation of £3.1m (2023: £8.4m). This loss is due to a reduction of £4.9m (2023: £9.9m) in the valuation of the Science Park property, predominantly due to yield movement as dictated by changes in the macro-economic environment. Excluding valuation changes the Science Park made a profit before taxation of £1.9m (2023: £1.4m).

The University's campus in Malaysia (University of Southampton Malaysia (UoSM)) remains a pivotal part of the international strategy, offering programmes across the fields of Engineering, Business, and Computer Science. In the prior year, operations re-located in full to a new 150,000 sq.ft. full-service campus situated in the vibrant EcoWorld community in Iskandar. The new campus is equipped with a myriad of open learning spaces, lecture halls, laboratories and studios that provide an exceptional educational experience.

Key Performance Indicators

The University has the following key performance indicators (KPI) which Council uses to measure and track performance. League table KPI's are based on the most recently published data by the relevant reporting entities against a target of a top 20 UK university and a global top 100 university. The operating cash flow KPI is used to track the University's financial sustainability, with a minimum target of £70m p.a. Finally, the net carbon emissions KPI is used to track progress against the University's sustainability goals as outlined earlier in this report.

	Unit	2024	2023	2022
Net cash inflow from operating activities	£m	72.4	92.5	89.4
Net Carbon emissions	Tons / m2	17,366	18,191	21,234

League tables:

The Times Good University Guide	UK Ranking	19	17	18
Complete University Guide	UK Ranking	20	17	13
Guardian	UK Ranking	22	20	16
Quacquarelli Symonds (QS)	World Ranking	80	81	78
Times Higher Education (THE)	World Ranking	115	97	108

Strategic Report (continued)

Financial Risks

During the year, the University focused on delivering its strategy during a volatile period of global uncertainty and historically high inflation. There remained a focus on effective management of costs alongside investment in strategic priorities to deliver long-term sustainability.

The University Executive Board reviews the risk register as a standing item on its agenda, with the University Council and Audit & Risk Committee also reviewing the University risk register at regular intervals. The Council and Audit & Risk Committee consider that it is consistent with their knowledge of the University’s activities and addresses the key aspects of the University’s Strategic Plan.

A comprehensive financial risk assessment was considered by Council in setting the 2025 University budget. The major risk areas are summarised below:

Area:	Risk:	Response:
Student income	Actual student numbers for 2024/25 may fall below the business plan target, therefore reducing forecast income.	The ongoing risk of volatility in international student recruitment reflects geopolitical instability and the impact this has across the higher education sector.
	International students may be unable to commence study due to geopolitical uncertainty and instability.	This is mitigated by a working group established by the business continuity committee to consider the impacts of geopolitical instability on the University.
	In 2017, student fees for home students were frozen at £9,250. This has allowed inflation to erode the value of the fee, which is now worth around £6,500 in today’s money. In their response to the Augar Review of Post 18 Education & Funding, the Government stated that this cap would remain in place until at least 2025. The current Government has announced a small inflationary increase to these fees of 3.1% from 2025/26.	<p>The student number plans show an increase in the number and proportion of international students. Fees for international students are not regulated and may be increased based on market analysis.</p> <p>Forecasts assume that the maximum fee for home students will remain at the Government cap throughout; sensitivity testing is undertaken to model the impact of fee changes on the University.</p> <p>Spending plans can be adjusted to reflect lower income.</p>
Research grants and contracts income	The University may fail to achieve the planned levels of external research funding.	Maximising research income is an ambition of the University. The University will continue to monitor actual and forecast research applications, awards, income and indirect cost contributions through the management accounts reports.
		A Research Strategy has been developed to support delivery.
		A number of specific investments in the University research economy have been approved which will support growth.

Area:	Risk:	Response:
Cost control	<p>There is a risk that the University could overspend against its expenditure budget as it grows in line with its strategy.</p> <p>The capital programme is at an early stage of development. There is a risk to the projected surpluses if a higher than forecast proportion of costs need to be written-off as in-year expenditure instead of being capitalised.</p>	<p>Expenditure is monitored throughout the year with due consideration of inflationary pressures and the need to appropriately support income, enabling the successful progression of the University strategy.</p> <p>Further assessments of the appropriate accounting treatment will be made as project specifications are developed and consideration given to the timing or scope of certain projects that have a revenue impact.</p>
Pension costs	<p>The escalating cost and volatility of our pension schemes remains one of our highest risks to long-term sustainability.</p> <p>The 2023 USS valuation has now concluded. Employer contributions reduced from 21.6% to 14.5% from January 2024.</p> <p>The PASNAS valuation as at July 2021 showed an increase in the scheme deficit to £56.5m.</p>	<p>The University is supporting work on the stability and investment strategy for the USS scheme.</p> <p>The University made a £30m capital contribution to the PASNAS scheme in 2021/22 to help address the past service deficit. This continues to be monitored closely and will be reviewed again when the triennial review results are known.</p>
Liquidity and cash generation	<p>Cash balances must always be sufficient to cover working capital fluctuations and there is a risk that cash flow is not sufficient to generate the required funding for future capital investment.</p>	<p>The University tests business plans against a range of scenarios and manages expenditure through financial controls.</p> <p>The £300 million bond proceeds, existing cash reserves and the level of ongoing operating cash generation are considered sufficient to meet the immediate funding requirements of the capital investment programme.</p>
Investment income	<p>Investment returns are subject to volatility and there is a risk that income could fall short of expectations or that market values could reduce.</p>	<p>The investment policy takes variable approaches to risk and return, based on maturity profiles that are informed by cash flow projections.</p> <p>The Investment Committee will continue to monitor returns and to actively review the portfolio.</p>

Strategic Report (continued)

Conclusion

The University has again delivered a strong financial performance, with the surplus being ahead of budget expectations. Sound financial management has allowed the University to continue to progress its Triple Helix strategy with confidence building on the foundations laid in prior years.

I am delighted that the University's reputation for excellence has been demonstrated by continued high league table placings within the top-20 nationally and top-100 globally, and by the silver award within the Teaching Excellence Framework.

Over the year, the University has continued to make strong progress on delivering the ambitious strategic plan, with a focus on excellence across education, research and knowledge exchange & enterprise. The extensive estates development programme will be essential to create the capacity for growth. Work has completed on the £34m redevelopment of the Jubilee Sports' Hall and further property acquisitions have been made in the heart of Southampton and Winchester. Investment is vital in order to deliver world-class education, research and knowledge exchange & enterprise, and the University's strong cash position supports the long-term strategic funding of the capital programme.

I would like to end by thanking all the high quality staff, as the University's achievements are a true testament to their continued hard work and dedication.



Stephen Young
University Treasurer

Introduction

The University of Southampton is an independent Higher Education Corporation formed by Royal Charter and an exempt charity under the terms of the Charities Act 2011, with the Office for Students (OfS) acting as the Principal Regulator. In determining the University’s strategic direction and ensuring effective management and control of the University’s affairs, property and finances, the members of our governing body, as trustees, have due regard to the Charity Commission’s guidance on public benefit. Our Charitable objectives focus on the delivery of education, research and knowledge exchange & enterprise and, as a charity, the University must operate for public benefit which is demonstrated through the delivery of our Triple Helix Strategy.

The powers and governance framework within which the University operates are set out in the University Charter and Ordinances. Governance of the University is overseen by two bodies, Council and Senate. Council is responsible for approving the mission and strategy, ensuring financial sustainability, and monitoring other aspects of performance. Senate has responsibility for oversight of the policies, procedures and regulations of the University that relate to education, research & knowledge exchange and enterprise.

The University has a clear mission: to change the world for the better. The approach to meeting that mission includes remarkable world-class research, education, knowledge exchange & enterprise, attracting exceptional students from across the globe, and empowering and developing them to realise their full potential through their journeys of discovery and learning with us. As a founding member of the Russell Group of research-intensive universities, the University has a reputation for excellence, which is reflected in consistently high international league table rankings.

The University makes a strong contribution to public benefit. The following outlines some of the key benefits delivered during the year which are aligned to the delivery of our strategic goals and objectives.

Delivering world-class research and enhancing knowledge exchange & enterprise

Research

During the year, the University was awarded £15m of UK Research and Innovation (UKRI) grant funding towards the launch of two new centres for doctoral training that will develop the future of quantum computing and boost UK defence expertise. The centres intend to train PhD students to increase the talent pool of skilled innovators needed to undertake research and innovation in Britain’s quantum technology and defence sectors.

A new £12 million training centre at the University will nurture British tech talent to develop AI to tackle climate change. The funding package, which includes £9m from UKRI, will forge the new AI Centre for Doctoral Training in AI Sustainability, known as SustAI. The centre will train at least 70 PhD students, with plans to advance technology which supports renewable energy and reductions in carbon emissions.

Technology that enables amputees to ‘feel’ wetness through a prosthesis has been developed by a team of researchers at the University of Southampton and at École Polytechnique Fédérale de Lausanne, one of the two Swiss Federal Institutes of Technology. Scientists have developed a sensor that fits on a prosthetic hand and is connected to a stimulator that touches the wearer’s residual limb, so they can feel the sensation of wetness through their skin. The invention could improve the dexterity of prosthetic hands and enhance the sensory experience and acceptance of prosthetic limbs for their users.



Trialling the prosthetic sensor with an amputee

Parents of children with severe milk and peanut allergies have told how their lives have been transformed by the pioneering Natasha Clinical Trial, led by the University of Southampton with the University Hospital Southampton NHS Trust. The £2.5 million trial, funded by The Natasha Allergy Research Foundation, uses daily doses of everyday food products, taken under strict medical supervision rather than expensive pharmaceuticals, to train the bodies of children and young people with food allergies to tolerate an allergen. This approach, known as oral immunotherapy (OIT), means children living with food allergies should no longer have an allergic reaction if they eat something which accidentally contains the food allergen, for example due to cross-contamination.

Public Benefit (continued)



Trial participant Charlie being monitored by a nurse.

The Southampton Clinical Trials Unit, based at the University of Southampton, has been selected to run a new programme accelerating research into ground-breaking cancer treatments. The Cancer Vaccine Launch Pad (CVLP) will improve patient access to clinical trials to test new investigational immunotherapies by speeding up the development of personalised cancer vaccines.



Professor Gareth Griffiths, Director of the SCTU

Professor Gareth Griffiths, Director of the Cancer Research UK Southampton Clinical Trial Unit (SCTU) at the University of Southampton’s Centre for Cancer Immunology, said: “Cancer vaccines have the potential to improve the way we treat the disease, particularly for those cancers where treatment options are currently limited or very demanding on patients’ bodies.”

The University has been awarded £1.4m by Cancer Research UK, to develop a new generation of experts working on life-saving treatments. Clinician scientists play an essential role in translating cancer research, bridging the gap between the work carried out in laboratories and trials involving patients. The money from Cancer Research UK will be used by academics

from Southampton to provide PhD places and post-doctorate training. Professor Andrew Davies, a cancer doctor at the University of Southampton, said the grant will help nurture a future generation of researchers pioneering cancer treatments.

The Natural Environment Research Council (NERC) has awarded Southampton researchers a total of £0.9m to design, build and test devices which can radically improve our ability to measure water pollutants. The University is undertaking two engineering projects to develop modern technologies to more effectively monitor pollution in our rivers, lakes and reservoirs. The funding is part of a £12 million investment by NERC and Defra into 13 projects nationwide to help assess the state of UK waterways, habitats, soil and air. These will draw on UK science developments to deliver new sensing systems and monitoring approaches.

During the year, Professor Chris Brown, Head of the Education School and Professor of Education, has been awarded a Friedrich Wilhelm Bessel Research Award by the Humboldt Foundation in Germany. Approximately 20 of these awards are made worldwide each year to scientists and scholars who are internationally renowned in their fields. Professor Brown’s award recognises his work on educational leaders, educational networks and teacher development. In particular, how networks within and between schools can enable educational innovation to be harnessed by teachers, often to the benefit of students from deprived communities. The prize supports deeper collaboration with German academics, with the Humboldt Foundation providing travel funding to foster future collaborations.



Professor Chris Brown, Head of the Education School

Professor Graham Reed, an international pioneer in silicon photonics, is this year’s recipient of the Royal Society of Engineering’s Sir Frank Whittle Medal, named after the pioneer of the jet engine. This medal is awarded to a UK-

based engineer who has made a profound impact on their engineering discipline. Professor Reed’s expertise is in silicon photonics, which impacts every aspect of modern life, from communications to computing, healthcare to imaging, and environmental monitoring. Silicon photonics is a technology that uses silicon-based integrated circuits.



Professor Graham Reed

Knowledge exchange & enterprise

The University’s outstanding business and public engagement has been recognised again with the release of the third Knowledge Exchange Framework (KEF4), retaining its top scores, enabling ‘high’ or ‘very high’ engagement across all areas of assessment. The University achieved the top rating of ‘very high engagement’ in four categories: public and community engagement; IP and commercialisation; working with business; and working with the public and third sector. It achieved the second highest rating, ‘high engagement’, for research partnerships; local growth and regeneration; and continuing professional development and graduate start-ups. These results put Southampton at or above the average in all areas of assessment compared to other similar institutions (those that are in the group of 17 very large, research-intensive and broad-discipline universities in England) and leading across the sector. This strong performance is a testament to our thriving and diverse community demonstrating strength across the breadth of the KEF perspectives and reflects the relevance of our Triple Helix strategy.

The University will become the driving force of the future in silicon photonics technology following the announcement that the University’s Optoelectronics Research Centre (ORC) has been chosen to lead one of two new UKRI-funded Innovation and Knowledge Centres (IKC), entitled “CORNERSTONE”, as part of the Government’s £26.8m investment in semiconductor IKCs. The new centres will boost the UK’s research and production of microchips within the UK.

Two of the UK’s leading geospatial institutions, the University of Southampton and Ordnance Survey (OS), have joined forces to ensure the UK stays ahead of the curve in revolutionising

location data and technologies, in support of the UK Geospatial Strategy 2030. Combining their strengths in world-leading mapping and innovative data technologies, the new partnership will enable knowledge sharing and cutting-edge geospatial research such as the application of artificial intelligence to drive greater insights from location data.



Professor Mark Spearing, Sarah Hodgetts, Matt Goodman (OS) and Professor Jadu Dash

Aviation safety experts from the University have developed AI to calculate the risk of airplanes being targeted in conflict zones with greater accuracy than ever before. Highlighting the huge global discrepancies and the bias in current methods, academics from the University’s Department of Decision Analytics and Risk, embedded in the Centre for Risk Research, have developed algorithms that use artificial intelligence to predict the likelihood of a successful attack. They are collaborating with world-leading aviation security and risk management company Osprey Flight Solutions to encourage adoption of their AI by global aviation companies.

Dame Wendy Hall, a Regius Professor of Computer Science from the University and Director of its Web Science Institute, was selected from more than 1,800 nominees across 128 countries to be appointed to the United Nations high-level advisory body on artificial intelligence. Dame Wendy joins 31 experts from across the world to undertake analysis and advance recommendations for the international governance of AI.

The Government has launched a £6.5m flood research hub to develop a talent pool of environmental experts, led by Ivain Haigh at the University, to make the country more resilient to the impacts of flooding. The FLOOD centre includes experts from the universities of Bristol, Loughborough and Newcastle, the National Oceanography Centre, UK Centre for Ecology & Hydrology and British Geological Survey, with an additional 37 partner organisations. Scientists will work to improve their understanding of flooding using advanced monitoring and new forms of computer modelling, artificial intelligence, and machine learning to map and forecast future flooding risks.

Public Benefit (continued)



Regius Professor of Computer Science Dame Wendy Hall

An engineering consultancy at the University of Southampton, nC², is working with the National Museum of the Royal Navy to investigate the use of nanotechnology to preserve The Victory, Nelson’s flagship at the Battle of Trafalgar, for decades to come, protecting it from fungus and the destructive deathwatch beetle. Nanotechnology involves working with extremely small particles called nanoparticles, which are between 1 to 100 nanometres wide (about 1,000 times smaller than a human hair). These nanoparticles have unique properties that can enhance the quality of materials, like wood. The project’s goal is to infuse new oak wood timbers used within HMS Victory’s conservation with nanoparticles to prevent fungal growth, a common issue in historic wooden structures, and understand how the infused wood might interact with other materials used within the conservation.



Rachel Triggs and Dr Spencer Court of nC²

Spinouts – startup companies which are based on University intellectual property - create jobs, boost the economy and bring new products and services to market. Existing University spinouts continue to grow and thrive with Curve Therapeutics having closed a £40.5m funding round in January 2024. Curve Therapeutics attracted funding with its revolutionary intracellular screening platform enabling the discovery of innovative

therapeutics that address the most complex and challenging disease targets. The pipeline of prospective spinouts is growing, stimulated by a refreshed and progressive spinout equity policy which launched in May 2024.

Delivering high quality education and student experience

Education and student experience

The 2024 graduation saw 4,700 successful students pick up their undergraduate degrees, masters degrees and postgraduate qualifications in 18 ceremonies at the Southampton Guildhall and Winchester Cathedral.



Students inside the O2 Guildhall Southampton for their graduation ceremony

The University has retained its ‘silver’ rating in a national teaching assessment. The Teaching Excellence Framework (TEF) silver award reflects the University’s focus on enabling and encouraging students to excel during their time at Southampton. The award recognises Southampton’s high quality provision across all student groups, with some initiatives recognised as ‘outstanding’ by the TEF panel.

During the year professors Pathik Pathak and Sarah Stevenage were awarded National Teaching Fellowships, which celebrate individuals who have made an outstanding impact on student outcomes and on teaching.



Professor Sarah Stevenage and Professor Pathik Pathak

Professor Pathak is the founder of the University's Social Impact Lab, which runs activities designed to enable students to lead sustainable social change. More than 5,000 students have taken part in Social Impact Lab since it started in 2017. It is the UK's first university centre dedicated to promoting social impact leadership through co-curricular activities. The lab's flagship programme is Spark India, which takes students to India every year to work on social welfare challenges.

Professor Stevenage, who has taught at the University for 30 years, is an expert in cognitive psychology. She has also provided leadership in education as Associate Dean Education for her current and previous faculties since 2012. In her teaching, Professor Stevenage uses a 'human book' approach to give a highly personal account of the impact of dementia. She explained: "It involves students learning from a human with lived experience, rather than from a book. The ultimate goal is to support students to become active questioners and compassionate professionals, rather than passive recipients of knowledge."

During the year the University unveiled a new flight simulator. Professor Simon Cox, Head of the Department of Aeronautics and Astronautics, said: "It is important we give our students realistic experiences of flight, to inspire them and to bring to life what they are learning, giving them a full understanding of the physics of different craft in flight. Students learn how different designs of planes influence their performance, from how quickly they take off, to their maneuverability, to how they land. They can experience all these things using the simulator." The new simulator is one of six Boeing-funded simulators at the University used for teaching engineering undergraduates. Three other simulators are on motion platforms, with one linked to a virtual reality headset for an immersive experience.

The University continues to focus on delivering a high-quality student experience and has invested £40 million in sport and wellbeing facilities on campus. The extension to the Jubilee Sports Centre was completed during the year and formally opened at the start of the 2025 academic year, marking a significant milestone in our development of the Highfield campus. The Jubilee Sport and Recreation Centre extension has been designed as a hub for use by our staff, students, and the local community. The Centre will build on its established relationships with local schools and will continue to host community leagues, fitness classes and school swimming lessons, ensuring that everyone has access to the resources needed to lead a healthy and active lifestyle.

Widening participation and outreach

The University has partnered with the Cowrie Scholarship Foundation (CSF), which aims to raise hundreds of thousands of pounds to provide scholarships for disadvantaged black British

students. The Foundation's mission is to fund 100 disadvantaged black British students through leading UK universities. The University of Southampton is supporting CSF by providing a full scholarship for one student per year over a ten-year period to study an undergraduate programme of their choice. In addition, the University has launched the Black Futures Scheme offering full funding for postgraduate research programmes.

In the 2023/24 academic year and in recognition of the impact of cost of living on students the University of Southampton allocated over £1 million for students in financial difficulty through the Student Support Fund, the Technology Grant, the Health and Wellbeing Fund and a Commuter Fund. This funding allowed students to access essential equipment for their studies, covered medical and additional heating costs for students and ensured students were able to attend lectures and study sessions on campus, ensuring an equal opportunity to succeed for the most disadvantaged students.

The University delivered significant levels of face to face activity on campus and in schools and colleges, both in the region and on a national basis. In addition, we increased our activity with pupils in key stages 2 – 4 in Southampton through the development of the Reading Buddies programme, working with hundreds of pupils across the city and contributing to an increased reading age for the majority of pupils who undertook the programme. This programme will continue to be expanded into the 2024/25 academic year as a key pillar of the Access and Participation Plan (APP). The APP sets out ten goals addressing eleven key issues identified as barriers to pursuing higher education. The full Plan is available on the Office For Students website.

Building inclusive communities through partnership working

Creating an inclusive University community

The University of Southampton's India Centre has celebrated its fifth anniversary with a high-profile event to share the inspiring outcomes of a major research project. This is the first time the personal stories of 10 highly influential South Asians have been recorded and archived, with the Pioneers project charting how each of them has significantly shaped modern Britain, ensuring that their legacies are not forgotten. Lord Patel of Bradford OBE, patron of the India Centre and newly appointed joint Chancellor at the University alongside Rt Hon Justine Greening, said: "This project charts the many success stories of immigration and the changing face of Britain thanks to the contributions that the South Asian diaspora have and continue to make. It has been so inspiring to hear the pioneers' personal stories, and it is important that we record and preserve them for the benefit of generations to come."

Public Benefit (continued)

Maisha Islam was recognised in the annual University Vice Chancellor Awards for her inspirational work as a panel member at the School of Chemistry's Global Women's Breakfast event on 'Catalysing Diversity in Science', and also gave the opening speech at the first ever UK Council for Graduate Education EDI Conference. Maisha has gone above and beyond her role to support the Faculty of Engineering and Physical Sciences on an EDI bid to the Engineering and Physical Sciences Research Council (EPSRC) as part of a consortium of eight universities. Maisha role models the Southampton behaviours and inspires others to do the same.

Southampton research scientist Jess Boxall has backed a call to celebrate the diversity of UK graduates. Jess's story features in Universities UK's 100 Faces campaign, highlighting the stories and achievements of those who were the first in their family to go to university. The 24-year-old came to the University of Southampton in 2017 to study Biomedical Sciences. As the first member of her family to attend university, and coming from a single-parent household, she had many obstacles to overcome. But her perseverance and the support she received from her family and the University have helped her succeed. Jess helps to inspire other first-generation students at Southampton by supporting the My Generation Career Coaching scheme which provided such crucial support to her.



Jess Boxall, Southampton research scientist

Social impact

In June, the Institute of Employment Rights published a report calling for new rights to protect workers and warning of the degrading impact algorithmic management could have on workers' rights and conditions and that current protections in the law are inadequate in the face of technological change. The report was co-authored by Dr Joe Atkinson, a lecturer in employment law at the University and launched at an event attended by fellow legal experts, union leaders, and policy makers.

In May, a team from the University of Southampton worked with teenagers in Hampshire to design educational resources

that warn of the dangers of vaping. They produced teaching materials and lesson plans for use in the classroom, along with a virtual reality (VR) experience that emphasises the peer pressure teens feel regarding vaping, and the health dangers of the habit. The materials were released in the same week as the government announced a ban on disposable vapes in an effort to tackle the rise in youth vaping.

The University is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of the business. Workplace policies and procedures demonstrate commitment to acting ethically and with integrity in all business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in the supply chains.

Community engagement

As the second largest employer in the region, the University provides employment opportunities to over 6,000 people and is home to more than 24,000 students from over 130 countries.

The University of Southampton generates significant positive economic impact for both the local area and the United Kingdom as a whole. A report by London Economics estimated the total economic impact on the UK associated with the University of Southampton's activities to be £4.14 billion (in 2020/21), a multiplier of 7.4 times the University's direct expenditure in that year. The diversity of sources of this economic impact are equally impressive, with significant contributions from Education, Research and Knowledge Exchange & Enterprise.

Created by the University of Southampton, in collaboration with the NIHR Biomedical Research Centre and University Hospital Southampton, LifeLab celebrated its 10th anniversary having welcomed more than 15,000 students through its doors. LifeLab is a unique research-based educational programme that empowers children and young people to understand the science behind their health, and to inform the choices they make for their own lives – for their health now, in the future, and for their future families.

During the year the Solicitor General opened a free legal aid clinic in Southampton, an initiative led by trainee lawyers from the University of Southampton who are taking on clients in need of legal aid without cost. The clinic advises on the most pressing issues facing people and businesses in Hampshire and the Isle of Wight – from laws around housing, to social justice, animal rights and the environment.

The University organised Community cafés to help people get active. The café sessions were part of research into

understanding the experiences of people with long-term health conditions in trying to remain active and anyone with a long-term health condition was invited to attend. The project was led by Dr James Gavin, Lecturer in musculoskeletal health, and Luisa Holt, Research Fellow in the University’s Active Living Research Group. Luisa explained: “The cafés are an original approach in our research, in a move to be more inclusive and to involve harder-to-reach people. Engaging with local physical activities is important to people, and it’s important that opportunities for such activities are on people’s doorsteps, whether that’s a social walking group, an exercise class, or facilities such as a gym.” Discussions about barriers to activity and exercise, and how to overcome them, were facilitated at the cafés.

Culture and events

John Hansard Gallery (JHG) is one of the UK’s leading contemporary art galleries. They support, develop, and present great art by outstanding artists from across the world and are proud to play a dynamic role in the cultural life of Southampton and the region.

During this year, JHG presented 15 exhibitions in the gallery including major new commissions by Ayo Akingbade in partnership with Chisenhale Gallery, Spike Island, The Whitworth, BALTIC Centre of Contemporary Art; Mykola Ridnyi in partnership with Puskin House; and Gayle Chong Kwan in partnership with Film and Video Umbrella. The programme included the keynote exhibition Pia Arke: Silences and Stories curated by Ros Carter, JHG Head of Programme and Senior Curator. Silences and Stories was the first major survey of Danish-Greenlandic artist Pia Arke (1958–2007) to be shown outside of Kalaallit Nunaat (Greenland), and the Nordic countries. Silences and Stories was developed in partnership with KW Institute for Contemporary Art, Berlin and their exhibition Pia Arke: Arctic Hysteria was presented in Berlin from 6 July to 20 October 2024.

Throughout the year, JHG continued the Co-Creating Public Space programme that invited communities from Southampton to develop major art commissions, created in conjunction with leading international artists. Project outcomes included: Oozing Gloop’s Virtual Pride as part of Southampton Pride (August 2023); Grace Lau’s Portraits In a Chinese Studio touring to London (October–December 2023), Eastbourne (February 2024) and St Leonards-on-Sea (May–June 2024); Mary Evans and Michael Elliott’s Windrush Portraits presented in Southampton (from October 2023) and on billboards across Jamaica (February 2024); Permindar Kaur, Ren Wooldridge, Rabia Raja’s Mela Monuments as part of a new sculpture park for the Southampton Mela Festival (July 2024).

In October 2023 JHG worked in partnership with UP Projects to

curate the Co-Creating Public Space conference: How Can We Thrive? that welcomed 318 delegates from across the public art sector and UK local authorities to Southampton. In May 2024 JHG hosted a book launch and symposium exploring Pia Arke’s artworks and legacy featuring artists, writers and academics from Greenland, Denmark, Germany and the UK.

In total during the year, John Hansard Gallery welcomed 90,595 exhibition visitors and reached an estimated audience in the public realm of over 1.6 million. Alongside their public exhibition programme, JHG welcomed 7,660 workshop participants and engaged with 2,371 children and young people through the engagement, learning and Space to Create activities.

Turner Sims Southampton (TS) is the University of Southampton’s music venue, with big ambitions to build an inclusive world through the joy of live music. TS shares live music that connects, moves and inspires people through extraordinary experiences in the venue and beyond.

“Turner Sims broadens our horizons, provides unique opportunities to engage with artists from different cultures and brings joy into our lives.”
Audience survey response

In 2023-24, TS welcomed 26,520 attendees overall at 152 events (including professional, student societies and community hires). It presented 92 concerts of leading national and international artists, plus 2 Family Days filled with free events and activities were attended by 1,200 visitors. A high percentage were first-time visitors and families from our ‘hyperlocal communities’ in SO16 and SO17.



In the year, TS partnered with Southampton & Isle of Wight Music and Hampshire Music Hub to deliver 4 free concerts, benefiting 631 children from 14 schools/ Early Years Settings. 3 Southampton primary schools participated in the Southbank Centre’s Imagine a Story project, with Turner Sims their first ever Southampton partner.

Public Benefit (continued)



“I’ve been to many many different presentations to children, and I can honestly say it was the best I’ve ever experienced – bravo!!”

Music Lead, Highfield CE Primary School

18 young people, aged 18 – 25 years, gained music industry experience in programming and delivering live events through two new paid training opportunities, The Vibe Collective and Future Producers.



“The Vibe has changed how I see arts in the city. Turner Sims saying you guys aged 18-25, you are going to shape the next 20 years in the city and we value your opinion – that was really special.”

Josh, The Vibe Collective

TS partnered with Music Department staff and students to pilot their first Community Tour providing concerts for one school and local charity Southampton Sight, in their own settings and at the venue.

“Community has never been more important, and with their positive and progressive outlook Turner Sims have made us feel a genuine, valued part of their – and Southampton’s – world. We cannot sing your praises louder!”

Southampton Sight

As part of our role as University of Sanctuary, Turner Sims works with City Life Education and Action for Refugees (CLEAR) and Southampton and Winchester Visitor’s Group, who support refugees and asylum seekers to gain access to live music by providing free concert tickets. We gave 39 tickets for 3 concerts.

Since 2020, UoS Arts & Culture has been host organisation of Southampton Cultural Education Partnership (SCEP), a growing consortium of diverse organisations who believe arts and culture can empower and enrich the lives of children and young people. Together SCEP seeks to nurture creative education for all young people in the City. With a commitment to Youth Voice, SCEP hosted the launch of “Our Manifesto for Culture and Creativity in Southampton”, by the Cultural Connectors, part of the Connecting Culture project.

“We all want a legacy from this and we believe that, regardless of age, we should all feel seen. Young people’s creativity deserves to be celebrated.”

Cultural Connectors

In addition to our cultural venues, the University is committed to supporting regional cultural development, as part of its Civic University Agreement.

Southampton Arts and Humanities Festival ran from 9th to 18th November 2023. This free public event is the University’s annual celebration of humanities and the arts. A hybrid programme of online and in-person events was provided, exploring research performed at the University. The festival concluded with a Hands-on Humanities day at the Avenue Campus. This family-friendly event included interactive activities, workshops, talks, exhibitions and live performances.

The University also lead the Connecting Culture Research Project, with a large consortium of cultural organisations and child-focused services. The project explores how Southampton’s thriving Cultural Quarter could enrich the lives of children and young people as a future creative hub.

Corporate Governance

Legal status of the University

The University is an independent Higher Education exempt charity under the terms of the Charity Act 2011, with the Office for Students (OfS) acting as principal regulator. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Our charitable objectives focus on the delivery of education and research. As a charity the University must operate for the public benefit which is detailed in the public benefit statement of this report. The University of Southampton was established by Royal Charter in 1952.

Members of Council are the charity trustees. No trustee received any payment for their trustee duties, other than for expenses incurred while fulfilling their duties. Details of the total expenses paid in relation to trustee duties are reported in note 10 to the Financial Statements.

Governance

The University's constitution is set out in its Charter and Ordinances. These are the overarching governance documents that outline the University's aims, structure, responsibilities and powers. These require the University to have a Council and a Senate, each with clearly defined functions and responsibilities to oversee the University's activities, as follows:

Council

Council is the governing body of the University and is charged by the Charter with responsibility for the management and administration of the revenue and property of the University and the conduct of all the affairs of the University (Article 9 of the Charter). In carrying out its functions, the Council is bound by the terms of the 'Terms and conditions of funding for higher education institutions' between the Office for Students and the University.

Council has a membership consisting of a majority of independent members and members of staff and students (see below for Council membership).

Council normally meets at least six times a year and receives reports on the functioning of the University and of its subsidiary companies. These include the critical assessment of agreed Key Performance Indicators. Matters specifically reserved for Council decision include the mission and strategic direction of the University, and the approval of budgetary allocations and major new developments.

Council may delegate some of its functions, powers and duties to individuals or/and to committees (subject to provisions in the ordinances).

Senate

Senate is responsible for the oversight of all academic matters. Academic matters means the policies, procedures, and regulations

of the University that relate to education, research and knowledge exchange and enterprise.

Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the University's arrangements for matters of governance, internal control, risk management, data assurance and value for money and for reviewing and commenting on the annual financial statements and accounting policies. It meets four times a year with the University's senior officers and the external and internal auditors. The Committee discusses detailed audit reports and recommendations for the improvement of the University's systems of control, together with management's response and implementation plans. The Committee also considers reports from the Office for Students relating to the conduct of business and monitors adherence to the regulatory requirements. Whilst senior executives are in attendance at meetings, they are not members of the Committee. The Committee members also meet regularly separately with external and internal auditors for independent consultations.

Finance Committee

The Finance Committee considers and makes recommendations to Council regarding the University's financial plans and interests and takes into consideration the wider environment of Higher Education funding, public policy and the demand for Higher Education services on a local to global scale.

Nominations and Governance Committee

The Nominations and Governance Committee is responsible for making recommendations for the filling of vacancies in membership of Council and for oversight of governance.

Remuneration Committee

The Remuneration Committee determines the remuneration of the President and Vice-Chancellor and members of the University Executive Board and has oversight of the remuneration arrangements for other senior members of staff, including members of our professoriate and senior professional services staff. The role of The University Executive Board is to advise the Vice-Chancellor on day-to-day management and decision making at the University.

Estates & Infrastructure Committee

The Estates & Infrastructure Committee provides advice concerning major capital and digital projects, and on long term strategy for the University's estate and infrastructure.

All of these committees are formally constituted with terms of reference that include the composition of membership. All members of Council and of its committees, together with the executive officers, are subject to Standing Orders, which inter alia require the maintenance of a Register of Interests. Members may not be present at any discussion in which they have a direct or indirect financial interest.

Corporate Governance (continued)

President and Vice-Chancellor

The President and Vice-Chancellor is the principal academic and administrative officer of the University and has overall responsibility to Council for the executive management of the University. Under the 'Terms and conditions of funding for higher education institutions' with the Office for Students the President and Vice-Chancellor is the designated 'accountable officer', and in that capacity is required to advise Council on the discharge of all its responsibilities under the terms and conditions of funding.

Statement of Internal Control

Council is responsible for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding public and other funds and assets for which it is responsible. The system of internal control is designed to understand and manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore provide only a reasonable, but not absolute, assurance against financial misstatement or loss.

The internal control system in place for the year ended 31 July 2024 and up to the date of approval of the financial statements accords with Office for Students guidance.

The key elements of the system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities and delegated authority of all members of the University Executive Board;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets and cash flow forecasts;
- regular reviews of business, operational, compliance and financial risk;
- regular reviews of overall performance and at least termly reviews of financial performance and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, appointment of staff, investment and borrowing decisions; and
- comprehensive Financial Regulations approved by the Finance Committee, Audit and Risk Committee and Council.

The system of internal control is supplemented by an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and the likelihood and impact of those risks becoming a reality; and to manage them efficiently, effectively and economically.

Council has approved a process of identifying major risks and encouraging risk management awareness throughout the

University with formal risk management strategies, policies and reporting systems, which are regularly monitored by Audit and Risk Committee and Council. This includes a focus on primary strategic aims and Key Performance Indicators. Risk management and internal control are considered on a regular basis during the year and there is an adequate risk and control assessment system.

Risk management has also been incorporated fully into the corporate planning and decision-making processes of the University. Council reviews the University's strategic risk register and key performance indicators (KPI) on a regular basis and formally reviews retrospective KPI performance.

The Audit and Risk Committee reviews the effectiveness of the systems of internal control on behalf of Council and reports back to Council annually.

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

Any such system can, however, only provide reasonable, but not absolute, assurance against financial misstatement or loss.

Role of Council in the Preparation of the Financial Statements

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the 'Statement of Recommended Practice (SORP): Accounting for Further and Higher Education' and other relevant accounting and financial reporting standards. In addition, within the 'Terms and conditions of funding for higher education institutions' between the Office for Students and the Council of the University, Council, through the President and Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

Council has, through its committees and officers, ensured that in the preparation of the financial statements:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent; and
- applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Corporate Governance (continued)

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis has been used in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from all government sources, including Office for Students, UKRI, Department for Education and Education and Skills Funding Agency, are used only for the purposes for which they have been given and in accordance with the ‘Terms and conditions of funding for higher education institutions’ and any other conditions which may have been prescribed;

- ensure that there are appropriate financial and management controls in place to safeguard funds from all sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University’s resources and expenditure.

Members of Council have had due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Members of the Council

The Council is comprised of University officers, academic and non-academic staff, students and independent lay members.

Membership for the period 1 August 2023 – 19 November 2024

Name	Type of Membership	Original appointment in this class commenced	Appointment end or actual leaving date if before 19 Nov 2024	Attendance Aug 2023 – Jul 2024
Mr P D Greenish	University Officer – Chair of Council	August 2018	April 2024	5/5
Sir I Diamond	University Officer – Chair of Council	April 2024	July 2027	3/3
Dame J Macgregor	University Officer – Vice-Chair of Council	August 2018	March 2026	8/8
Mr S Young	University Officer – The Council Treasurer	August 2021	July 2025	7/8
Professor M E Smith	University Officer - President and Vice-Chancellor	October 2019	N/A	8/8
Professor P Wright	University Officer - Senior Vice President	August 2021	N/A	8/8
Ms F Barnes	Independent Lay Member	November 2016	July 2025	7/8
Mr W Shannon	Independent Lay Member	July 2015	July 2024	4/8
Dr A Vincent	Independent Lay Member	August 2017	July 2026	8/8

Corporate Governance (continued)

Name	Type of Membership	Original appointment in this class commenced	Appointment end or actual leaving date if before 19 Nov 2024	Attendance Aug 2023 – Jul 2024
Ms H Pawlby	Independent Lay Member	August 2017	July 2026	6/8
Dame M Atkins	Independent Lay Member	March 2019	July 2025	7/8
Mr A Thakur	Independent Lay Member	August 2021	July 2024	6/8
Mr R Gledhill	Independent Lay Member	August 2022	July 2025	6/8
Ms J Douglas-Todd	Independent Lay Member	August 2022	July 2025	5/8
Mr D Willetts	Independent Lay Member	August 2023	July 2026	3/8
Mr J Johnston	Independent Lay Member	August 2024	July 2027	0/0
Mr H Kutty	Independent Lay Member	August 2024	July 2027	0/0
Professor J Holloway	Academic Staff Member	August 2018	July 2024	6/8
Dr V Cardo	Academic Staff Member	October 2020	July 2026	8/8
Professor m.c. Schraefel	Academic Staff Member	August 2021	July 2027	5/8
Dr K Vithana	Academic Staff Member	August 2021	July 2024	7/8
Professor D Eccles	Academic Staff Member	October 2024	July 2027	0/0
Mr B Siran	Non-academic Staff Member	May 2023	July 2026	6/8
Mr E Brooker	Student Member	July 2023	June 2024	6/7
Mr L Coomber	Student Member	July 2024	June 2025	1/1
Mr D Rezaeinia	Student Member	July 2024	June 2025	1/1

Independent auditor's report to the members of the University of Southampton

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of the University of Southampton (the 'University') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2024 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the statement of principal accounting policies;
- the consolidated and University statement of comprehensive income;
- the consolidated and University statement of financial position;
- the consolidated and University statement of changes in reserves;
- the consolidated statement of cash flows;
- the related notes 1 to 32; and
- the Supplemental Schedule (S1), being required by reference to the University of Southampton accepting students under the US Department of Education student financial assistance programs.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

2. Basis for opinion

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

We are independent of the Group and the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the University.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor’s report to the members of the University of Southampton (continued)

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none"> • Accounting for major capital projects
Materiality	The materiality that we used for the Group financial statements was £12.2m which was determined on the basis of 1.65% of total income.
Scoping	Our full scope audit of the University and our audit of specified account balances of the University of Southampton Science Park covered 99% of the group’s total income, 99% of the group’s net assets and 100% of the group’s surplus before tax.
Significant changes in our approach	In the previous year, we included a key audit matter with respect to the valuation of the Universities Superannuation Scheme (USS) deficit. In December 2023, following the Scheme’s latest valuation exercise, it was determined that deficit contributions were no longer required, and therefore no calculation of a deficit liability is required. This is therefore no longer considered a key audit matter.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Council’s assessment of the Group’s and University’s ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the forecasting process through enquiries with management and inspection of the forecasts;
- evaluating the reasonableness of the detailed assumptions underpinning the Group’s forecasts taking into consideration the current economic environment;
- evaluating the University’s financial position including the size and liquidity of its investment portfolio;
- assessing forecasting accuracy including the historical accuracy of forecasts against previous performance and comparing post year end performance to forecast; and
- assessing the appropriateness of the associated disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and University’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent auditor's report to the members of the University of Southampton (continued)

 5.1. Accounting for Major Capital Projects 

Key audit matter description	<p>The Group recognised a total of £69.7m (2023: £42.7m) of additions to assets in course of construction in the year ended 31 July 2024, as disclosed in note 15 to the financial statements. These additions predominantly relate to new academic facilities and infrastructure improvements.</p> <p>Judgement is applied in determining whether expenditure is capital in nature under the definitions of capital spend within FRS 102 Section 17 "Property, Plant and Equipment" or should be expensed. This judgement gives rise to the potential for manipulation and bias. Therefore, we consider this to be a risk of material misstatement due to fraud.</p> <p>Details of the accounting policies applied are set out in the statement of principal accounting policies note 1j and page 10 of the annual report.</p>
How the scope of our audit responded to the key audit matter	<p>To address the risk that accounting for major capital projects is not appropriate, our procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's process and the relevant controls over the capitalisation of major capital projects that may impact the classification and validity of additions; • Gaining an understanding of projects with significant expenditure in the year, including the status of key projects; • Assessing the appropriateness of management's accounting policy and the application of that policy; and • For a sample of additions to assets in course of construction, assessing management's judgement that these specific additions represented capital items, by assessing the nature of the additions against the criteria set out in FRS 102.
Key observations	<p>Based on the work performed, we are satisfied that accounting for major capital projects is appropriate.</p>

6. Our application of materiality

6.1. Materiality

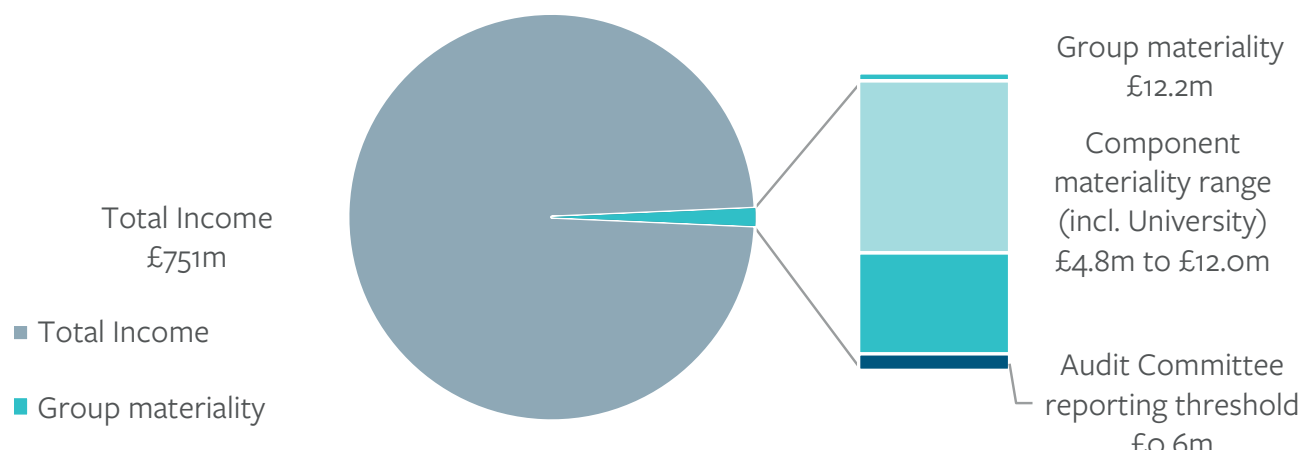
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	University financial statements
Materiality	£12.2m (2023: £11.9m)	£12.0m (2023: £11.0m)
Basis for determining materiality	Approximately 1.65% of total income (2023: 1.65% of total income)	University materiality equates to 1.65% of total income (2023: 1.65% of total income), which represents 98.4% of Group materiality (2023: 92.4%)
Rationale for the benchmark applied	We use total income as the benchmark for determining materiality as we have concluded that this best reflects the underlying performance of the Group and University and is a key metric for users of the financial statements.	

The amounts disclosed in note 13, expenditure on access and participation activities have been audited to a lower materiality of £0.5m (2023: 0.5m). This is due to the importance of this information to the regulator, the Office for Students, as a key user of the financial statements. This lower materiality was determined on the basis of 5% (2023: 5%) of the total expenditure £9.7m disclosed in note 13 (2023: £9.4m). No other account balances, classes of transactions or disclosures have been audited to a materiality lower than that for the financial statements as a whole.

Independent auditor’s report to the members of the University of Southampton (continued)



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	University financial statements
Performance materiality	65% (2023: 65%) of Group materiality	65% (2023: 65%) of University materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> • our assessment of the quality of the control environment; • management’s willingness to investigate and correct misstatements identified in the audit; • the nature, volume and size of misstatements corrected and uncorrected in the previous audit; • lack of any significant changes in the entity and sector; and • the low level of turnover of management and key accounting personnel. 	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.61m (2023: £0.59m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risk of material misstatement at the Group level. The University has eight subsidiary companies which form part of the consolidation, including subsidiaries based in Malaysia. All subsidiaries are wholly owned by the University. All audit work for the group audit, including audit of the consolidation and related adjustments, was performed directly by the group engagement team.

A full scope audit was performed on the University covering 99% of the Group’s total income (2023: 99%), 100% of the Group’s surplus before tax and 91% of the Group’s total net assets (2023: 91%) by the Group audit team. The coverage provided by our audit of specified account balances for the University of Southampton Science Park added an additional 5% to our coverage of net assets. There have been no significant changes in our scoping compared to prior year.

Independent auditor’s report to the members of the University of Southampton (continued)

The scope of our audit is summarised in the table below:

Component	Component Materiality	Scope
University of Southampton	£12.0m (2023: £11.0m)	Full scope audit.
University of Southampton Science Park	£4.8m (2023: £4.7m)	Audit of specified account balances, being the investment properties and non-current liabilities (borrowings).
Other non-dormant subsidiaries	n/a (2023: n/a)	Analytical procedures at group level.



7.2. Our consideration of the control environment

We have identified two key IT systems relevant to the audit: Agresso, which is the entity’s general ledger system, and Banner, which is the entity’s student system. We involved our IT specialists to obtain an understanding of the IT environment and general IT controls within the underlying systems.

Our controls approach focussed on obtaining an understanding of relevant controls relating to accounting for major capital projects, student fee income, financial reporting and general IT controls.

We did not rely on the controls and note the Audit and Risk Committee’s discussion of the control environment in their report commencing on page 24.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered management’s sustainability strategy as outlined on page 3 and the potential impact of future plans on the Group’s financial statements.

As part of our audit, we have held discussions with management to understand and evaluate their process for assessing the impact of climate change on the Group and its financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact and is developing a formal risk assessment.

We have read the disclosures made in relation to climate change in the other information within the Annual Report commencing on page 3 to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Council is responsible for the other information contained within the annual report.

Independent auditor's report to the members of the University of Southampton (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

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

We have nothing to report in this regard.

9. Responsibilities of the Council

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for the Vice Chancellor's remuneration, bonus levels and performance targets;
- results of our enquiries of Council, management, internal audit, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including pensions, valuations and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent auditor's report to the members of the University of Southampton (continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: accounting for major capital projects. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Higher Education Act, Office for Students Regulatory Advice 9: Accounts Direction and the relevant provisions of the code of financial regulations relating to the supplemental schedule.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's conditions of registration with the Office for Students.

11.2. Audit response to risks identified

As a result of performing the above, we identified accounting for major capital projects as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Office for Students; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Independent auditor's report to the members of the University of Southampton (continued)

13. Matters on which we are required to report by exception

13.1. Matters required under the OfS Accounts Direction

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 4 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year, as disclosed in note 13 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were re-appointed by the Council in December 2022 to audit the financial statements for the year ending 31 July 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is seven years, covering the years ending 31 July 2018 to 31 July 2024.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Council in accordance with the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Siviter FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

28 November 2024

Statement of principal accounting policies

a. General

The University of Southampton is a chartered corporation established by Royal Charter in 1952, and an exempt charity under the terms of the Charities Act 2011. Its principal place of business is University Road, Southampton, Hampshire, United Kingdom.

b. Going concern

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. The University's consolidated net debt, as set out in note 26, moved from £299.1m as at 31 July 2023 to £319.9m as at 31 July 2024. However, the net debt does not take into account the investment portfolio held as part of the University's treasury management strategy of £591.1m. If this is taken into account, the overall position is adjusted net funds of £271.3m, compared to £258.4m at 31 July 2023. The University has sufficient liquidity for its continuing operations and therefore the going concern basis has been used in the preparation of the financial statements.

c. Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Accounts Direction issued by the Office for Students (OfS) and the applicable accounting standard Financial Reporting Standard 102 (FRS 102). The financial statements comply with the requirements of FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The University has taken advantage of the exemption from the requirements of Section 7 Statement of Cash Flows as permitted under FRS 102 not to produce a Statement of Cash Flows for the University only. A Consolidated Statement of Cash Flows has been prepared on page 46.

The University is a public benefit entity and therefore has applied the relevant public benefit requirements of applicable laws and accounting standards.

The financial statements are prepared in sterling which is the functional currency of the University and rounded to the nearest thousand.

d. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2024. Intercompany balances and transactions between the University and its subsidiary undertakings are eliminated in full.

Where the financial statements of subsidiary companies are denominated in foreign currency, income and expenditure are converted to sterling for consolidation on the basis of the average exchange rate for the accounting period and the Consolidated Statement of Financial Position is converted using the rate at the Consolidated Statement of Financial Position date. Any resulting exchange rate differences are recognised in the Statement of Comprehensive Income.

The Consolidated Statement of Comprehensive Income includes the Group's share of the comprehensive income of associated undertakings and the Consolidated Statement of Financial Position includes the investment in associated undertakings at the Group's share of their underlying net tangible assets (the 'equity method'). Associated undertakings are those in which the Group has significant, but not dominant, influence over their commercial and financial policy decisions.

The consolidated financial statements do not include the income and expenditure of the University of Southampton Students' Union as it is a separate entity over which the University does not exert control or significant influence over policy decisions.

Operational decision making is based on the activities of the whole institution and this, along with the fact that materially all of the University's income and expenditure relates to its principal activities and originates in the UK, means that there is only one operating segment, and there is no segmental reporting.

e. Income recognition*Tuition fees*

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

Grant funding

Grant funding including funding council block grants, 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 performance related conditions specified in the agreement have been met. In the absence of any performance conditions income is recognised in full as soon as it becomes receivable.

Income received in advance of any performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met. Where grants are received in arrears, income is recognised as and when relevant performance conditions have been met.

Statement of principal accounting policies (continued)

Capital grants

Capital grants received for the purpose of purchasing or constructing specific assets are recognised as income when the University is entitled to the funds subject to any performance related conditions being met. Grants where the University has discretion over the assets being purchased or built are recognised in full as income when the University is entitled to the income.

Provision of goods or services

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied or the terms of the contract have been satisfied. Where services are being rendered but are not complete at the end of the period, income is recognised with reference to the stage of completion/degree of provision of the service, as determined on an appropriate basis for each contract.

Investment income

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Donations and endowments

Donation income is accounted for under the Performance Model and can be split into the following types of donation:

- *Donated income with performance conditions*
Income is recognised within the Statement of Comprehensive Income when receivable (legal/contractual commitment) and performance conditions have been met.
- *Donations with restrictions*
A donation is considered to have a restriction when the gift agreement contains “a requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition.” Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.
- *Donations without restrictions*
Income with neither restrictions nor performance conditions is recognised within the Statement of Comprehensive Income when the University is entitled to the income and recorded within unrestricted reserves.

Endowments are a class of donation where the donor requires the original gift to be invested, with the return to be spent against the donor’s charitable aims. The donor can specify that the capital can be spent (expendable endowment) or maintained in perpetuity (permanent endowment). In addition,

the donor can specify how the gift and any associated income should be spent (a restricted endowment) or give the funds for the general benefit of the University (unrestricted endowment).

An endowment gift is recognised in the Statement of Comprehensive Income when the University is entitled to the gift. Investment income and appreciation of endowments is recognised in the year in which it arises and is either restricted or unrestricted income according to the terms of the restriction applied to each individual endowment fund.

Agency income

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

f. Accounting for retirement benefits

The three principal pension schemes for the University’s staff are the Universities Superannuation Scheme (USS), the University of Southampton Pension and Assurance Scheme (PASNAS) and the University of Southampton Retirement Fund (USRF). The University also contributes to the National Health Service Pension Scheme (NHS), Hampshire County Council (HCC), National Employment Savings Trust (NEST) and schemes relating to subsidiary companies. A small number of staff remain in other schemes.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of each university due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

PASNAS and HCC are defined benefit schemes, the assets of which are held in trustee-administered funds which are valued every three years by professionally qualified independent actuaries. NHS is externally funded and the University’s share of the underlying assets and liabilities of the scheme cannot be identified, therefore this is accounted for as if it were a defined contribution scheme. USRF and NEST are defined contribution schemes.

Defined benefit schemes

Defined benefit schemes are post-employment benefit schemes other than defined contribution schemes. Under defined benefit schemes, the University’s obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit schemes net of scheme assets.

Statement of principal accounting policies (continued)

The net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the Statement of Comprehensive Income in the year during which services are rendered by employees.

g. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the period in which the employees render service to the University. Any unused benefits which have accrued at each Statement of Financial Position date are recognised as a liability, with the expense being recognised as staff costs in the Statement of Comprehensive Income.

h. Leases*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 a finance lease and the associated lease liability are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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.

Operating leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Any lease premiums or incentives are spread evenly over the minimum lease term.

i. Foreign currency

Transactions denominated in foreign currencies are recorded

in the Statement of Comprehensive Income at the actual rate of exchange on conversion to sterling. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into sterling at the foreign exchange rate prevailing at that date.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

j. Fixed assets

Fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fixtures, fittings and equipment purchased by the University and costing less than £25,000 per individual items or group of related items is written off in the year of acquisition. All other items of fixtures, fittings and equipment is capitalised. The capitalisation thresholds for subsidiary undertakings are set at appropriate levels that do not exceed £25,000.

Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Freehold buildings:	50 years
Leasehold land and buildings:	50 years
Fixtures, fittings and equipment:	3 - 40 years

Assets under the course of construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

Statement of principal accounting policies (continued)

Investment properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Within investment properties is capitalised lease premiums and associated costs which represent premiums paid by the Science Park in respect of land on long leases (99 years and over). These are included at historic cost and depreciated on a straight-line basis over the term of the lease. Any revaluation is held within Investment Leasehold and Freehold Property.

k. Heritage assets

Artefacts held and conserved principally for their contribution to knowledge and culture, obtained since 1 August 2010, costing over £25,000, are capitalised and held at the lower of cost or net realisable value. Where assets are fully or substantially donated, they are capitalised and held at the lower of valuation at the time of acquisition or net realisable value.

Heritage assets are not depreciated as their long economic lives mean that any depreciation would be immaterial but they are regularly reviewed for impairment.

Income received to support the purchase of heritage assets is recognised when the University is entitled to the income.

The University holds a number of heritage assets obtained before 1 August 2010 that are not capitalised as the historical cost or valuation at the time of acquisition cannot be determined in a cost beneficial manner.

l. Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets purchased by the University and costing less than £25,000 per individual items or group of related items is written off in the year of acquisition. The capitalisation thresholds for subsidiary undertakings are set at appropriate levels that do not exceed £25,000.

Amortisation

Amortisation on intangible assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Software: 3 - 8 years

Software in development is accounted for at cost, based on the value of the direct costs incurred to 31 July. They are not amortised until they are ready for use.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

m. Gifts in kind

Gifts in kind are included as fixed assets and depreciated in accordance with the policy set out above. The value of the donation is included in the Statement of Comprehensive Income in the period in which it is received, using a reasonable estimate of the gross value or the amount actually realised.

n. Investments

All investments are initially recognised at cost and subsequently measured at fair value at each reporting date, with movements recognised in the Statement of Comprehensive Income. For non-trading investments where fair value cannot be reliably measured, they will be measured at cost less impairment.

Investments in subsidiary undertakings and associates are accounted for at cost less accumulated impairment losses.

Investments in associated undertakings are accounted for using the equity method of accounting which reflects the University's share of the profit or loss, other comprehensive income and equity of the associate. In applying the equity method the University uses interim financial statements of the associate prepared to the 31st July.

All gains and losses on investment assets are recognised in the Statement of Comprehensive Income for that period.

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

Statement of principal accounting policies (continued)

o. Stock

Stock comprises of cochlear implants awaiting issue to patients and other items held for resale. Stock is held at the lower of cost and net realisable value.

p. Cash and cash equivalents

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Deposit investments are deemed to be cash equivalents if they have a maturity of three months or less from the date of acquisition.

Cash and cash equivalents contain sums relating to endowment reserves which the University is restricted as to how they disburse.

q. Financial instruments

As allowable under FRS 102 the University has adopted the option to apply the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102. Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (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.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publically traded or their fair value is reliably measurable) are measured at fair value through the Statement of Comprehensive Income. Where fair value cannot be measured reliably, investments are measured at cost less impairment. In the University's Statement of Financial Position, investments in subsidiaries are measured at cost less impairment.

Loans

Loans which are basic financial instruments (as defined in paragraph 11.9 of FRS 102) are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method and are subject to an annual impairment review.

Public bonds

Bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the bonds were issued and the transaction costs are accounted for as an additional interest expense over the term of the bonds.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are then revalued annually with any gains or losses being reported in the Statement of Comprehensive Income. The fair values are calculated by the bank from proprietary models based upon well recognised financial principles, data sources believed to be reliable and reasonable estimates about relevant future market conditions.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

r. 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 a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

s. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para. 1 of Schedule 6 to the Finance Act 2010 and 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 (CTA 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 University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

Statement of principal accounting policies (continued)

The University's subsidiaries are liable to Corporation Tax in the same way as other commercial organisations. However, the overall taxation liability of the group is minimised through using the Gift Aid scheme.

Deferred tax is provided in full on timing differences which result in an obligation at the Statement of Financial Position 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 financial statements. Deferred tax assets are recognised only if they are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

t. Reserves

Reserves are classified as restricted or unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Consolidated and University Statement of Comprehensive Income as at 31 July 2024

	Notes	Consolidated		University	
		2024	2023	2024	2023
		£000	£000	£000	£000
Income					
Tuition fees and education contracts	2/4	372,590	361,632	369,747	358,940
Funding body grants	3/4	84,001	91,494	84,001	91,494
Research grants and contracts	5	136,905	122,529	136,485	122,135
Other income	6	144,720	137,350	138,949	132,863
Investment income	7	8,766	13,591	8,680	13,500
Donations and endowments	8	4,553	3,448	4,553	3,448
Total income		751,535	730,044	742,415	722,380
Expenditure					
Staff costs excluding movements in the USS deficit funding accrual	9	399,759	364,200	396,099	360,865
Decrease in the USS deficit funding accrual accounted for within staffing costs	9	(194,030)	(31,781)	(194,030)	(31,781)
Total staff costs	9	205,729	332,419	202,069	329,084
Other operating expenses	10/12	274,928	256,653	266,576	248,000
Depreciation and amortisation	12	34,907	32,020	34,061	31,142
Interest and other finance costs	11	19,630	23,134	19,630	23,109
Total expenditure		535,194	644,226	522,336	631,335
Surplus before other gains/(losses)		216,341	85,818	220,079	91,045
Gain/(loss) on investments		38,073	(3,362)	38,619	(2,508)
Loss on disposal of fixed assets		(6,035)	(1,110)	(6,035)	(1,110)
Share of operating surplus/(loss) in associate		141	(122)	-	-
Surplus before tax		248,520	81,224	252,663	87,427
Taxation	14	(324)	1,727	-	-
Surplus for the year after tax		248,196	82,951	252,663	87,427
Surplus attributable to the University		248,196	82,951	252,663	87,427

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

University of Southampton and Subsidiary Undertakings

Consolidated and University Statement of Comprehensive Income as at 31 July 2024 (continued)

	Notes	Consolidated		University	
		2024 £000	2023 £000	2024 £000	2023 £000
Surplus for the year after tax		248,196	82,951	252,663	87,427
Other comprehensive loss					
Actuarial loss in respect of pension schemes	30	(3,042)	(5,080)	(3,042)	(5,080)
Total comprehensive income for the year		245,154	77,871	249,621	82,347
Represented by:					
Endowment comprehensive income/ (expenditure) for the year		539	(913)	539	(913)
Restricted comprehensive income/(expenditure) for the year		322	(315)	322	(315)
Unrestricted comprehensive income for the year		244,293	79,099	248,760	83,575
		245,154	77,871	249,621	82,347


All items of income and expenditure relate to continuing operations.

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

Consolidated and University Statement of Financial Position as at 31 July 2024

	Notes	Consolidated		University	
		As at	As at	As at	As at
		31 July 2024 £000	31 July 2023 £000	31 July 2024 £000	31 July 2023 £000
Non-current assets					
Tangible fixed assets	15	819,348	766,955	763,458	708,784
Heritage assets	15	6,035	6,035	6,035	6,035
Intangible assets	16	4,127	1,826	4,127	1,826
Investments	17	1,280	1,710	47,442	45,406
Share of net assets of associate	18	271	130	-	-
		831,061	776,656	821,062	762,051
Current assets					
Stock		1,576	1,455	1,570	1,449
Trade and other receivables	19	77,289	72,030	74,138	70,153
Investments	20	591,142	557,501	591,142	557,501
Cash and cash equivalents		24,280	103,668	17,224	96,154
		694,287	734,654	684,074	725,257
Creditors: amounts falling due within one year	21	(208,393)	(196,540)	(205,325)	(193,617)
Net current assets		485,894	538,114	478,749	531,640
Total assets less current liabilities		1,316,955	1,314,770	1,299,811	1,293,691
Creditors: amounts falling due after more than one year	22	(345,845)	(403,888)	(343,878)	(401,828)
Provisions					
Pension provisions	23	(25,366)	(212,210)	(25,366)	(212,210)
Other provisions	23	(3,195)	(1,277)	(1,293)	-
Total net assets		942,549	697,395	929,274	679,653
Represented by :					
Restricted reserves					
Income and expenditure reserve - endowment reserve	24	12,448	11,909	12,448	11,909
Income and expenditure reserve - restricted reserve	25	4,564	4,242	4,564	4,242
Unrestricted reserves					
Income and expenditure reserve - unrestricted		925,537	681,244	912,262	663,502
Total reserves		942,549	697,395	929,274	679,653

The financial statements were approved by the Council on 19 November 2024, and signed on its behalf by:



Professor Mark E Smith
President and Vice-Chancellor



Sir Ian Diamond
Chair of Council



Alison Jarvis
Executive Director of Finance

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2024

Consolidated

		Income and Expenditure Reserve			
	Notes	Endowment	Restricted	Unrestricted	Total
		£000	£000	£000	£000
Balance at 1 August 2022		12,822	4,557	602,145	619,524
(Deficit)/surplus from the Statement of Comprehensive Income		(913)	(315)	84,179	82,951
Other comprehensive expenditure	30	-	-	(5,080)	(5,080)
Total Comprehensive (Expenditure)/Income for the year		(913)	(315)	79,099	77,871
Balance at 1 August 2023		11,909	4,242	681,244	697,395
Surplus from the Statement of Comprehensive Income		539	322	247,335	248,196
Other comprehensive expenditure	30	-	-	(3,042)	(3,042)
Total Comprehensive Income for the year		539	322	244,293	245,154
Balance at 31 July 2024		12,448	4,564	925,537	942,549

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2024 (continued)

University

	Notes	Income and Expenditure Reserve			
		Endowment	Restricted	Unrestricted	Total
		£000	£000	£000	£000
Balance at 1 August 2022		12,822	4,557	579,927	597,306
(Deficit)/surplus from the Statement of Comprehensive Income		(913)	(315)	88,655	87,427
Other comprehensive expenditure	30	-	-	(5,080)	(5,080)
Total Comprehensive (Expenditure)/Income for the year		(913)	(315)	83,575	82,347
Balance at 1 August 2023		11,909	4,242	663,502	679,653
Surplus from the Statement of Comprehensive Income		539	322	251,802	252,663
Other comprehensive expenditure	30	-	-	(3,042)	(3,042)
Total Comprehensive Income for the year		539	322	248,760	249,621
Balance at 31 July 2024		12,448	4,564	912,262	929,274

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

Consolidated Statement of Cash Flows for the year ended 31 July 2024

	Notes	31 July 2024 £000	31 July 2023 £000
Cash flow from operating activities before tax			
Surplus before taxation		248,520	81,224
Adjustment for non-cash items			
Depreciation and amortisation	15, 16	34,907	32,020
(Gain)/loss on investments		(38,073)	3,362
Impairment of fixed assets	15, 16	2,519	293
Increase in stock		(121)	(92)
Increase in trade and other receivables		(4,744)	(2,771)
Increase in creditors		11,322	647
Decrease in pension provision	23	(189,886)	(22,406)
Increase/(decrease) in other provisions	23	1,918	(1,590)
Exchange rate gain on loans	11	(218)	(1,029)
Loss on revaluation of investment property	15	3,951	7,948
Gain on financial instruments	11	-	(12)
Share of operating (surplus)/deficit in associate	18	(141)	122
Adjustment for investing or financing activities			
Investment income	7	(8,766)	(13,591)
New endowments	8	(28)	-
Capital grant income	3	(5,406)	(8,439)
Interest payable	11	14,086	14,591
Loss on the disposal/write down of fixed assets	15	2,870	460
Net cash inflow from operating activities before taxation		72,710	90,737
Taxation		(324)	1,727
Net cash inflow from operating activities after taxation		72,386	92,464

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

Consolidated Statement of Cash Flows for the year ended 31 July 2024 (continued)

	Notes	31 July 2024 £000	31 July 2023 £000
Cash flows from investing activities			
Capital grants receipts	3	5,406	8,489
Payments made to acquire tangible assets		(95,454)	(54,035)
Payments on intangible assets	16	(2,398)	(917)
Proceeds from disposal of tangible assets		12	554
Proceeds from disposal of fixed asset investments		-	7,541
Net divestment/(investment) in current investments		4,901	(159,434)
Investment income		8,212	13,097
Net cash outflow from investing activities		(79,321)	(184,705)
Cash flows from financing activities			
Interest paid		(14,044)	(14,549)
New endowments	8	28	-
Repayment of amounts borrowed		(57,978)	(1,734)
Capital element of finance lease repayments	22	(459)	(426)
Net cash outflow from financing activities		(72,453)	(16,709)
Decrease in cash and cash equivalents in the year		(79,388)	(108,950)
Cash and cash equivalents at beginning of the year		103,668	212,618
Cash and cash equivalents at end of the year		24,280	103,668
Decrease in cash and cash equivalents in the year		(79,388)	(108,950)

The Statement of principal accounting policies and the notes on pages 48 to 91 form part of these financial statements

1. Significant estimates and judgements

In the process of applying its accounting policies, the University is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by senior management.

The University's management has sought to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows. In determining and applying those accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption could materially affect the reported results or net asset position of the University.

A number of material judgements and significant estimates have been used in the preparation of the financial statements which are detailed below.

Defined benefit scheme obligations - USS pension provision

Judgements:

FRS 102 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 Universities Superannuation Scheme. 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 a 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 in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore will recognise the discounted fair value of any contractual contributions in existence at the date of approving these financial statements.

Defined benefit scheme pension provision – PASNAS

Estimates:

The University contributes to a defined benefit pension scheme for which a provision is recorded in the Statement of Financial Position; this is the University of Southampton Pension and Assurance Scheme (PASNAS).

The recognised pension deficit liability is based on the valuation provided by professionally qualified independent actuaries which is based on a number of assumptions. These include the future cash flows of the Schemes, a discount rate of 5.0% (which is based on average AA rated UK corporate bond rates that reflect the duration of our liability), a 2.9% increase in pensionable salaries going forward and proposed price inflation of 3.2% (which is based on the Retail Price Index). Further details on these assumptions can be found in note 30.

The net interest expense is based on the interest rates of AA rated corporate bonds and the deficit position.

Management reviews the assumptions made to derive the provisions recorded within the Statement of Financial Position to ensure that they are reasonable and has performed the following sensitivity analysis:

Sensitivity of the value placed on the liabilities	Increase/(Decrease) to provision (£)
Discount rate	
Discount rate +0.50%	(17,811,000)
Discount rate -0.50%	20,251,000
Inflation	
Inflation +0.50%	13,793,000
Inflation -0.50%	(14,901,000)
Salary increases	
Salary increases +0.50%	5,372,000
Salary increases -0.50%	(4,874,000)
Mortality	
Life expectancy +1 year	8,691,000
Life expectancy -1 year	(8,864,000)

Notes to the Financial Statements for the year ended 31 July 2024

2. Tuition fees and education contracts

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Full-time home students	121,375	120,670	121,375	120,670
Full-time international students	219,854	209,401	217,011	206,709
Part-time home students	3,980	4,377	3,980	4,377
Part-time international students	248	315	248	315
Research training support grants	17,818	18,682	17,818	18,682
Special and short course fees	9,315	8,187	9,315	8,187
	372,590	361,632	369,747	358,940

EU-domiciled students who registered with the University prior to Brexit are classed as home students. Post Brexit, EU-domiciled students are classed as international students.

Included in the above is £4,778,000 (2023: £4,778,000) of NHS Teaching Contract income in respect of full and part-time students.

Other income from health authorities is disclosed under note 6.

3. Funding body grants

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Recurrent grants:				
Office for Students and Research England	68,251	72,516	68,251	72,516
Specific grants:				
Office for Students and Research England	10,344	10,539	10,344	10,539
Capital grants:				
Office for Students and Research England	5,406	8,439	5,406	8,439
	84,001	91,494	84,001	91,494

Specific Government Grant income of £407,000 (2023: £378,000) and Government Capital grants of £Nil (2023: £Nil) have been received but have not been included in the Statement of Comprehensive Income as performance conditions had not been met as at 31st July.

Notes to the Financial Statements for the year ended 31 July 2024

4. Details of grant and fee income

The source of grant and fee income, included in notes 2 to 3 is as follows:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Recurrent grants				
Office for Students	19,886	19,848	19,886	19,848
Research England - Quality-related research (QR)	48,365	52,668	48,365	52,668
NHS Teaching Contract	4,778	4,778	4,778	4,778
Specific grants				
Higher Education Academic Subject Centres (NCOP)	563	696	563	696
Higher Education Innovation Fund	6,399	6,428	6,399	6,428
Research QR Policy Support Fund	955	953	955	953
Enhancing Research Culture	700	700	700	700
Participatory Research	150	150	150	150
International Science Partnerships Fund	929	-	929	-
Regional Innovation Fund	236	-	236	-
Talent and Research Stabilisation Fund	-	550	-	550
Hardship Funding	-	19	-	19
Capital grants	5,406	8,439	5,406	8,439
Grant income from other bodies	412	1,043	412	1,043
Fee income for taught awards	330,060	319,539	327,217	316,847
Fee income for research awards	28,437	29,128	28,437	29,128
Fee income from non-qualifying courses	9,315	8,187	9,315	8,187
Total grant and fee income	456,591	453,126	453,748	450,434

Notes to the Financial Statements for the year ended 31 July 2024

5. Research grants and contracts

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Income				
UK Research Councils	66,031	55,333	66,031	55,333
UK based charities	11,697	12,186	11,697	12,186
UK Central/Local Government, health authorities and hospitals	31,833	26,105	31,833	26,105
UK industry, commerce and public corporations	7,155	6,199	6,793	5,880
EU Government bodies	7,656	9,831	7,656	9,831
EU other sources	2,977	3,082	2,972	3,076
Other overseas sources	8,954	8,906	8,914	8,851
Other sources	602	887	589	873
	136,905	122,529	136,485	122,135

Research grant income of £66,100,000 (2023: £69,300,000) has been received but has not been recognised in income as it had not been spent as at 31st July as required in the performance conditions. Of the total deferred income £4,700,000 (2023: £6,800,000) relates to government funded research grants.

6. Other income

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Residences, catering and conferences	48,512	44,380	48,512	44,380
Consultancies, trading and services rendered	54,342	48,280	52,016	45,863
Health authorities	13,492	13,672	13,492	13,672
Other income	28,374	31,018	24,929	28,948
	144,720	137,350	138,949	132,863

Notes to the Financial Statements for the year ended 31 July 2024

7. Investment income

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Income from endowments	401	201	401	201
Other investment income	8,365	13,390	8,279	13,299
	8,766	13,591	8,680	13,500

8. Donations and endowments

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
New endowments received in the year	28	-	28	-
Donations with restrictions	4,090	2,887	4,090	2,887
Unrestricted donations	435	561	435	561
	4,553	3,448	4,553	3,448

9. Staff costs

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Staff costs:				
Salaries and wages	318,955	280,751	315,736	277,849
Social Security costs	32,847	28,853	32,705	28,705
Pension costs excluding movement in USS pension provision	47,457	54,129	47,158	53,844
Severance and early retirement	500	467	500	467
	399,759	364,200	396,099	360,865
Decrease in USS pension provision	(194,030)	(31,781)	(194,030)	(31,781)
Total cost including USS pension provision	205,729	332,419	202,069	329,084

Notes to the Financial Statements for the year ended 31 July 2024

9. Staff costs (continued)

	Consolidated		University	
	2024 Number	2023 Number	2024 Number	2023 Number
Average staff numbers expressed as full-time equivalents by major category inclusive of part-time appointments:				
Education, research and enterprise	2,826	2,639	2,792	2,620
Management, specialist and administrative	2,779	2,483	2,704	2,429
Technical and experimental	385	361	383	358
Community and operational	444	426	437	419
	6,434	5,909	6,316	5,826

**Emoluments of the President and Vice-Chancellor
Professor Mark E Smith CBE**

	2024 £000	2023 £000
Salary	340	316
Purchase of additional holiday	(8)	(7)
	332	309
Supplement in lieu of pension	25	23
Taxable benefits	7	8
Non-Taxable Benefits	8	7
	372	347
USS employer contributions	15	18
USS Scheme deficit recovery charge	7	15
	394	380

Salary

During the year, Professor Mark Smith was paid salary of £339,579 (2023: £316,225). Professor Smith elected to purchase additional holiday during the year, resulting in deductions from his salary of £7,640 (2023: £7,270). Professor Smith is a member of the Universities Superannuation Scheme (USS) with the USS Voluntary Salary Cap in place, limiting the accrual of pension benefits to part of his salary. He received a supplement in lieu of pension of £25,458 (2023: £23,123) in respect of the non-pensionable part of his salary. The University made the required employer pension contributions of £21,349 (2023: £32,757) during the year, including the required scheme deficit recovery charge until 31 December 2023.

A justification for the total remuneration package for the President and Vice-Chancellor can be found in the annual report of the Remuneration Committee which can be found here: <https://www.southampton.ac.uk/about/governance/structure/council-senate-committee/remuneration>

Notes to the Financial Statements for the year ended 31 July 2024

9. Staff costs (continued)

Pay Ratios (including casual workers on a full year equivalent basis)

	2024		2023	
	Basic Pay	Total Remuneration	Basic Pay	Total Remuneration
Professor Mark E Smith	9.8	10.1	9.7	10.4
Median salary (for reference)	£34,562	£39,044	£32,458	£36,536

Pay Ratios (excluding casual workers on a full year equivalent basis)

	2024		2023	
	Basic Pay	Total Remuneration	Basic Pay	Total Remuneration
Professor Mark E Smith	8.4	8.4	8.2	8.3
Median salary (for reference)	£40,521	£47,168	£38,626	£45,864

Taxable benefits

In common with other senior post holders, the University provided Professor Mark Smith with single membership of a healthcare scheme to help ensure his availability for work, at a cost of £1,182 for the period from 1 August 2023 to 31 July 2024 (2023: £871).

For the better performance of his official duties, and as required by contract, Professor Mark Smith lived at the Vice-Chancellor's official residence in Southampton whilst serving as President and Vice-Chancellor. The residence is used regularly for University meetings and official functions. These living arrangements incurred a taxable benefit of £5,693 in 2024 (2023: £6,810) and a non-taxable benefit of £7,842 based on market rental prices (2023: £6,985).

Notes to the Financial Statements for the year ended 31 July 2024

9. Staff costs (continued)
Higher Paid Staff

Remuneration of higher paid staff based on basic salary is detailed below. Where a proportion of the salary is reimbursed by a third party, only the proportion paid by the University and its subsidiaries is included.

	2024		2023	
	Headcount	All Staff FTE	Headcount	All Staff FTE
£100,000 - £104,999	27	17.3	48	39.3
£105,000 - £109,999	55	45.9	50	40.2
£110,000 - £114,999	39	33.0	37	25.2
£115,000 - £119,999	28	18.7	48	28.0
£120,000 - £124,999	37	21.6	11	9.8
£125,000 - £129,999	47	29.6	3	3.0
£130,000 - £134,999	5	4.4	5	2.5
£135,000 - £139,999	3	1.2	5	3.7
£140,000 - £144,999	3	1.9	1	0.8
£145,000 - £149,999	5	3.8	1	1.0
£150,000 - £154,999	1	0.8	1	0.8
£155,000 - £159,999	2	1.8	-	-
£160,000 - £164,999	-	-	1	1.0
£165,000 - £169,999	-	-	1	1.0
£170,000 - £174,999	2	1.4	-	-
£175,000 - £179,999	-	-	-	-
£180,000 - £184,999	-	-	1	0.5
£185,000 - £189,999	-	-	2	1.8
£190,000 - £194,999	3	3.0	-	-
£195,000 - £199,999	1	1.0	1	0.3
none between £200,000 and £314,999	-	-	-	-
£315,000 - £319,999	-	-	1	1.0
none between £320,000 and £334,999	-	-	-	-
£335,000 - £339,999	1	1.0	-	-
Total	259	186.4	217	159.9

9. Staff costs (continued)

Compensation for loss of office	2024	2023	2024	2023
	Number of staff	Number of staff	£000	£000
Aggregate payments for voluntary severance	13	20	500	467
Aggregate payments for redundancy at the end of fixed term contracts and any associated payments	109	108	439	280

Salaries and wages, emoluments of the Vice-Chancellor and higher paid staff numbers are stated before salary sacrifice deductions.

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.

	2024	2023
	£000	£000
Key management personnel compensation	3,847	3,430

The key management personnel are represented as the University Executive Board (UEB). The costs comprise the salary and benefits for the 17.8 (2023: 17.0) full time equivalent members of UEB. The positions are:

- President and Vice-Chancellor
- Chief of Staff and Chief Strategy Officer
- Senior Vice-President Academic and Deputy Vice-Chancellor
- Vice-President Education and Student Experience
- Vice-President Research and Enterprise
- Vice-President Operations
- Vice-President International and Engagement
- Executive Director of Engagement & Advancement
- Executive Director of Finance
- Executive Director of Human Resources
- Senior Executive Director of Student Experience and Deputy Vice-President Operations
- Deans of Faculties

Notes to the Financial Statements for the year ended 31 July 2024

10. Other operating expenses

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Non-capitalised equipment	31,593	29,274	31,335	29,075
Loss on revaluation on investment properties	4,131	7,948	-	-
Impairment of property value	2,266	190	2,266	190
Impairment of equipment	208	94	208	94
Impairment of intangible assets	45	-	45	-
Consumables and laboratory expenditure	23,491	21,459	23,450	21,412
Office expenses and professional fees	57,165	56,809	55,483	54,865
Travel and subsistence	12,719	12,056	12,559	11,845
Repairs, refurbishment and scheduled maintenance	31,694	27,249	29,541	26,163
Utilities	19,555	15,189	19,589	15,268
Books and periodicals	6,738	6,482	6,732	6,475
Bursaries, fellowships, scholarships and prizes	25,272	23,611	25,229	23,577
External agencies and staff secondments	18,888	21,832	18,731	21,651
Rents, rates and hire of facilities	14,224	10,650	14,992	10,720
Catering supplies	2,129	2,304	1,934	2,134
Conference fees	3,724	2,948	3,745	2,966
Grant to Students' Union	3,025	3,144	3,025	3,144
Other expenses	18,061	15,414	17,712	18,421
	274,928	256,653	266,576	248,000

Lay members and non University staff officers of Council did not receive payment, apart from the reimbursement of expenses, for fulfilling their role as members of the governing body. Total expenses paid to or on behalf of lay members of Council were £33,000 (2023: £16,000), representing travel and other expenses incurred in attending Council and related meetings, and representing the University in the UK and overseas.

Notes to the Financial Statements for the year ended 31 July 2024

10. Other operating expenses (continued)

Other operating expenses include our external auditor's remuneration:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Deloitte:				
In respect of the annual external audit	382	340	284	258
In respect of other services	28	7	28	7

Other services includes £28,000 (2023: £6,900) for other agreed upon procedure engagements relating to Reporting to the US department of Education on loans provided to American students studying at the University, Teacher Training bursaries and the Teacher's Pension Scheme.

Other operating expenses include operating lease rentals as follows:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Land and buildings	3,746	2,756	3,895	2,905
Other	383	411	383	411

11. Interest and other finance costs

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Loan interest	2,751	3,438	2,751	3,401
Bond interest	6,792	6,792	6,792	6,792
Finance lease interest	4,543	4,361	4,543	4,361
Exchange rate loss on currency loans	19	72	19	72
Exchange rate loss on subsidiary loan	199	957	199	957
Increase in fair value of financial instrument	-	(12)	-	-
Net charge on pension schemes	5,326	7,526	5,326	7,526
	19,630	23,134	19,630	23,109

Notes to the Financial Statements for the year ended 31 July 2024

12. Analysis of expenditure by activity

Consolidated	Depreciation	Other	Interest	2024	2023	
	Staff and	operating	and other			
	costs amortisation	expenses	finance costs	Total	Total	
	£000	£000	£000	£000	£000	
Academic departments	204,634	3,404	38,988	-	247,026	225,125
Academic services	34,517	1,384	28,804	-	64,705	54,853
Research grants and contracts	58,815	4,223	25,862	-	88,900	83,494
Residences, catering and conferences	7,789	6,678	23,158	2,805	40,430	39,295
Premises	13,020	17,280	50,368	-	80,668	69,763
Administration and central services	40,826	1,487	15,383	-	57,696	53,340
General educational expenditure	10,026	-	58,070	-	68,096	70,620
Consultancies, trading and services rendered	29,583	451	27,396	-	57,430	50,774
Other activities	549	-	6,899	12,486	19,934	21,606
Total expenditure excluding USS pension provision	399,759	34,907	274,928	15,291	724,885	668,870
(Decrease)/increase in USS Pension Provision	(194,030)	-	-	4,339	(189,691)	(24,644)
Total expenditure including USS pension provision	205,729	34,907	274,928	19,630	535,194	644,226

University	Depreciation	Other	Interest	2024	2023	
	Staff and	operating	and other			
	costs amortisation	expenses	finance costs	Total	Total	
	£000	£000	£000	£000	£000	
Academic departments	202,866	3,330	38,740	-	244,936	223,335
Academic services	34,390	1,384	28,514	-	64,288	54,550
Research grants and contracts	58,815	4,222	25,493	-	88,530	83,157
Residences, catering and conferences	7,789	6,678	23,158	2,805	40,430	39,295
Premises	13,020	17,141	51,579	-	81,740	70,416
Administration and central services	40,136	1,135	14,859	-	56,130	51,647
General educational expenditure	9,784	-	57,526	-	67,310	69,837
Consultancies, trading and services rendered	28,750	171	19,772	-	48,693	38,623
Other activities	549	-	6,935	12,486	19,970	25,119
Total expenditure excluding USS pension provision	396,099	34,061	266,576	15,291	712,027	655,979
(Decrease)/increase in USS Pension Provision	(194,030)	-	-	4,339	(189,691)	(24,644)
Total expenditure including USS pension provision	202,069	34,061	266,576	19,630	522,336	631,335

Notes to the Financial Statements for the year ended 31 July 2024

13. Access and participation expenditure

	2024	2023
Consolidated and University	£000	£000
Access investment	1,986	2,036
Financial support	5,820	6,117
Disability support (excluding expenditure included in the two categories above)	1,625	1,090
Research and evaluation	234	171
	9,665	9,414

These costs are included within note 12 and include salaries of £2,933,000 (2023: £2,359,000).

The published access and participation plan can be found at <https://www.southampton.ac.uk/about/governance/access-agreement.page>

14. Taxation

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Analysis of tax charge/(credit)				
UK Corporation Tax	1	1	-	-
Deferred Tax	323	(1,728)	-	-
	324	(1,727)	-	-

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Recognised in the Statement of Comprehensive Income:				
Current tax				
Current tax charge	1	1	-	-
Current tax charge	1	1	-	-
Deferred tax				
Origination and reversal of timing differences and other movements	268	(2,021)	-	-
Adjustments in respect of prior periods	55	293	-	-
Deferred tax charge/(credit)	323	(1,728)	-	-
Total tax charge/(credit)	324	(1,727)	-	-

Notes to the Financial Statements for the year ended 31 July 2024

15. Tangible fixed assets

Consolidated

	Freehold land and buildings	Leasehold land and buildings	Assets in course of construction	Investment properties	Fixtures, fittings and equipment	Total tangible fixed assets	Heritage assets
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 August 2023	766,345	184,260	38,737	39,851	178,108	1,207,301	6,035
Additions at cost	9,994	596	69,677	299	15,989	96,555	-
Transfers at cost	44,707	2,841	(55,076)	1,059	6,469	-	-
Loss on revaluation	-	-	-	(3,951)	-	(3,951)	-
Disposals at cost	(6,779)	-	-	-	(5,584)	(12,363)	-
Impairments and write-downs	-	-	(261)	-	-	(261)	-
At 31 July 2024	814,267	187,697	53,077	37,258	194,982	1,287,281	6,035
Depreciation							
At 1 August 2023	(217,092)	(78,404)	-	(237)	(144,613)	(440,346)	-
Charge for year	(19,443)	(3,774)	-	-	(11,638)	(34,855)	-
Eliminated on disposal	3,913	-	-	-	5,568	9,481	-
Transfers	-	(237)	-	237	-	-	-
Impairments and write-downs	(2,213)	-	-	-	-	(2,213)	-
At 31 July 2024	(234,835)	(82,415)	-	-	(150,683)	(467,933)	-
Net book value							
At 31 July 2024	579,432	105,282	53,077	37,258	44,299	819,348	6,035
At 1 August 2023	549,253	105,856	38,737	39,614	33,495	766,955	6,035

Notes to the Financial Statements for the year ended 31 July 2024

15. Tangible fixed assets (continued)

University

	Freehold land and buildings £000	Leasehold land and buildings £000	Assets in course of construction £000	Fixtures, fittings and equipment £000	Total tangible fixed assets £000	Heritage assets £000
Cost or valuation						
At 1 August 2023	766,345	172,800	33,300	172,878	1,145,323	6,035
Additions at cost	9,994	272	67,975	15,782	94,023	-
Transfers at cost	44,707	3,127	(54,303)	6,469	-	-
Disposals at cost	(6,779)	-	-	(5,567)	(12,346)	-
Impairments and write-downs	-	-	(261)	-	(261)	-
At 31 July 2024	814,267	176,199	46,711	189,562	1,226,739	6,035
Depreciation						
At 1 August 2023	(217,092)	(77,927)	-	(141,520)	(436,539)	-
Charge for year	(19,443)	(3,578)	-	(10,988)	(34,009)	-
Eliminated on disposal	3,913	-	-	5,567	9,480	-
Impairments and write-downs	(2,213)	-	-	-	(2,213)	-
At 31 July 2024	(234,835)	(81,505)	-	(146,941)	(463,281)	-
Net book value						
At 31 July 2024	579,432	94,694	46,711	42,621	763,458	6,035
At 1 August 2023	549,253	94,873	33,300	31,358	708,784	6,035

At 31 July 2024, freehold land and buildings included £100,130,000 (2023: £94,713,000) in respect of land, which is not depreciated.

The figures for completed leasehold land and buildings include an asset held under a finance lease which has been capitalised. This is held at a cost of £47,812,000 (2023: £47,812,000), with accumulated depreciation of £9,529,000 (2023: £8,576,000) and a net book value of £38,283,000 (2023: £39,236,000).

Included in the balances for leasehold land and buildings is expenditure of £27,900,000 (2023: £27,900,000) funded by Office for Students and Research England (previously HEFCE and its predecessors) in respect of clinical land and buildings in National Health Service ownership, and £14,600,000 (2023: £14,600,000) for the National Oceanography Centre, Southampton, funded by Office for Students and Research England in respect of buildings constructed by the Natural Environment Research Council.

15. Tangible fixed assets (continued)

Impairments and write-downs of £2,474,000 (2023: £284,000) have been recognised in the Statement of Comprehensive Income for the year within other operating expenses. Impairments include assets with a net book value of £2,213,000 as the assets have come to the end of their useful life. Write-downs include assets with a net book value of £261,000 relating to 4 assets capitalised in prior periods which, on review, should have been charged to other operating expenses.

The investment properties and capitalised lease premiums have been valued effective 31 July 2024 by CBRE Limited, Chartered Surveyors. Valuations are conducted annually. The valuer is experienced in valuing property in comparable locations and of a comparable nature, complexity and value as the Science Park. The report has been signed by the principal valuer and prior to submission was counter signed by a senior Director and CBRE RICS registered valuer. It has also been peer reviewed by an external CBRE RICS registered valuer and senior director, in line with the CBRE internal quality assurance processes.

The net historical cost of investment properties (including grants receivable in respect of assistance with construction of an Incubator Unit) at 31 July 2024 amounted to £47,804,000 (2023: £46,229,000), including interest capitalised of £445,000 (2023: £445,000). The investment properties are held for use in operating leases. The net book value of investment properties is split between freehold investment property of £1,955,000 (2023: £2,150,000) and long leasehold investment property of £35,303,000 (2023: £37,464,000).

In addition to the above expenditure on fixed assets a further £42,500,000 has been committed by the University and its subsidiary undertakings as detailed in note 28.

Heritage assets

The University holds and conserves a significant number of rare books and manuscripts within the Special Collections Division of the Hartley Library. This includes over 6 million items in approximately 2,500 collections that have been obtained by the University and its predecessors since the 1860s. The University also maintains a significant number of paintings, drawings, sculptures, silverware and life science specimens. Items and collections obtained before 1 August 2010 have not been capitalised as the cost or valuation at the time of acquisition cannot be economically determined.

In August 2011, the University completed the acquisition of the Broadlands Archives, a significant collection of manuscripts dating from the sixteenth century to the present. Comprising more than 4,500 boxes of documents, the Broadlands Archives include correspondence of the Victorian Foreign Secretary and Prime Minister Lord Palmerston and approximately 250,000 papers and 50,000 photographs of Earl Mountbatten of Burma, including the foundation archives for the states of India and Pakistan. The collection also includes the diaries of the 19th-century social reformer and philanthropist, the 7th Earl of Shaftesbury and material regarding the Temple and Ashley estates in Hampshire.

An open market valuation of the Broadlands Archives was obtained in September 2012 from Bernard Quaritch Ltd, specialists in the valuation and sale of archives and manuscript collections. The valuer considered the separate collections that comprise the Broadlands Archives and took account of restrictions under the terms of associated grants and contracts in reaching an overall valuation of £6 million. The Archives have been capitalised at this value.

Further information regarding the Broadlands Archives and the other collections held within the Hartley Library, including access details, can be found on the Special Collections website at <http://www.southampton.ac.uk/archives>.

In the year ending 31 July 2018, the Honor Frost Archive (1940s to 2010) was donated to the University. The archive provides a comprehensive record of Honor Frost's archaeological work, together with a series of correspondence, photographs and material relating to publications and research. The archive has been attributed a value of £35,000. There were no additions, disposals or revaluations of the heritage assets during the year.

Notes to the Financial Statements for the year ended 31 July 2024

16. Intangible assets

Consolidated and University

	Software £000	Software in development £000	Total £000
Cost or valuation			
At 1 August 2023	5,952	1,763	7,715
Additions at cost	-	2,398	2,398
Transfers at cost	1,875	(1,875)	-
Disposals at cost	(184)	-	(184)
Impairments and write-downs	-	(45)	(45)
At 31 July 2024	7,643	2,241	9,884
Amortisation			
At 1 August 2023	(5,889)	-	(5,889)
Charge for year	(52)	-	(52)
Eliminated on disposal	184	-	184
At 31 July 2024	(5,757)	-	(5,757)
Net book value			
At 31 July 2024	1,886	2,241	4,127
At 1 August 2023	63	1,763	1,826

Impairments and write-downs of £45,000 (2023: £Nil) have been recognised in the Statement of Comprehensive Income for the year within other operating expenses.

17. Non-current investments

Consolidated

	Investments held by subsidiaries £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 August 2023	1,646	64	1,710
Market value (loss)/gain	(546)	116	(430)
At 31 July 2024	1,100	180	1,280

Notes to the Financial Statements for the year ended 31 July 2024

17. Non-current investments (continued)

University

	Subsidiary companies	Other fixed asset investments	Total
	£000	£000	£000
Cost or valuation			
At 1 August 2023	45,342	64	45,406
Additions	1,920	-	1,920
Market value gain	-	116	116
At 31 July 2024	47,262	180	47,442

Additional information on shareholdings where the University or its subsidiaries exercise control or significant influence or where shares are listed and the University maintains a holding above 10%:

Subsidiaries held by the University

	Percentage holding	Nature of activity
ECS Partners Limited (ECSP Limited)	100.00	Consultancy
IT Innovation Limited	100.00	Dormant
IT Innovation Centre Limited	100.00	Dormant
Southampton Asset Management Limited (SAM Limited)	100.00	Investment company
USMC Sdn Bhd (Malaysia)	100.00	Education
University of Southampton Holdings Limited (USH Limited)	100.00	Investment company
The University of Southampton Science Park Limited (SSP Limited)	100.00	Science park management
University of Southampton Retirement Scheme Trustee Ltd	100.00	Dormant

Subsidiaries held by USH Limited

Southampton Education Consulting (Beijing) Limited	100.00	Consultancy
Z21 Limited	100.00	Dormant

Associate held by USH Limited

Clantect Limited	33.00	Enterprise
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17. Non-current investments (continued)

All of the above subsidiaries have a registered office of Building 37, University of Southampton, University Road, Highfield, Southampton, SO17 1BJ with the exception of USMC Sdn Bhd, The University of Southampton Science Park Limited, Southampton Education Consulting (Beijing) Limited and Clantect Limited.

USMC Sdn Bhd has a registered office of Suite 9D, Level 9, Menara Annsar, 65 Jalan Trus, 80000, Johor Bahru, Johor, Malaysia.

The University of Southampton Science Park Limited has a registered office of 2 Venture Road, University Of Southampton, Science Park, Southampton, Hampshire, SO16 7NP.

Southampton Education Consulting (Beijing) Limited has a registered office of Room 501, 5/Floor, Tower C, Lei Shing Hong Plaza, 8 Wangjing Road, Chaoyang District, Beijing 100102, China.

Clantect Limited has a registered office of Building 13, ISVR, Hartley Avenue, Southampton, England, SO17, 1BJ.

18. Share of net assets of associate**Consolidated**

	2024	2023
	£000	£000
At 1 August	130	252
Share of operating surplus/(loss)	141	(122)
At 31 July	271	130

University of Southampton Holdings Limited owns 33% of Clantect Ltd. It has a financial year end of 31 October. The consolidated Financial Statements of the University reflect a carrying value of £271,000 (2023: £130,000) equal to 33% of the net assets at 31 July 2024.

Notes to the Financial Statements for the year ended 31 July 2024

19. Trade and other receivables

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Amounts falling due within one year:				
Grants from Office for Students/Research England	-	166	-	166
Research grants and contracts	31,476	37,366	31,476	37,366
Trade and other receivables	30,597	21,598	27,990	19,967
Amounts due from group undertakings	-	-	421	656
Prepayments to group undertakings	-	-	214	190
Other prepayments	13,874	11,369	12,945	10,531
	75,947	70,499	73,046	68,876
Amounts falling due after more than one year:				
Prepayments	1,342	1,531	1,092	1,277
	77,289	72,030	74,138	70,153

30 day payment terms apply to amounts falling due within one year from group undertakings and to trade and other receivables.

Notes to the Financial Statements for the year ended 31 July 2024

20. Current investments

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Cash on deposit	55,000	25,000	55,000	25,000
Investment in shares (at fair value)	524,834	532,501	524,834	532,501
Endowments	11,308	-	11,308	-
	591,142	557,501	591,142	557,501

21. Creditors: amounts falling due within one year

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loans	-	1,200	-	1,200
Obligations under finance leases	494	458	494	458
Research grant income received in advance	66,120	69,256	66,120	69,256
Social security and other taxation	13,769	15,468	13,741	15,439
Amounts owed to group undertakings	-	-	163	493
Trade and other creditors	19,656	18,574	18,513	16,942
Accruals and deferred income	108,354	91,584	106,294	89,829
	208,393	196,540	205,325	193,617

30 day payment terms apply to amounts owed to group undertakings and to trade and other creditors.

Notes to the Financial Statements for the year ended 31 July 2024

22. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loans	-	56,996	-	56,996
Public bond	298,620	298,578	298,620	298,578
Obligations under finance leases	45,041	45,536	45,041	45,536
Accruals and deferred income	2,184	2,778	217	718
	345,845	403,888	343,878	401,828

Loans are repayable as follows:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loans:				
Between one and two years	-	1,200	-	1,200
Between two and five years	-	1,808	-	1,808
Over five years	-	53,988	-	53,988
Due after more than one year	-	56,996	-	56,996
Due within one year (note 21)	-	1,200	-	1,200
	-	58,196	-	58,196
Public bond:				
Over five years	298,620	298,578	298,620	298,578
	298,620	298,578	298,620	298,578

Notes to the Financial Statements for the year ended 31 July 2024

22. Creditors: amounts falling due after more than one year (continued)

Obligations under finance leases:

	Consolidated		University	
	2024 £000	2023 £000	2024 £000	2023 £000
Between one and two years	532	494	532	494
Between two and five years	1,858	1,725	1,858	1,725
Over five years	42,651	43,317	42,651	43,317
Due after more than one year	45,041	45,536	45,041	45,536
Due within one year (note 21)	494	458	494	458
	45,535	45,994	45,535	45,994

In April 2017 the University issued an unsecured fixed rate public bond for £300 million over a 40 year term with a coupon rate of 2.25%.

The bond was issued at 99.76% of the principal amount. It is listed on the London Stock Exchange. There are no capital repayments to be made over the term, with full repayment due in 2057. Interest is payable every six months. The bond transaction costs of £980,000 and the bond discount of £708,000 are being amortised over the life of the bond and charged to interest and other finance costs in the Statement of Comprehensive Income.

Additional information on bank loans:

Lender	Date loan obtained	Final repayment date	Interest rate	Balance outstanding 2024 £000	Balance outstanding 2023 £000
University:					
Barclays Bank	2006	2026	variable	-	1,792
Barclays Bank	2006	2036	fixed	-	6,404
Barclays Bank	2007	2037	fixed	-	50,000
				-	58,196

On 29 September 2023, the University repaid two fixed bank loans with Barclays Bank in full in advance of the final repayment date. The combined amount outstanding of the two bank loans at the date of repayment was £56,283,000. The total amount repayable by the University was £58,539,000 which includes early breakage costs and interest due totalling £2,256,000.

On 11 January 2024, the University repaid its variable bank loan with Barclays Bank in full in advance of the final repayment date. The final amount outstanding of the bank loan at the date of repayment was £1,629,000. The total amount repayable by the University was £1,649,000 which includes early breakage costs and interest totalling £20,000.

Notes to the Financial Statements for the year ended 31 July 2024

23. Provisions

Consolidated

	Obligation to fund deficit on USS Pension £000	Defined benefit obligations (note 30) £000	Goods sales tax provision £000	Maintenance Fund £000	Deferred tax £000	Total Provisions £000
At 1 August 2023	189,690	22,520	-	608	669	213,487
Unwinding of the discount rate	4,339	987	-	-	-	5,326
Deficit contributions paid during the year	(5,689)	-	-	-	-	(5,689)
Reduction in provision to reflect elimination of deficit	(188,340)	-	-	-	-	(188,340)
Annual net service cost	-	(1,183)	-	-	-	(1,183)
Actuarial loss	-	3,042	-	-	-	3,042
Utilised in year	-	-	-	-	(128)	(128)
Additions in year	-	-	1,293	303	450	2,046
At 31 July 2024	-	25,366	1,293	911	991	28,561

University

	Obligation to fund deficit on USS Pension £000	Defined bene- fit obligations (note 30) £000	Goods sales tax provision £000	Total Provisions £000
At 1 August 2023	189,690	22,520	-	212,210
Unwinding of the discount rate	4,339	987	-	5,326
Deficit contributions paid during the year	(5,689)	-	-	(5,689)
Reduction in provision to reflect elimination of deficit	(188,340)	-	-	(188,340)
Annual net service cost	-	(1,183)	-	(1,183)
Actuarial loss	-	3,042	-	3,042
Additions in the year	-	-	1,293	1,293
At 31 July 2024	-	25,366	1,293	26,659

23. Provisions (continued)

Obligation to fund deficit on USS pension

The University has an accounting policy which states that a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. In calculating any provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out, and further information is provided, in note 30.

Following the completion of the 2023 valuation, the USS scheme is now in a surplus position. From 1 January 2024, the contractual commitment to fund the previous deficit was removed. Deficit recovery contributions due within one year for the institution are £Nil (2023: £14,000,000).

Up to 31 December 2023, the University continued to pay deficit contributions and accounted for the unwinding of the discount rate. This resulted in a £1,400,000 decrease of the provision from £189,700,000 as at 1 August 2023 to £188,300,000 as at 31 December 2023. From 1 January 2024 the contractual commitment to fund the previous deficit was removed and the remaining provision of £188,300,000 was released to the Statement of Comprehensive Income.

The total impact on the Statement of Comprehensive Income was an increase in the surplus by £189,700,000.

Defined benefit obligations

This relates to two defined benefit pension scheme deficits for PASNAS and HCC, to which the University pays contributions on behalf of some of its staff. This provision records the deficit that exists on PASNAS and HCC schemes as at 31 July 2024. The 2023/24 increase in provision of £2,800,000 is the aggregate of the PASNAS and HCC pension scheme obligations. See note 30 for further details.

Goods sales tax provision

This provision relates to liabilities for goods sales tax for supplies made in China. The amount is based on the University's calculations and was still under negotiation with the Chinese tax authorities at the Statement of Financial Position date.

Maintenance fund

The maintenance fund (into which payments are made from landlord and tenants) provides funding for future maintenance of buildings, roadways and other common areas at the University of Southampton Science Park, and includes payments from tenants who have since left the Science Park. The fund is held by the University of Southampton Science Park Limited. Provisions are only made when there is a legally binding commitment arising from a past event. The provision receives additional contributions and is utilised on an ongoing basis as larger repairs are required to the investment properties.

Deferred tax

The provision for deferred tax relates to tax liabilities arising from the revaluation of the University of Southampton Science Park, the revaluation of a financial instrument, and the revaluation of investments held by subsidiary companies at fair value. The requisite provision for deferred tax will be recognised when an investment property is sold.

Notes to the Financial Statements for the year ended 31 July 2024

24. Endowment reserves

Consolidated and University

	Restricted Permanent £000	Unrestricted Permanent £000	Restricted Expendable £000	2024 Total £000	2023 Total £000
At 1 August					
Capital	6,825	2,213	1,866	10,904	11,830
Accumulated income	880	-	125	1,005	992
	<u>7,705</u>	<u>2,213</u>	<u>1,991</u>	11,909	<u>12,822</u>
New endowments	28	-	-	28	-
Investment income	252	82	67	401	201
Expenditure	(97)	(82)	(123)	(302)	(253)
Net investment income/(expenditure)	155	-	(56)	99	(52)
Increase/(decrease) in market value of investments	262	84	66	412	(861)
At 31 July	8,150	2,297	2,001	12,448	11,909
Represented by:					
Capital	7,194	2,297	1,831	11,322	10,904
Accumulated income	956	-	170	1,126	1,005
	8,150	2,297	2,001	12,448	11,909
Analysis by type of purpose:					
Chairs/Lectureships	3,286	-	-	3,286	3,107
Scholarships and bursaries	1,946	-	589	2,535	2,398
Research support	-	-	1,132	1,132	1,057
Prize funds	499	-	115	614	592
Welfare/Hardship	645	-	34	679	648
General	1,774	2,297	131	4,202	4,107
	8,150	2,297	2,001	12,448	11,909
Analysis by asset:					
Current and non-current asset investments				11,308	-
Cash and cash equivalents				1,140	11,909
				12,448	11,909

Notes to the Financial Statements for the year ended 31 July 2024

25. Restricted reserves

Reserves with restrictions are as follows:

	Consolidated and University			
	Unspent capital grants £000	Donations / other restricted funds £000	2024 Total £000	2023 Total £000
Balances at 1 August	-	4,242	4,242	4,557
New grants	5,406	-	5,406	8,439
New donations/other restricted funds	-	10,310	10,310	7,891
Capital grants utilised	(5,406)	-	(5,406)	(8,439)
Expenditure	-	(9,988)	(9,988)	(8,206)
Total restricted comprehensive income/(expenditure) for the year	-	322	322	(315)
Balances at 31 July	-	4,564	4,564	4,242

	Consolidated and University	
	2024 Total £000	2023 Total £000
Analysis of donations/other restricted funds by type of purpose:		
Research activities	3,430	2,508
Student support	123	329
Scholarships and bursaries	170	83
Outreach	5	7
Other	836	1,315
Balances at 31 July	4,564	4,242

Notes to the Financial Statements for the year ended 31 July 2024

26. Reconciliation of net debt

	Consolidated	University
	£000	£000
Net debt 1 August 2023	(299,100)	(306,614)
Decrease in cash and cash equivalents	(79,388)	(78,930)
Reduction in loans and finance lease amounts owed	58,674	58,674
Exchange rate loss on currency loans	(19)	(19)
Amortisation of discount and fees on public bond	(42)	(42)
Net debt 31 July 2024	(319,875)	(326,931)
Increase in net debt	(20,775)	(20,317)

	Consolidated		University	
	At 31 July	At 31 July	At 31 July	At 31 July
	2024	2023	2024	2023
	£000	£000	£000	£000
Analysis of net debt:				
Cash and cash equivalents	24,280	103,668	17,224	96,154
	24,280	103,668	17,224	96,154
Borrowings: amounts falling due within one year				
Unsecured loans	-	(1,200)	-	(1,200)
Obligations under finance leases	(494)	(458)	(494)	(458)
	(494)	(1,658)	(494)	(1,658)
Borrowings: amounts falling due after more than one year				
Obligations under finance lease	(45,041)	(45,536)	(45,041)	(45,536)
Unsecured loans	-	(56,996)	-	(56,996)
Public bond	(298,620)	(298,578)	(298,620)	(298,578)
	(343,661)	(401,110)	(343,661)	(401,110)
Net debt	(319,875)	(299,100)	(326,931)	(306,614)

27. Related party transactions

Due to the nature of the University's operations and the composition of the University Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations, Standing Orders on contracts and normal procurement procedures.

In accordance with the exemptions contained within FRS 102 Financial Reporting Standard Section 33 (Related Party Disclosures) no disclosure has been made for transactions between the University and wholly owned group undertakings. Transactions between the University and spin-out companies in which minority shareholdings are held are not generally disclosed as the University does not control or exercise any significant influence over the financial and operating policies of the companies.

A register of interests is maintained for members of the University Council and associated committees. Members may not be present at any discussion in which they have a direct or indirect financial interest.

Written declarations have been obtained from all members of Council, senior officers of the University and directors of fully owned subsidiary companies, either listing transactions during the year ended 31 July 2024 between the University and third parties in which they or close family members held a position of influence, or stating that there were no relevant transactions during the period.

The declarations have been reviewed by the Executive Director of Finance. There were a number of related party transactions during the year ended 31 July 2024 significant enough to warrant disclosure in the Financial Statements.

Related party	Income		Expenditure		Balance due to the University		Balance due by the University	
	2024	2023	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000	£000	£000
Alan Turing Institute ¹	282	220	-	225	39	66	-	-
Southampton University Students' Union ²	-	-	3,026	3,142	-	-	-	-

¹ In July 2018 the University became a partner of the Alan Turing Institute, the national centre for data science. The University has agreed to make grant income to the Institute and receive grant income from the Institute as detailed above.

² Lawrence Coomber and Ed Brooker were members of Council (Class 5 membership) as representatives of the Southampton University Students' Union. Lawrence Coomber (Ed Brooker until June 2024) is President of the Students' Union which is a separate entity over which the University does not exercise control or significant influence over policy decisions. The Students' Union receives a grant from the University as detailed above, which is calculated annually according to a methodology agreed between the University and the Students' Union. All other transactions between the two parties are conducted on a commercial basis.

Notes to the Financial Statements for the year ended 31 July 2024

28. Capital and other commitments

Provision has not been made for the following capital and other commitments at 31 July 2024:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Commitments contracted for	42,500	64,265	41,822	64,159
	42,500	64,265	41,822	64,159

29. Lease obligations
Total rentals payable under operating leases:

At 31 July 2024 the University was committed to making the following payments under non-cancellable operating leases:

Consolidated

	Land and buildings £000	Plant and machinery £000	2024 Total £000	2023 Total £000
Future minimum lease payments due:				
Not later than one year	2,633	354	2,987	3,139
Between one and five years	7,874	-	7,874	6,429
Over five years	14,476	-	14,476	15,830
	24,983	354	25,337	25,398

University

	Land and buildings £000	Plant and machinery £000	2024 Total £000	2023 Total £000
Future minimum lease payments due:				
Not later than one year	2,776	354	3,130	3,703
Between one and five years	8,590	-	8,590	9,406
Over five years	26,794	-	26,794	28,670
	38,160	354	38,514	41,779

Lease obligations have been calculated to show maximum obligations if the lease was broken at the next tenant break option date.

Notes to the Financial Statements for the year ended 31 July 2024

29. Lease obligations (continued)

Total rentals receivable under operating leases:

At 31 July 2024 the principal future minimum lease payments receivable under non-cancellable leases are as follows:

Land and buildings:

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Less than one year	3,261	3,112	547	419
Between one and five years	7,607	6,878	1,291	1,344
More than five years	17,970	19,003	14,029	14,314
	28,838	28,993	15,867	16,077

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Southampton Pension and Assurance Scheme (PASNAS) and the University of Southampton Retirement Fund (USRF). PASNAS is a defined-benefit scheme. USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. USRF is a defined contribution scheme. PASNAS closed to new members from 1 January 2019. The USRF commenced from 1 January 2019 for new employees.

The University also contributes to the National Health Service Pension Scheme (NHPS), the Teachers' Pension Scheme (TPS), the Medical Research Council Pension Scheme (MRCPS), Hampshire County Council (HCC), National Employment Savings Trust (NEST) and schemes relating to subsidiary companies.

Employer pension contributions for USS and PASNAS within this note are shown on the basis of the scheme contribution rate before any additional contributions under a salary sacrifice scheme.

The total pension scheme costs incurred for the consolidated group are summarised as follows:

	31 July 2024			31 July 2023		
	Employer contributions	Pension accounting adjustment	Total cost	Employer contributions	Pension accounting adjustment	Total cost
	£000	£000	£000	£000	£000	£000
USS	38,509	-	38,509	41,882	-	41,882
PASNAS	3,866	(1,206)	2,660	4,750	1,859	6,609
USRF	3,885	-	3,885	3,465	-	3,465
NHPS	1,862	-	1,862	1,547	-	1,547
Other pension schemes	517	24	541	352	(11)	341
Total pension cost (note 9)	48,639	(1,182)	47,457	51,996	1,848	53,844

The below pension schemes exclude employer contributions which are made on behalf of a third party at no cost to the University as follows:

	2024	2023
	£000	£000
USS	54	76
PASNAS	38	54
USRF	13	-
	105	130

The pension accounting adjustment for PASNAS is the net current service cost as part of the movement in the actuarial valuation as at 31st July. The pension accounting adjustment on other pension schemes is the balance after independent valuation of the HCC pension scheme.

Within PASNAS is an additional employer's contribution to contribute to the PASNAS deficit of £44,667 per month.

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

Table of employer contribution rates:

	31 July 2024	31 July 2023
	Rate %	Rate %
USS	21.60 up to December 2023 14.50 from January 2024	21.60
PASNAS*	16.85	16.85
USRF	10.00	10.00
TPS	23.68 up to March 2024 28.68 from April 2024	23.68
NHPS	14.38	14.38
MRCPS	16.90	16.90
HCC	0.00	38.40 up to April 2023 0.00 from May 2023
NEST	3.00	3.00

Employer contributions in 2024/25 are expected to be:

	Rate %	£000
USS	14.50	33,305
PASNAS*	16.85	3,717
USRF	10.00	4,038
TPS	28.68	11
NHPS	14.38	1,975
MRCPS	16.90	44
NEST	3.00	191
Total		43,281

* Within PASNAS is an additional employer's contribution to contribute to the PASNAS deficit of £44,667 per month.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements. The University will continue to monitor the developments and consider the impact on the PASNAS, LGPS and USS liabilities recognised.

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

The University has fully adopted the disclosure rules of FRS 102 Section 28 'Employee Benefits'. The notes that follow show the detailed valuations required by the standard. However, pension fund liabilities can be valued in a number of other ways, and the University will continue to support the schemes based on the principles of on-going operations, as advised by the scheme trustees and actuaries.

The actuaries' recommendations for contributions to USS, PASNAS and HCC are based on triennial valuations of the schemes' liabilities. In the intervening years, the actuaries review the progress of the schemes. The latest valuations of the schemes' assets and liabilities for which results are available are:

	USS	PASNAS	HCC
	31 March 2023	31 July 2021	31 March 2022
	£m	£m	£m
Date of valuation			
Market valuation of assets	73,100	283	9,629
Past service liabilities	(65,700)	(338)	(8,991)
Surplus/(deficit)	7,400	(55)	638

The USS and HCC valuations reflect the total assets and liabilities of the schemes, not just the element attributable to the University.

USS

Significant accounting policies

The institution participates in Universities Superannuation Scheme. 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 defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Where the scheme is in deficit, a liability is recorded within provisions for any contractual commitment to fund past deficits within the scheme.

Critical accounting judgements

FRS 102 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 Universities Superannuation Scheme. 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 a 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 in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore will recognise the discounted fair value of any contractual contributions in existence at the date of approving these financial statements.

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

During the year ended 31 July 2024, the 2023 actuarial valuation of the USS scheme was completed. The 2023 valuation was the seventh 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. This valuation was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

30. Pension schemes (continued)

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles which can be accessed on the USS website at www.uss.co.uk/about-us/valuation-and-funding/2023-valuation.

Price inflation – Consumer Price Index (CPI)	3.0% pa (based on a long term average expected level of CPI, broadly consistent with long term market expectations)
RPI / CPI gap	1.0% pa to 2030, reducing to 0.1% pa from 2030.
Price inflation – Retail Price Index (RPI)	In line with the CPI assumption plus the RPI / CPI gap (i.e. 4.0% pa to 2030, reducing to 3.1% from 2030)
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.50% p.a. Post retirement: 0.90% p.a.
“Pension increases (all subject to a floor of 0%)”	Increases linked to CPI Benefits with no cap: CPI assumption + 3bps Benefits subject to a “soft cap” of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum increase of 10%): CPI assumption - 3bps Increases capped at 2.5% (where applicable): CPI assumption – 96bps

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme’s experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA “light” for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The total charged to the Consolidated Statement of Comprehensive Income and Expenditure for the employer’s contributions excluding the FRS102 deficit provision was £38,500,000 (2023: £41,900,000).

Following the completion of the 2023 valuation, the USS scheme is now in a surplus position. From 1 January 2024, the contractual commitment to fund the previous deficit was removed. Deficit recovery contributions due within one year for the institution are £nil (2023: £14,000,000).

Up to 31 December 2023, the University continued to pay deficit contributions and accounted for the unwinding of the discount rate using a rate of 5.49%. This resulted in a £1,400,000 decrease of the provision from £189,700,000 as at 1 August 2023 to £188,300,000 as at 31 December 2023. From 1 January 2024 the contractual commitment to fund the previous deficit was removed and the remaining provision of £188,300,000 was released to the Statement of Comprehensive Income.

As at 31 March 2023, USS had 214,374 active members and the University had 4,744 active members participating in the scheme at 31 July 2024.

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

USRF

The University of Southampton Retirement Fund (USRF) was opened on 1 January 2019 to new members after PASNAS was closed to new members from that date. The scheme is operated by Royal London Mutual Insurance Society Limited as a defined contribution scheme. The costs charged to the income and expenditure account represent the contributions payable to the scheme for the year.

The number of members of the scheme employed by the University as at 31 July 2024 was 1,172.

The total employer contributions for the year were £3,885,000 (2023: £3,465,000) which includes £335,000 (2023: £289,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2024, payable in August 2024.

NHPS/TPS/MRCPS

The NHPS, TPS and MRCPS schemes are externally funded. Each institutions' share of the underlying assets and liabilities of these schemes cannot be identified and therefore contributions to these schemes are accounted for as if they were defined contribution schemes. As a result the costs charged to the income and expenditure account represent the contributions payable to the schemes for the year.

The number of members of these schemes employed by the University as at 31 July 2024 was:

NHPS - 142 members

TPS - 1 member

MRCPS 7 - members

The total pension costs for the University and contributions outstanding at the Statement of Financial Position date were:

	Pension cost		Outstanding at 31 July	
	2024 £000	2023 £000	2024 £000	2023 £000
NHPS	1,862	1,547	165	144
TPS	10	9	1	1
MRCPS	39	47	4	4

NEST

From April 2013, the University introduced the NEST scheme to comply with the Pensions Act 2008. This gives all University workers access to a qualifying pension scheme.

The total pension cost for the year was £158,000 (2023: £160,000) which includes £16,000 (2023: £16,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2024, payable in August 2024.

The number of members of this scheme as at 31 July 2024 was 2,782.

PASNAS

The University operates a final salary defined benefit scheme for non-academic staff (PASNAS). The scheme is funded by contributions made in accordance with the recommendations of the scheme's actuaries. Following a consultation process, in May 2018 Council ratified a decision to close the scheme to new members as at 31 December 2018. All new eligible staff will be enrolled into a new defined contribution arrangement from 1 January 2019 (USRF).

The number of members of the scheme employed by the University as at 31 July 2024 was 850.

The total employer contributions for the year were £3,866,000 (2023: £4,750,000) which includes £310,000 (2023: £338,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2024, payable in August 2024.

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

The last formal triennial actuarial valuation of the scheme was performed as at 31 July 2021 and indicated that the scheme's assets represented 83% of the technical provisions corresponding to a deficit of £56,492,000. An estimate has been made for Guaranteed Minimum Pension (GMP) Equalisation and for the McCloud* judgement in the current valuation.

*McCloud judgement relates to the transitional protection offered to some members of public sector final salary schemes when the schemes were reformed. The transitional protection allowed those members who were within 10 years of normal pension age to remain in their final salary scheme instead of being moved to the new career average arrangement with its higher pension age. As some members would be better off in the new scheme rather than the old the McCloud judgement requires that there is no reduction in benefits accrued or are receiving if already retired.

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102 are:

	31 July 2024	31 July 2023
Increase in salaries	2.90% pa	3.10% pa
Increase in pensions – pre 1 Oct 2010 (CPI)	2.90% pa	3.10% pa
Increase in pensions – post 1 Oct 2010 (CPI max 3.0%)	2.20% pa	2.20% pa
Increase in pensions – post 1 Oct 2010 (CPI max 2.5%)	1.90% pa	2.00% pa
Discount rate	5.00% pa	5.20% pa
Inflation (RPI)	3.20% pa	3.40% pa
Inflation (CPI)	2.90% pa	3.10% pa

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.

	Retiring today	Retiring in 20 years
Male	23.1	21.5
Female	25.8	24.2

The asset allocation of the scheme's assets calculated at fair value is:

	Value 31 July 2024	Value 31 July 2023	Value 31 July 2022
	£000	£000	£000
Gilts	62,611	54,293	116,611
Multi asset credit	30,226	37,588	45,507
Equities	58,293	56,382	56,883
Target return funds & cash	30,227	25,058	25,597
Property	34,544	35,500	39,818
Total	215,901	208,821	284,416

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

	2024	2023
	£000	£000
Analysis of the amount shown in the Statement of Financial Position		
Scheme assets	215,901	208,821
Scheme liabilities	(241,267)	(231,340)
Deficit in the scheme – net pension liability recorded within pension provisions (note 23)	(25,366)	(22,519)
	2024	2023
	£000	£000
Analysis of the amount charged to staff costs within operating surplus		
Current service cost	3,636	6,367
Past service cost	-	-
Total operating credit	3,636	6,367
	2024	2023
	£000	£000
Analysis of the amount charged to interest payable within operating surplus		
Expected return on scheme assets	(10,707)	(9,578)
Interest income	11,754	10,020
Net finance income	1,047	442
	2024	2023
	£000	£000
Analysis of other comprehensive income		
Gains/(losses) on assets	2,272	(79,711)
Experience losses on liabilities	(3,898)	(12,019)
Gains from changes to demographic assumptions	432	1,572
(Losses)/gains from changes to financial assumptions	(1,812)	85,142
Losses to other comprehensive income	(3,006)	(5,016)

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

	2024 £000	2023 £000
Analysis of movement in deficit during the year		
Deficit in scheme at beginning of the year	(22,519)	(15,203)
Movement in the year:		
Current service cost	(2,698)	(6,608)
Contributions	3,904	4,750
Net finance cost	(1,047)	(442)
Loss recognised in other comprehensive income	(3,006)	(5,016)
Deficit in scheme at end of year	(25,366)	(22,519)
	2024 £000	2023 £000
Analysis of movement in fair value of fund assets		
Assets at beginning of year	208,821	284,416
Employer contributions	3,904	4,750
Employee contributions	2,112	1,274
Benefits paid (net of expenses)	(10,875)	(10,121)
Administration costs	(1,040)	(1,365)
Interest on assets	10,707	9,578
Gain/(loss) on scheme assets	2,272	(79,711)
Assets at end of year	215,901	208,821
	2024 £000	2023 £000
Analysis of movement in present value of liabilities		
Liabilities at beginning of year	(231,340)	(299,619)
Current service cost	(2,698)	(6,608)
Interest on scheme liabilities	(11,754)	(10,020)
Employee contributions	(2,112)	(1,274)
Benefits paid	11,915	11,486
Actuarial experience loss on liabilities	(3,898)	(12,019)
Changes in demographic assumptions	432	1,572
Changes in assumptions underlying the present value of the scheme liabilities	(1,812)	85,142
Liabilities at end of year	(241,267)	(231,340)

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

	2024	2023	2022
History of experience gains and losses			
Experience gains/(losses) on assets in excess of interest (£000)	2,272	(79,711)	(30,991)
Percentage of scheme assets gain/(loss)	1.05%	-38.17%	-10.90%
Experience (losses)/gains on liabilities (£000)	(3,898)	(12,019)	22,291
Percentage of scheme liabilities	1.62%	5.20%	-7.40%

HCC

HCC has been able to apportion a percentage of its funds assets and liabilities relating to the University and therefore the scheme has been treated as a defined benefit scheme in the accounts.

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102 are:

	31 July 2024	31 July 2023
Increase in salaries	3.75% pa	4.05% pa
Increase in pensions	2.75% pa	3.05% pa
Discount rate	4.95% pa	5.10% pa
CPI inflation	2.75% pa	3.05% pa

The current mortality assumptions include sufficient allowance for future improvements in mortality rates and are further adjusted to reflect the actual mortality experience of the Fund. The assumed life expectations in years on retirement at age 65 are:

	Retiring today	Retiring in 20 years
Male	22.0 years	22.5 years
Female	24.7 years	25.6 years

The number of active members of this scheme employed by the University as at 31 July 2024 was 2.

The asset allocation of the scheme's assets calculated at fair value is:

	31 July 2024	31 July 2023
	£000	£000
Equities	2,423	2,546
Bonds	1,630	1,381
Property	309	259
Cash	44	129
Total	4,406	4,315

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

	2024 £000	2023 £000
Analysis of the amount shown in the Statement of Financial Position		
Scheme assets	4,406	4,315
Scheme liabilities	(3,101)	(3,123)
Adjustment in respect of FRS 102 section 28.22	(1,305)	(1,192)
Deficit in the scheme – net pension liability recorded within pension provisions (note 23)	-	-
	2024 £000	2023 £000
Analysis of the amount charged to staff costs within operating surplus		
Current service cost	(24)	(45)
Past service cost	-	-
Total operating charge	(24)	(45)
	2024 £000	2023 £000
Analysis of the amount charged to interest payable within operating surplus		
Expected return on scheme assets	214	154
Interest cost	(154)	(101)
Net finance cost	60	53
	2024 £000	2023 £000
Analysis of other comprehensive income		
Gains/(losses) on assets	99	(199)
Experience losses on liabilities	(22)	(182)
Adjustment in respect of FRS 102 section 28.22	(41)	317
Gains/(losses) to other comprehensive income	36	(64)
	2024 £000	2023 £000
Analysis of movement in deficit during the year		
Deficit in scheme at beginning of the year	-	-
Movement in the year:		
Current service cost	(24)	(45)
Employer contributions	-	56
Net finance credit	60	53
Loss recognised in other comprehensive income	(36)	(64)
Deficit in scheme at end of year	-	-

Notes to the Financial Statements for the year ended 31 July 2024

30. Pension schemes (continued)

	2024	2023
	£000	£000
Analysis of movement in fair value of fund assets		
Assets at beginning of year	4,315	4,469
Employer contributions	-	56
Employee contributions	9	9
Benefits paid (net of expenses)	(231)	(174)
Interest on assets	214	154
Gain/(loss) on scheme assets	99	(199)
Assets at end of year	4,406	4,315
	2024	2023
	£000	£000
Analysis of movement in present value of liabilities		
Liabilities at beginning of year	(3,123)	(2,960)
Current service cost	(24)	(45)
Interest on scheme liabilities	(154)	(101)
Employee contributions	(9)	(9)
Benefits paid	231	174
Actuarial experience loss on liabilities	(22)	(182)
Liabilities at end of year	(3,101)	(3,123)

Based on the present values of the fund assets and fund liabilities at the Statement of Financial Position date, the scheme had a surplus of £1,192,000 at 31 July 2024. In line with the guidance provided by section 28.22 of FRS 102, this surplus has not been recognised.

Notes to the Financial Statements for the year ended 31 July 2024

31. Financial instruments

The University's Treasury function monitors and manages the financial assets and liabilities relating to our operations and the financial risks that arise from these instruments. The identified risks - credit risk, liquidity risk and interest rate risk - are actively managed to limit the potential impact of any adverse events on our financial sustainability.

The carrying value of the consolidated and University financial assets and liabilities are summarised by category below:

	Note	Consolidated		University	
		2024 £000	2023 £000	2024 £000	2023 £000
Financial assets:					
<i>Measured at fair value through the Statement of Comprehensive Income</i>					
Investment in ordinary shares	17	1,100	1,646	-	-
Investments in unit trusts	24	11,308	-	11,308	-
Other investments	20/24	513,526	532,501	513,526	532,501
 <i>Equity instruments measured at cost less impairment</i>					
Non-current asset investments	17	180	64	180	64
 <i>Measured at undiscounted amount receivable</i>					
Trade and other receivables	19	30,597	21,764	28,625	20,979
		556,711	555,975	553,639	553,544
 Financial liabilities:					
 <i>Measured at amortised cost</i>					
Loans payable	22	344,155	402,768	344,155	402,768
 <i>Measured at undiscounted amount payable</i>					
Trade and other creditors	21	19,656	18,574	18,676	17,435
		363,811	421,342	362,831	420,203

Notes to the Financial Statements for the year ended 31 July 2024

31. Financial instruments (continued)

The consolidated and University's income, expenses, gains and losses in respect of financial instruments are summarised below:

	Note	Consolidated		University	
		2024	2023	2024	2023
		£000	£000	£000	£000
<i>Interest income and (expense)</i>					
Total income for financial assets at amortised cost	7	8,766	13,591	8,680	13,500
Total interest expense for financial liabilities at amortised cost	11	(14,086)	(14,591)	(14,086)	(14,554)
		(5,320)	(1,000)	(5,406)	(1,054)
<i>Fair value gains and (losses)</i>					
On financial assets measured at fair value through the Statement of Comprehensive Income		38,073	(3,362)	38,619	(2,508)
On derivative financial liabilities	11	-	12	-	-
		38,073	(3,350)	38,619	(2,508)

32. Department for Education bursaries

	Consolidated and University				At 31 July 2024 £000
	At 1 August 2023 £000	Income received £000	Disbursements £000	Returned to Department for Education £000	
Student training bursaries	36	1,392	(1,259)	(152)	17
	36	1,392	(1,259)	(152)	17

The receipts and disbursements above are excluded from the Statement of Comprehensive Income as the funds are administered by the University on an agency basis on behalf of the Department for Education.

Supplementary Information to the Financial Statements

US Department of Education Financial Responsibility Supplemental Schedule

As instructed by the Federal Student Aid - An Office of the U.S. Department of Education, the University's audited financial statements must include a supplementary schedule.

As required under 34 CFR §668.172 and Section 2 of Appendix A or B to Subpart L of Part 668, a proprietary, private non-profit, or foreign school must include a Financial Responsibility Supplemental Schedule (Supplemental Schedule) as part of any audited financial statements submissions to the Department on or after July 1, 2020.

The supplementary schedule is required to use nomenclature from United States Generally Accepted Accounting Practice (US GAAP). However, the recognition and measurement basis throughout this note is consistent with FRS102 and the Higher Education SORP. We have included the UK GAAP naming conventions (as included in the financial statements and notes) in the second column of the below table.

Primary Reserve Ratio			2024	2023
			£000	£000
Page	Line item/related disclosures	Expendable Net Assets		
43	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted	Net assets without donor restrictions	925,537	681,244
43	Consolidated Statement of Financial Position - Income and expenditure reserve - endowment reserve and restricted reserve	Net assets with donor restrictions	17,012	16,151
73	Note 24 of the Financial Statements - Endowment reserves - Restricted Permanent	Net assets with donor restrictions: restricted in perpetuity	(8,150)	(7,705)
-	Not Applicable	Annuities with donor restrictions	-	-
73	Note 24 of the Financial Statements - Endowment reserves - Restricted Expendable	Term endowments with donor restrictions	(2,001)	(1,991)
-	Not Applicable	Life income funds with donor restrictions	-	-
64	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	Intangible assets - Other intangible assets	(4,127)	(1,826)
-	Not Applicable	Intangible assets - Goodwill	-	-
61	Note 15 of the Financial Statements - Fixed assets (excluding Leasehold, land and buildings)	Property, Plant and equipment, net (includes Construction in progress)	(720,101)	(667,134)
61	Note 15 of the Financial Statements - Fixed assets - Leasehold, land and buildings	Lease right-of-use of asset pre-implementation	(80,421)	(84,432)
43	Consolidated Statement of Financial Position - Pension provisions	Post-employment and pension liabilities	25,366	212,210
68, 69	Notes 21 and 22 of the Financial Statements - Creditors: Bank loans, Public bond	Long-term debt - for long term purposes pre-implementation	298,620	356,774
-	Not Applicable	Long-term debt - for long term purposes post-implementation	-	-
68, 69	Notes 21 and 22 of the Financial Statements - Creditors: Obligations under finance leases	"Lease right-of-use of asset liability pre-implementation"	45,535	45,994
-	Not Applicable	Unsecured related party receivable	-	-
			497,270	549,285

Supplementary Information to the Financial Statements

US Department of Education Financial Responsibility Supplemental Schedule (continued)

		2024	2023
		£000	£000
	Total Expenses and Losses:		
41	Consolidated Statement of Comprehensive Income - Staff costs excluding movements in the USS deficit funding accrual	399,759	364,200
41	Consolidated Statement of Comprehensive Income - Depreciation and amortisation, other operating expenses and Interest and other finance costs	329,465	311,807
41	Consolidated Statement of Comprehensive Income - Loss on investments	-	3,362
41	Consolidated Statement of Comprehensive Income - Actuarial loss in respect of pension schemes	3,042	5,080
41	Consolidated Statement of Comprehensive Income - Loss on disposal of fixed assets	6,035	1,110
41	Consolidated Statement of Comprehensive Income - Share of operating deficit in associate	-	122
41	Consolidated Statement of Comprehensive Income - Loss on disposal of current asset investments	-	-
-	Not Applicable	-	-
	Pension-related changes other than net periodic costs	-	-
		738,301	685,681
	Equity Ratio	2024	2023
		£000	£000
	Modified Net Assets		
43	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted	925,537	681,244
43	Consolidated Statement of Financial Position - Income and expenditure reserve - endowment reserve and restricted reserve	17,012	16,151
64	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	(4,127)	(1,826)
-	Not Applicable	-	-
-	Not Applicable	-	-
		938,422	695,569

Supplementary Information to the Financial Statements

US Department Department of Education Financial Responsibility Supplemental Schedule (continued)

			2024	2023
			£000	£000
Page	Line item/related disclosures	Modified Assets		
43	Consolidated Statement of Financial Position - Non-current assets, Current assets	Total Assets	1,525,348	1,511,310
61	Note 15 of the Financial Statements - Fixed assets - Leasehold, land and buildings	Lease right-of-use of asset pre-implementation	(80,421)	(84,432)
64	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	Intangible assets - Other intangible assets	(4,127)	(1,826)
-	Not Applicable	Intangible assets - Goodwill	-	-
-	Not Applicable	Unsecured related party receivable	-	-
			1,440,800	1,425,052
Net Income Ratio			2024	2023
			£000	£000
Page	Line item/related disclosures	Change in Net Assets Without Donor Restrictions		
42	Consolidated Statement of Comprehensive Income - Unrestricted comprehensive income for the year and non-controlling interest	Change in Net Assets Without Donor Restrictions	244,293	79,099
			244,293	79,099
			2024	2023
			£000	£000
Page	Line item/related disclosures	Total Revenue without Donor Restrictions and Gains without Donor Restrictions		
41	Consolidated Statement of Comprehensive Income - Total income	Total Operating Revenue and Other Additions	751,535	730,044
41	Consolidated Statement of Comprehensive Income - Gain on investments	Investments, net of annual spending, gain	38,073	-
41	Consolidated Statement of Comprehensive Income - Actuarial gain in respect of pension schemes	Other components of net periodic pension costs	-	-
41	Consolidated Statement of Comprehensive Income - Share of operating surplus in associate	Other non-operating gains	141	-
41	Consolidated Statement of Comprehensive Income - Gain on disposal of current asset investments	Other non-operating gains	-	-
41	Consolidated Statement of Comprehensive Income - Gain on disposal of fixed assets	Sale of fixed assets, gains	-	-
	Less restricted (income)/expenditure	Less restricted (income)/expenditure		
42	Consolidated Statement of Comprehensive Income - Endowment comprehensive (income)/expenditure for the year and restricted comprehensive (income)/expenditure for the year	Change in Net Assets With Donor Restrictions	(861)	1,228
			788,888	731,272

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