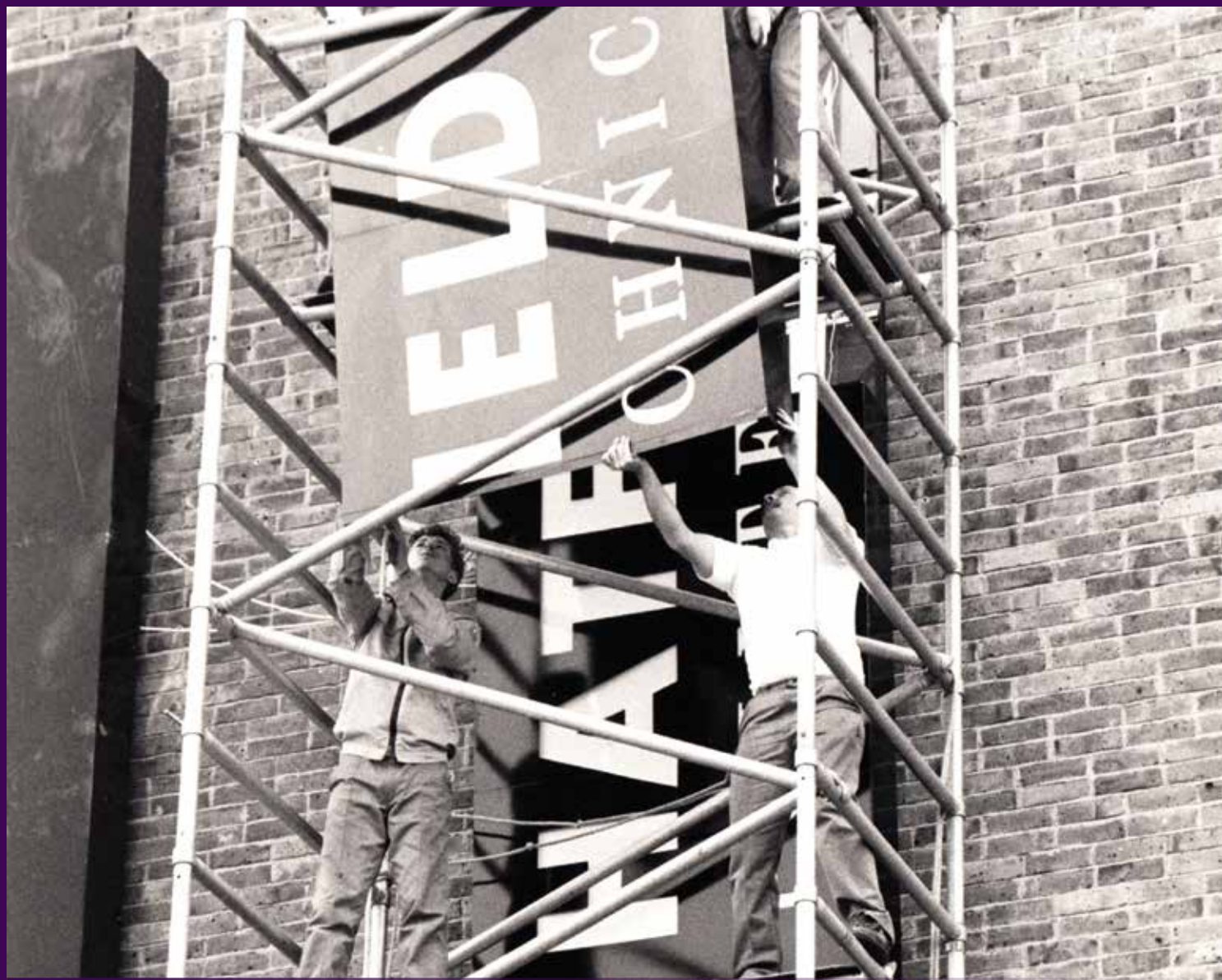




Strategic Report and Financial Statements 2016-17



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Celebrating 25 years as a University

Introduction by the Chairman of the Board of Governors



This year we marked a quarter of a century since we were granted university status, which built on over 60 years of providing outstanding education to our community.

In the early 1940s the local council joined forces with the de Havilland Aircraft Company to train young apprentices and, by 1952, we had officially opened Hatfield Technology College with just 22 staff, 55 full-time students and a few hundred more studying part-time.

How things have changed. Today, we have more than 24,500 students and 2,900 staff across the Group, including influential academics producing internationally recognised research. We also have excellent campuses that are the product of significant and ongoing investment programmes. These include outstanding, award-winning student accommodation that reflects the high-quality living environment we have created to put students' needs at the heart of everything we do. It also includes the new Science Building that was opened by the Duke of Edinburgh last autumn.

Perhaps more important than the buildings is the continuous improvement made to the quality of the education we provide. Our ranking in the National Student Survey improved by a startling 39 places, and we were awarded a silver rating in the national Teaching Excellence Framework, with outstanding feedback from students from all backgrounds. This is reflected in the success our graduates have had in getting jobs when they graduate. Last year, as was the case in the previous year, over 96% of our graduates were in employment or further study within six months of graduating, and the national Longitudinal Education Outcomes data tells us that our graduates are continuing to do well five years after graduating.

Research continues to be a central part of what we do. This year saw an 18% increase in our research income, which included grants from both the Engineering and Physical Sciences and the Arts and Humanities Research Councils (for research into robotics and World War I respectively). It also saw a significant increase in the number of publications submitted with international collaborators.

The sector continues to change, with the Higher Education and Research Act establishing a new regulatory framework for the sector and competition (both nationally and internationally) gathering momentum. However, with the benefits of our investment programmes, the outstanding contribution made by our staff, and of course our wonderful, vibrant and diverse students, we are in good shape to manage all this change and to continue to provide a first-class education that benefits our students.

It is as ever a privilege to be the University's Chairman, and I would like to thank the Governors, the Vice-Chancellor, our staff, and our students for making the University the dynamic and successful place it is.

Richard Beazley
November 2017



TEF: A resounding endorsement of our teaching

Introduction by the Vice-Chancellor



I'm very pleased to introduce our strategic report and financial statements. As you'll see from the following sections, we are in excellent financial shape despite challenges in the sector and wider economy, and we have achieved a great deal against our strategic objectives.

One of the highlights for me this year was the University receiving a silver rating in the new Teaching Excellence Framework. The feedback praised our excellent student outcomes, tremendous tutor support, professional accreditations and investment in facilities and resources. This is a fantastic achievement and I would like to thank all our staff for their hard work.

We are committed to giving our students the skills, knowledge, experiences and support they need to launch rewarding careers. Once again, our graduate employment rate was exceptionally high – 96.1%. This was the highest in the east of England region and saw us outperform several Russell Group universities, including Oxford and Cambridge.

I believe in lifelong learning – not just getting the right skills at 18. Earlier this year I gave evidence to the Government's Science and Technology Committee on Industrial Strategy. I talked about how we also need to re-skill and upskill the current workforce, addressing the sector's fall in adult education courses and the number of mature and part-time learners in higher education.

Our newly launched Degree Apprenticeships, which you can read about in this review, will hopefully go some way to addressing this issue. I also talked about how universities have a vital role to play in supporting the regional agenda and promoting innovation. Our university has long had a business-facing focus and this year we supported organisations through consultancy, knowledge transfer and a pipeline of talented, work-ready graduates.

The impact of our work is felt across the UK and beyond, but it's here in Hertfordshire that we're proud to be making the biggest difference. We're playing a leading role in economic regeneration, sustaining thousands of jobs and bringing in millions of pounds of investment. We're also hosting vibrant arts and sports programmes that nurture a sense of community, promote wellbeing and make our region an even more attractive place to live, work and visit.

Furthermore, we launched our £20m Feed the World campaign in which we are seeking to raise funding for research which will alleviate hunger for more than a million people worldwide.

There are many challenges ahead for the sector, including the prolonged fall-out from Brexit and what this will mean for our staff and students, as well as the concerns around student fees and debt.

These issues are likely to be around for a while to come but we are committed to taking an international approach to everything we do, and the University will play a vital role as a point of contact for students and researchers around the world. I expect us to live up to our role as a beacon of tolerance, endeavour and innovation in the years ahead.

Professor Quintin McKellar CBE
November 2017

Strategic report

The following pages provide an overview of the University, its history, structure and, specifically, our strategic objectives. For each of these we have produced a snapshot of the past 12 months, bringing our objectives to life and demonstrating their intrinsic value in every day life here at the University.

Our history

The University has always been innovative and enterprising, committed to challenging individuals and organisations to excel.

We have our roots in the aviation industry and were established in 1952 as a technical college built on land donated by the then chairman of the de Havilland Aircraft Company. Then – as now – many of our courses directly related to industry, with significant emphasis on mechanical and aeronautical engineering and the natural sciences.

Recognition of the College's standing came in 1962, when it was named by the Ministry of Education as one of 25 Regional Colleges for England and Wales. Further growth, particularly in the technologies, sciences and emerging disciplines of computer science and astronomy, was recognised in 1969 when the College was designated one of the first three polytechnics in the country and began developing strong links with industry and commerce in the county and beyond.

Over the following two decades, Hatfield Polytechnic's reputation increased and in 1992, following government legislation, the University of Hertfordshire was established.

Today, more than 24,500 students from more than 100 countries study with us, choosing over 550 undergraduate, postgraduate and research degrees.

They benefit from some of the best teaching and learning facilities in the country. Over the last few years we have invested more than £200m in the University's estate to create an outstanding and attractive environment for students, staff and visitors alike.

Our structure

The Vice-Chancellor, as Chief Executive and Academic Head of the University, has responsibility to the Board of Governors for the organisation, direction and management of the University.

Other officers appointed by the Board are:

- Deputy Vice-Chancellor, Professor Ian Campbell
- Secretary and Registrar, Sue Grant
- Group Finance Director, Alistair Moffat

These positions, together with three Pro Vice-Chancellors, deans of the 10 academic Schools, the Head of Human Resources, Director of Estates, Chief Information Officer, Academic Registrar and Dean of Students, form the Chief Executive's Group. The Group is responsible for the day-to-day management and leadership of the University.

You can find full details of the corporate structure in the Statement of Corporate Governance on page 28.

Our teaching and research

Academic provision is delivered by 10 Schools:

- Computer Science
- Creative Arts
- Education
- Engineering and Technology
- Health and Social Work
- Hertfordshire Business School
- Hertfordshire Law School
- Humanities
- Life and Medical Sciences
- Physics, Astronomy and Mathematics

We also offer distance-learning courses through UH Online, and we work in partnership with four local further education colleges – through the Hertfordshire Higher Education Consortium – to offer Extended and Foundation degrees.

Internationally, we have a number of franchise arrangements with institutions across the world, including in Malaysia, Russia, Canada, Singapore, China, the Caribbean and Greece. These partners deliver and/or assess degree programmes that lead to a University of Hertfordshire award.

1992

- Hatfield Polytechnic is established as the University of Hertfordshire on 29 June.

- Sir Brian Corby is appointed the first Chancellor of the University.



Our research is wide ranging and multidisciplinary, spanning six themes that reflect our strengths and aim to tackle the key global challenges of our time:



Food | Global economy | Health and wellbeing | Heritage, cultures and communities | Information and security | Space

Our vision and values

Our vision is to be internationally renowned as the UK's leading business-facing university. Our core values inform and sustain all our activities. The easily remembered acronym, **FACES**, recognises that many people are involved in our business.

Friendly
Ambitious
Collegiate
Enterprising
Student-focused

Our strategic objectives

We are now two years into our 2015-20 strategic plan, which has seven key objectives:



Be internationally renowned for research-rich **education** that produces creative, professional and enterprising graduates. See page 10.



Be internationally renowned for supporting our **communities**, raising aspirations and enriching lives. See page 18.



Excel in collaborative, multidisciplinary **research** that addresses social, economic, cultural, scientific and environmental challenges. See page 12.



Ensure our **people** are valued in a collaborative and innovative environment. See page 20.



Enhance our **international** reputation with students, institutions, organisations and government agencies. See page 14.



Continuously improve **sustainability** throughout the University. See page 22.



Be internationally renowned for integrating the research, innovation and **business** expertise of our staff, students and graduates. See page 16.

Measuring success

We measure and report progress towards these strategic objectives through performance indicators relevant to each of the strategic strands. The Board of Governors agreed a set of key performance indicators relating to:

- Quality of our teaching.
- Work experience of our students.
- Exploitable research outputs.
- International research collaborations.
- Commercial income.
- Employability of our students.
- Income from international activities.
- Engagement of our staff with the strategic plan.
- Achievement of a financial surplus within an agreed budget.

Performance against these indicators is reported to the Board twice a year.

1993

The University's School of Health and Human Sciences introduces courses in radiography and physiotherapy.

The Great Hall is renamed as The Prince Edward Hall in honour of the visit of HRH Prince Edward.



Mitsubishi and the School of Engineering collaborate on offering training courses in a newly established Electronics and Electrical Engineering Centre.

25

Public benefit

The University of Hertfordshire is an exempt charity under the Charities Act 2011.

We are regulated by the Higher Education Funding Council for England, the principal regulator of English higher education institutions that are exempt charities on behalf of the Charity Commission for England and Wales.

During 2016-17 the Board of Governors as Trustees of the University continued to have due regard to the Charity Commission's guidance on public benefit and the advancement of education. The strategic plan facilitates the delivery of the University's charitable objectives. The advancement of learning through high-quality teaching and research is at the heart of all our activities and underpins each strand of our strategic plan.

We are a stimulus for business growth in the region, thanks to the way we develop highly skilled students and through consultancy, applied research and knowledge transfer.

In all areas, we seek to offer a transformational experience to our students, improving their lives and opportunities. Helping students develop into commercially aware, entrepreneurial leaders of the future is at the very heart of what we do. Our Enterprise Fund, for example, turns brilliant business ideas into reality. It offers talented students and graduates financial awards and support that helps them kick-start their businesses, in turn creating jobs and boosting the economy.

Through our outreach work across Hertfordshire – including within schools we have helped establish, such as the Hatfield Community Free School and the Elstree University Technical College – we seek to widen participation and access to higher education.

We are proud of our achievements in raising aspirations and attainment in partnership with schools, particularly where there are high numbers of students receiving free school meals or from families with no history of attending university.

We are aware that accessing higher education is becoming increasingly challenging for young people in the UK, so we seek to ensure that the very best students, no matter their financial or social situation, can come to university and benefit from all the experiences it offers.

To deliver on our core purpose of transforming lives, the University is committed to widening participation and outreach. We work with more than 600 local schools and colleges, and we are a sponsor of two University Technical Colleges and four local Free Schools. We have a vibrant consortium partnership with the four Hertfordshire Further Education Colleges. Around 14,600 students have progressed to the University from the consortium since it was founded in 2000 and in 2014-15 over 450 students who progressed from the consortium graduated from the University. Teaching Excellence Framework metrics demonstrate the impact of our institutional drive on positive outcomes for disadvantaged, black and minority ethnic and male students.

The University Student Trust Fund, which is generously supported by public donations, provides essential support so that no-one will be put off continuing their studies because of financial barriers. It also ensures that as many opportunities as possible are open to students during their time with us.

Image: College Lane Reception - part of the new campus redevelopment.

: 1994

- UHArts is launched to raise the cultural profile of the University. The first event is a performance of works by Dvorak and Smetana by the Symphony Orchestra of Bohemia.

- The University begins to develop links with China.

- Graduation ceremonies are moved to the Cathedral and Abbey Church of St Alban.



- The University is named Top New University in The Times Good University Guide.



1995

The University is the first in the UK to offer a degree-level course for registered paramedics.



The Law Department takes over the former premises of the School of Art and Design at St Albans.

25

Education

Strategic objective

Be internationally renowned for research-rich education that produces creative, professional and enterprising graduates.

Priorities

- To provide expert teaching informed by research, business and the professions.
- To foster inquiry, critical thinking and curiosity through inclusive, intellectually challenging courses.
- To strengthen professional partnerships to enhance graduates' employability.
- To offer workplace engagement and overseas learning opportunities.
- To develop students' social and global awareness.

Highlights



This year we were awarded silver in the 2017 Teaching Excellence Framework (TEF). The panel's feedback highlighted the high level of support and consistently outstanding outcomes for students from all backgrounds. We were also praised for our employment prospects, tutor support and high proportion of professionally accredited courses (78%).

One way we have further strengthened our support for students is through the introduction of a new virtual learning environment, the Guided Learner Journey. Based on a student-centred philosophy, the new system aims to improve learning outcomes, feedback and the student experience. We are also piloting a new video content service for recording and streaming lectures, adding to our innovative learning methods and

making sure we support different types of learners.

As the TEF highlighted, we have shown our commitment to widening access for students from all backgrounds, and our teaching and learning practice is informed by research to reflect this. For example, this year we were awarded funding for a number of research projects, including a Higher Education Funding Council for England Catalyst Project and Higher Education Academy Leadership Foundation Project to address the attainment gap in black and minority ethnic students.

The number of students taking online courses has increased by 15% from 720 to 825. These high-quality courses provide flexibility for students who may not want – or be able – to come to campus.

This year 96.1% of graduates were in work or further study six months after leaving us. That's the highest figure in the east of England – and higher than Oxford and Cambridge.

The past 12 months saw a number of other highlights for our courses and departments, including:

- Our philosophy department was ranked among the top 100 in the world in QS World Rankings.
- Our first degree apprentices began their studies (see page 16).
- A new course, BEng (Hons) Civil Engineering, was offered in partnership with the Building Research Establishment.
- New Foundation degrees were validated by University Campus St Albans. We aim for these to be the basis of Higher Apprenticeships.

Our students and graduates have put their learning into practice to excel in industry competitions:

- Computer and network technology graduate Emilio Mistretta won a BrightSparks Design Engineer Award for his work training young engineers.
- Design students Silije Bergum and Holly Knowles were shortlisted for Penguin Random House's Student Design Awards for their book covers.
- Illustration student Isobel Evans won the Carmelite Picture Book Prize and the chance to collaborate with a renowned children's author on a new book.
- Julie Auger was shortlisted for the Inspirational Student of the Year Award at the Student Nursing Times Awards.
- Six computer science students came second in a competition run by one of the UK's leading IT graduate employers, FDM.
- Lukasz Box picked up the bronze prize at the Worshipful Company of Information Technologies' awards.
- Graduates Zak Boxall and Chris Turner won in the Short Film category at the Royal Television Society Student Television Awards for their ambitious visual effects film, Bertie the Elephant.

Public benefit

One way we are helping all sections of the community get an education is through online learning. Our distance-learning degrees are helping people with physical disabilities and mental health issues get a university education, without the pressures and challenges of campus life.

1996

- Jim McGown appointed Chair of Governors.

- The University's Centre for Research in Primary and Community Care (CRIPACC) is established with initial funding support from the Department of Health.

- The first degree ceremony is held in Kuala Lumpur, the capital city of Malaysia, in response to the large number of students from Singapore and Malaysia.

- Sir Ian MacLaurin is appointed Chancellor of the University.

Looking to the future

Our goals for the year ahead are:

- Enhance professional development for teaching.
- Establish and extend workplace learning initiatives.
- Embed best practice in the rollout of the new virtual learning environment.
- Increase student engagement.



Image top: Carmelite Picture Book Prize won by Isobel Evans.

Centre: Emilio Mistretta wins the Design Engineer award.

Bottom: Zak Boxall and Chris Turner win an award at the Royal Television Society Student Television Awards.

1997

- In September the four-storey £16m Learning Resources Centre, designed by Architects Co. Partnership, is opened.



- The University Mace, an historic means of symbolising the corporation, is commissioned from gold- and silversmith Martyn Pugh and is used during ceremonial events such as the annual Awards Ceremonies.

25

Research

Strategic objective

Excel in collaborative, multidisciplinary research that addresses social, economic, cultural, scientific and environmental challenges.

Priorities

- To create and develop innovative ideas, products and processes.
- To foster and strengthen research with global partners.
- To support a research-rich environment that informs our teaching.

Highlights

This year we strengthened our focus on our six research themes: **food; global economy; health and wellbeing; heritage, cultures and communities; information and security; and space.** Each has been chosen to reflect our expertise, foster collaboration and tackle the key global challenges of our time.

Our research output continues to be of a high quality and is shaping policy, supporting industry and improving the lives of people everywhere.

There have been many highlights over the past 12 months. Within **food**, molecular virologist Dr Robert Coutts is developing a new generation of environmentally friendly pesticides that will increase the quality of food production. Meanwhile, a study published in the journal *Appetite* showed how 40% of young teenagers are still drinking sugar-filled drinks at school.

Under **global economy**, a revolutionary new prototype collection of wearable, 3D-printed clothes and products – Modeclix – reached the finals of a major international competition, the 3D Pioneers Challenge.

Our **health and wellbeing** researchers have made a number of influential discoveries, including new insights into early cognitive markers for Alzheimer's disease, how a low dietary intake of magnesium increases the risk of hypertension and how one in five young people with haemophilia in England and Wales are at risk because they are not taking adequate treatment.

Under the **heritage** theme, our Everyday Lives in War engagement centre received more funding from the Arts and Humanities Research Council, allowing it to continue its valuable work in exploring the impact the war had on ordinary people and subsequent generations.

Robots and artificial intelligence are becoming increasingly prevalent in everyday life so, within **information and security**, our scientists have created a concept that could lead to a new set of general, situation-aware guidelines to govern robots' behaviour as they work and co-exist alongside us.

The **space** team continued their groundbreaking work this year; as part of an international collaboration they discovered 60 new planets orbiting stars close to our solar system.

Public benefit

Research spanning all six themes has a direct beneficial impact on society.

- We are part of an international team of researchers awarded £2m to explore antimicrobial resistance and look at reducing the risk of infection before and after surgery.

- Our research identified how care homes and the NHS can work together to deliver better healthcare to people in residential care.
- Our astronomers discovered a giant red star 500 times the size of the sun.
- We published reports showing how young people who have strong relationships with their teachers are less likely to be cyber-bullied.
- Animal Free Research UK awarded three scholarships to our students to develop techniques and procedures to replace animals in biomedical research.

Looking to the future

Our goals for the year ahead are:

- Develop the profile of the six research themes.
- Address and prepare for Research Excellence Framework (REF) 2021.
- Implement the new Research Supervision Management System.
- Make great discoveries.

Image: Care-o-bot 3 - a prototype developed by University researchers to support independent living for the elderly, in partnership with relatives or carers.

1998

- The University competes in the first ever Formula Student competition held in the UK.



- The University introduces the first BSc (Hons) Paramedic Science degree in the country. This course is commissioned by the London Ambulance Service.

- The Rhea Martin Courtroom is formally opened. The interior of Hatfield Magistrates Court No. 1, donated by the Mid-Hertfordshire Magistrates and Hertfordshire Magistrates Court, is named in honour of the former lecturer in Law at the Polytechnic and Chair of the Hatfield Magistrates Bench.



1999

- The Observatory receives a refurbishment, modernising the facilities and refreshing the site with extensive renovations.



- Students Kane Ashton and Anthony Pritchard enter a robot called Behemoth in the BBC2 television programme Robot Wars.



25

International

Strategic objective

Enhance our international reputation with students, institutions, organisations and government agencies.

Priorities

- To strengthen our position as a university of choice for international students.
- To develop international partnerships.
- To strengthen the global perspective in the curriculum.
- To encourage international alumni to support our students and engage with business.

Highlights

We are proud of our diverse, vibrant, multicultural campuses and the impact our education and research has around the world. We now have more than 3,800 international students from more than 100 countries studying at our campus, and more than 6,800 studying our courses outside the UK.

Over the past year we have continued to strengthen international partnerships, collaborate on vital research with global institutes and give our students the chance to improve their employability in the global marketplace through overseas study and international competitions.

To celebrate a partnership of more than 20 years with INTI International University & Colleges in Malaysia, we launched a new Centre for University of Hertfordshire Programmes at INTI's Subang campus.

Our partnership started in the early 1990s with the launch of an innovative 2+1 module for Malaysian students, allowing them to spend the final year of their degree in Hertfordshire. Since then, thousands of Malaysian graduates have

successfully gone on to employment all over the world.

Our international reputation in many subjects is one of the reasons so many overseas students want to study with us. Animation is one such subject. This year we held the 14th Animation Exposé – our international festival, celebration and exhibition of all things animated. The ever-popular event was streamed around the world and featured inspirational talks from industry leaders. It also showcased the best work from 3D Animation, 2D Animation, Games Art and Visual Effects students at all levels.

Thanks to our international links, many of our students take part in global events and competitions that enhance their skills and broaden their industry awareness. In December, students from architecture, interior architecture and design courses took part in the 2016 Colombo Art Biennale in Sri Lanka. They worked alongside internationally renowned artists and architects and took part in a range of projects, including art installations, model-making and paper-crafts, often collaborating with local people.

Learning a new language can significantly enhance employability, and we currently have 490 students studying one or more foreign language modules as part of their course. This year three of our students won the Folk Culture Prize at the Japanese Speech Contest, organised by the Japan Foundation, after giving a 10-minute presentation in the language.

This year also saw the UH Racing team launch its most advanced car to date. We have a long history of success with the international Formula Student competition and are the most successful UK team ever.

Fluid Pharma Limited, the School of Life and Medical Sciences' first spin-out company, has secured over £500k from a major international venture fund to develop medicines for people with difficulty swallowing conventional therapies. Hertfordshire is now one of six universities working together to deliver EU2P, an online European MSc programme in pharmacovigilance and pharmacoepidemiology.

Public benefit

The University has international franchise collaborations in Canada, China, Cyprus, Malaysia, Russia, Singapore, Sri Lanka and the Caribbean, enabling overseas students to gain a degree with us while studying in their home country.

Looking to the future

Our goals for the year ahead are:

- Identify potential portfolio developments that would sustainably appeal to and grow the international market.
- Continue to provide high-quality teaching to all our international, home and abroad students.

Image top: 'Welcome to Paradise': A film by BA (Hons) 3D Computer Animation and Modelling students Alex Baro Cayetano, Veronika Epsteina, Amelie Talarmain and Simeon Ganey.

Bottom: Architecture, Interior Architecture and Design course students in Sri Lanka.

2000

- Work begins on the building of the new de Havilland campus at Hatfield on a site formerly occupied by British Aerospace.



- The University joins with the Associate College Network in forming the Hertfordshire Higher Education Consortium.

- The Minister for Sport, Kate Hoey, opens the new facilities for sports science teaching, consulting and research.

- The Times Higher Education Supplement names Dr Richard Wiseman as the fourth most quoted scientist in the country.



2001

- The Key Centre, a multi-faith, multicultural centre, is opened by Lady Rosalind Runcie, widow of the late Robert Runcie, former Bishop of St Albans and Archbishop of Canterbury.



- The Business Partnership Office is opened as a one-stop shop for the business and commercial community.

- The University introduces the first UK internet-based Master of Science degree: MSc Manufacturing Management.

25

Business

Strategic objective

Be internationally renowned for integrating the research, innovation and business expertise of our staff, students and graduates.

Priorities

- To develop students with the knowledge, skills and attributes to succeed in business and the professions.
- To encourage and reward staff for engaging with business and the professions.
- To enhance relationships with business and industry.
- To create subsidiary companies that support the University.

Highlights

This year we enrolled our first Degree Apprenticeship students. As the UK's leading business-facing university, we aim to be at the forefront of delivering these groundbreaking courses, which are designed in close partnership with industry.

One of the key selling points of Degree Apprenticeships is that they allow learners to earn a degree without spending three years in full-time study. Instead, they study part-time while gaining on-the-job experience, getting the best of both worlds.

Our Digital and Technology Solutions Degree Apprenticeship is the first of its kind in Hertfordshire and was developed with Vauxhall Motors and Stevenage Borough Council. We also offer the Chartered Manager Degree Apprenticeship, with new programmes launching in 2018.

Working closely with industry and the professions is nothing new for us, and we have a successful history of helping many organisations develop their people. MBDA, a leading European defence company based in Stevenage, has been working with us for 15 years and has sent students to us for the past six years. This year no fewer than six graduated with first-class honours degrees in business studies.

The Hertfordshire Science Partnership is the University's solution to growing research and innovation in Hertfordshire's life sciences and agritech industries. With initial funding from the Hertfordshire Local Enterprise Partnership, augmented by European Regional Development Funding to specifically support small- and medium-sized enterprise (SME) clients, the Partnership provides dedicated staff and facilities in our newly opened state-of-the-art science laboratories.

The University is supporting employers by helping professional cricketers from Middlesex prepare for life after sport. This year 10 cricketers enrolled on our innovative business and sports management degree, which involves online study and bespoke seminars.

In March we received £1.2m from the European Social Fund to deliver skills-related support for businesses and new apprentices in the county. The 18-month programme is being delivered by our subsidiary, Exemplas, and aims to support SMEs through education and training.

We are also helping SMEs in the region access EU funding, expertise and graduate talent to develop new products and services, thanks to a partnership with Anglia Ruskin University. The KEEP+ programme is backed by £9.3m from the European Regional Development Fund.

Academic Schools are widely encouraged to engage with businesses and Knowledge Transfer Partnerships (KTPs) are an effective way for companies to tap into our expertise. This year we were involved in eight KTPs, including one with local company Advanced Collection Systems (ACS). PhD student Paul Moggridge is working with the business to develop and implement new software that will give ACS a competitive advantage.

One of the key ways we support business is by developing our students' entrepreneurial skills and helping them get their ideas off the ground. This year we ran a £50,000 competition for graduates to pitch their ideas for a catering van business on campus, which was won by Ben Spurgeon.

Every year we run our business entrepreneurs' competition, Flare. This year's main prize winner was economics and sports studies graduate Ibrahim Fagge, for his innovative fitness app, FittFind. In other competitions, Nasir Kunduzi won a cash prize at the University Alliance Innovating Future Business event for his start-up software company, and graduate Alyssa Smith was named Best Retailer of the Year at the Hertfordshire biz4Biz Awards for her jewellery design company.

2002

- The School of Engineering install a flight simulator, designed as a teaching tool to enhance understanding of key aspects of aircraft performance, stability and control.

- The University celebrates the 50th anniversary of higher education in Hertfordshire and has almost 22,000 students and a £106m turnover. Around 14% of our students are from overseas.



Public benefit

We benefit the public by developing talented students and graduates for placements and careers, boosting local and national economies. We also invite local businesses and the public to various open events to share in our knowledge and research. For example, this year we ran a 3D printing and design showcase for people to discover how digital technologies and design can support innovation.

Looking to the future

Our goals for the year ahead are:

- Develop our Degree Apprenticeship opportunities.
- Identify areas requiring improvement for graduate employability.
- Further develop our business incubation services, to include support for external businesses.



Image top: The University's Vice-Chancellor with Digital Technology Solutions degree apprentices.

Bottom: MBDA apprentices.



2003

- The £500,000 Automotive Engineering Centre, on the College Lane campus, is opened.

- HRH Prince Philip, Duke of Edinburgh, returns to open the new £120m de Havilland campus. The sites at Wall Hall, Aldenham and Balls Park, Hertford, are closed and students studying education, humanities and business studies transfer to the new campus.



- The £15m Hertfordshire Sports Village complex opens on the de Havilland site.

25

Community

Strategic objective

Be internationally renowned for supporting our communities, raising aspirations and enriching lives.

Priorities

- To demonstrate and promote our positive social, cultural and economic impact.
- To share our knowledge, facilities and resources.
- To provide local leadership in education, culture and innovation.
- To invest in resources to develop a vibrant university town.

Highlights

This year our people spent more than 1,500 hours volunteering for local charities and benefactors, and also ran a wide range of public engagement activities.

For many years our Bayfordbury Observatory has welcomed schools and the general public to find out more about astronomy and the universe. Not everyone can visit the observatory, so this year we introduced the UK's largest inflatable planetarium, which can be toured around schools and festivals. The 6m-high, 100-seat planetarium has excellent facilities for disabled visitors and features a range of films showcasing the wonders of the solar system in a fun, accessible way.

In May we also invited the public to a series of inspiring events showcasing the work of our graduating creative arts students. Kicking off the 'Headlines' season was the ever-popular Sonic Herts music festival, with performances from musicians from all over the world, followed by our Graduate Fashion Show, Visions Festival (featuring the best student

films) and international Animation Exposé festival. The season culminated in our Degree Show, featuring the work of more than 400 students.

Other public engagement events included the return of Café Scientifique, a forum for anyone interested in science to discuss the latest ideas in science and technology outside an academic setting. This year's event featured Dr Stephen Pack, Senior Lecturer in Sports and Exercise Psychology, discussing the benefits of dog-walking for older people living in isolated communities.

The University has never shied away from lively public discussion, and this year was no different. In February we held a panel debate on sexuality, religion and minorities dubbed 'minority within a minority', as part of LGBT History Month. In the build up to the General Election, the Students' Union also hosted a hustings for Welwyn Hatfield candidates, chaired by Vice-Chancellor Quintin McKellar.

In April, UH Students and Staff Supporting Refugees held a week of activities to raise awareness and understanding of refugees. These included art exhibitions, talks on topics such as life in the Calais camps, and theatre performances exploring human rights stories. All had the aim of challenging current representations of migration and refugees in the mainstream media.

More than 700 people from the local community joined us for a free family fun day to celebrate our 25 years of being a university. As well as live music from an alumni band, the public enjoyed magic, a pirate show, Punch and Judy, a falconry display and fairground rides.

Public benefit

We are proud to be part of a thriving community and relish opportunities to collaborate with our neighbours, share knowledge, inspire the public and support good causes.

Looking to the future

Our goals for the year ahead are:

- Support the development of a collegiate campus.
- Focus on commuting students.
- Contributing to the Hatfield Visioning Project 2030+. This exciting initiative will see part of the town redeveloped to include new housing, improved pedestrian and cycling routes, and a digital media lab.

Image: The UK's largest inflatable planetarium.

2004

- The University receives the Queen's Award for Enterprise in International Trade.

- Collaboration with the China University Training Center for Science-Technology in Beijing and Fuzhou University in Fujian Province sees the establishment of the new Fuzhou University Hertfordshire College.





2005

- A team from the University of Hertfordshire appears on the BBC television programme University Challenge.



- The School of Law introduces a pro-bono clinic for members of the public seeking legal advice.

- The University introduces the first Postgraduate Diploma in Medical Care Practice to enable healthcare professionals to support general practitioners.

People

Strategic objective

Ensure our people are valued in a collaborative and innovative environment.

Priorities

- To attract and develop outstanding people.
- To recognise and reward excellence.
- To develop world-class leaders in education, research, business and the professions.
- To sustain a culture of respect, engagement and integrity.
- To strengthen the diversity of our community.
- To invest in people's health and wellbeing.

Highlights

With around 2,900 staff employed by the Group, we are proud to be one of the region's largest employers, fostering a culture of openness, fairness and inclusivity.

This is reflected in our annual staff survey, with colleagues most positive about the way the University respects individual differences, their awareness of our strategic plan and their understanding of what they are expected to achieve in their role.

A priority this year has been to focus on staff health and wellbeing. A key element of this has been our Back to Basics campaign which aims to improve working practices and general wellbeing. The campaign included bite-sized events emphasising the importance of maintaining a healthy lifestyle. One hundred and eighteen different activities were provided which resulted in significant staff involvement from all areas of the University. There was a 400% increase in uptake of ergonomic online

courses over the year and 450 miles were walked as part of the Daily Mile initiative.

During the year, in recognition of the fact that almost half of our Chief Executive Group (CEG) were relatively new in post, we initiated a leadership development programme to support the senior team. The connections made during the event have noticeably enhanced working relationships and catalysed more engagement and contribution at CEG meetings.

Elsewhere, Dominic Bygate and Dr Suzanne Fergus were awarded National Teaching Fellowships, the most prestigious individual award for excellence in higher education.

Dominic, a mathematical physicist, has taught for over 30 years and was recognised for driving changes in practice that make a powerful, lasting difference. Suzanne, a principle lecturer in pharmaceutical chemistry, won the Royal Society of Chemistry's Higher Education Teaching Award for sustained innovation in chemistry education. She's transformed Hertfordshire's chemistry teaching, improving student support, engagement and grades.

Richard Wiseman, Professor of the Public Understanding of Psychology, is a best-selling author and well-known for his critical examination of unusual phenomena. This year he was at the Edinburgh International Science Festival showing people how to take the perfect nap. The event involved people tucked up in bed, listening to the world's most relaxing music, undergoing a progressive relaxation task and being bathed in soothing green projections. There was

a serious side, as Richard's research shows that short naps can make you happier and healthier.

In sports, senior lecturer Joel Harris was called up to the England football team – as soft tissue therapist. Joel attends the players' training camps and is pitch side for the men's senior games, home and away.

Also this year, architecture lecturer Eva Sopeoglou won a string of prizes for her design of a Greek summer house. Her stunning, low-maintenance weekend home, situated on a pristine olive grove overlooking the sea, won an Architizer A+ award, a Surface Design award and a DOMES Greek Architecture award.

Public benefit

All of our people – tutors, researchers and professional staff – make an incredible contribution to life at the University, supporting and inspiring our students, raising our profile and bringing our expertise to the world. Their achievements are recognised in many ways, including through our annual Vice-Chancellor's Awards – now in its 10th year.

Looking to the future

Our goals for the year ahead are:

- Deliver outstanding service.
- Increase the diversity of our workforce.
- Develop people.
- Enhance wellbeing.

2006

- Over 1,000 people attend the Grand Ballroom of the International Convention Centre in Shanghai for the University's first graduation ceremony in China. This is the largest graduation ceremony ever held overseas by a UK university.

- The University introduces a three-year pre-registration BSc (Hons) Dietetics course with integrated work placement - the first of its kind in the east of England.





Image top: The Vice-Chancellor's Awards 2017.

Bottom: Eva Sopeoglou's prize-winning design.



2007

- The University enters the first ever hydrogen-powered Formula Student racing car in the UK Formula Student event.

- The MacLaurin Building is officially opened, named in honour of the University's former Chancellor, Lord MacLaurin of Knebworth.



Sustainability

Strategic objective

Continuously improve sustainability throughout the University.

Priorities

- To consolidate financial sustainability.
- To invest in our campuses and infrastructure.
- To positively improve our impact on the environment.
- To manage resources and services in a business-like way.

Highlights

The Board considers that the Group remains in excellent financial health, given its recent record in generating surplus, and its controls over investments. The Group is well-placed to consider and make decisions in the interests of its stakeholders, most importantly its students. This year we continued to invest in our campus through our ambitious 2020 Estates Vision. In November 2016, we officially opened our state-of-the-art Science Building, which provides truly world-class teaching and research facilities, and we also opened our new, carbon-zero student residences at College Lane, with 2,500 new bedrooms.

The quality of student accommodation is exceptional, and this was underscored in July when we won the Best Student Housing award at the 2017 College and University Business Officers Awards. We also won a silver in the Best Operational Project category in the annual Partnership Awards. These prizes recognise the very best public-private partnerships globally. The judges highlighted the project's creativity, engagement with students and positive impact on student life.

We continue to nurture strong, positive long-term partnerships with business, educational institutions and our alumni. In June we renewed our agreement with global education services provider Navitas, for Hertfordshire International College (HIC). HIC was opened in 2000 and was the first Navitas college in the UK. In that time, more than 6,000 students have passed through HIC's doors to study for a range of programmes.

We are proud of our alumni's achievements, and many remain close to the University as mentors, inspirational speakers, graduate employers and donors, supporting the next generation of students. Libby Calder, the widow of alumnus and successful businessman Duncan Calder, made a generous and substantial donation in her husband's name. The money is funding two PhD scholarships, as well as new laboratory equipment and facilities in our School of Engineering and Technology.

We are recognised as a leader in environmental management and performance. Since 2013 we have held an internationally recognised Environmental Management System ISO 14001 and EcoCampus Platinum status. We have taken part in Green Impact since 2011, an interdepartmental competition which encourages students and members of staff to compete in teams to see who can be the most environmentally friendly. This year, every team involved achieved a gold award or higher and raised £1,000 in a fundraising collaboration.

EValu8 Transport Innovation has completed its seventh year as a University company. Working with government,

the European Regional Development Fund, local authorities, businesses and charities, EValu8 has delivered hundreds of electric vehicle charging points, supported over a hundred companies, and delivered a major energy-storage demonstration project.



Dr Keith Bevis, Managing Director, says: 'When in 2040 we look at the progress of electric mobility in our country, we'll be able to say we were there at the beginning – we made a difference.'

Public benefit

Sustainability is a key part of all our courses, as we aim to develop students who are responsible global citizens. This year 10 students visited the fashion capital of the world, Milan, for a two-day conference run by Prada on sustainability in the fashion industry. The students produced concepts for the future of luxury retail, clothing designs and a business strategy.

Looking to the future

Our goals for the year ahead are:

- Achieve the budget.
- Improve our league table position.
- Meet student recruitment targets.
- Ensure School open days are truly inspirational.
- Increase efficiency.

2008

- The School of Creative Arts signs a partnership agreement with the British Higher School of Art and Design in Moscow.

- The University receives its first nomination for the Times Higher Education University of the Year Award.

- The Research Assessment Exercise (RAE) confirms History as the best performing research unit of the University's second decade.

- The School of Nursing and Midwifery introduces a shortened work-based midwifery programme, a first within midwifery education.

Financial review and risks

Financial review 2016-17

Financial surplus is critical to addressing the requirements of the strategic plan by delivering sustainability and providing opportunities for investment in both our people and our infrastructure. The Group made a surplus of £12m in the 2016-17 financial year, which was ahead of its long-term target. The Group has had eight consecutive years of surplus and is well placed to deal with the changes it is facing in the increasingly competitive and complex environment in which it operates.

£10m+ surplus for 7 years running

Income

Total income has increased by £7.2m in the year to £263.7m. Tuition fees are our main source of income (61.8%) and rose by £3.2m in total despite fees for UK and EU undergraduate students remaining capped at £9,000 for the fifth consecutive year. The government has now advised that inflationary increases can be applied for 2017. Other fees and prices need to stay competitive and are reviewed annually to take account of inflationary pressure on costs and market rates more generally.

£9,000 – maximum annual tuition fee for UK/EU undergraduates from 2012 until 2016

Student numbers remained broadly similar in total and profile compared to the previous year. For details of student numbers, please see page 27.

Following the removal of the student number cap for home and EU undergraduates coupled with the relatively low number of 18-year-olds in the UK, the competitive environment remains tough. Universities need to demonstrate their value to prospective students offering excellent career potential as well as outstanding teaching and support staff. The provision of superb resources, including accommodation, state-of-the-art laboratories, technology-assisted teaching rooms, both online and physical learning resources, and 24/7 access is also of high importance. We have continued to invest in these areas, along with a number of new courses, including civil engineering, criminology and architecture. Measures such as the National Student Survey (NSS) and Teaching Excellence Framework (TEF) are highly visible and so demand significant management to deliver the desired outcomes, leading to a competitive edge.

The University achieved a silver rating in the new TEF, and also has risen 39 places in the 2017 NSS results for overall satisfaction. In addition to innovations in standard undergraduate courses, a number of Degree Apprenticeships are also under development and are likely to increase substantially in volume over the next three years, allowing students to study while being employed.

Recurrent income grants from HEFCE remained stable and without any inflationary increase. Included within this is £3.2m received from HEFCE's Higher Education Innovation Fund. In recognition of the knowledge exchange work undertaken by the University our objective is to grow our national and international reputation as an enterprising

and business-facing University, in which research, innovation and teaching activities are closely aligned to meet the demands of business and society. As the only university in the Hertfordshire Local Enterprise Partnership (LEP) area, we play a vital role as economic anchor, working closely with the LEP at all levels, as well as with neighbouring LEPs across the wider region.

£11m of research income in the year

The increase in research income by £1.7m to £11.1m highlights the heightened focus on our research activity and is primarily due to a growth in research activity across the School of Life and Medical Sciences as well as a substantial rise in research donation income.

We continue to strengthen our international partnerships across the world with 5,340 students studying overseas, an increase of 5%.

A strengthened fundraising effort has also resulted in donations in 2016-17 totalling £0.9m, of which £0.6m are research related. The most significant donation during the year was from Libby Calder, the widow of alumnus and successful businessman Duncan Calder, who made a generous and substantial donation in her husband's name. The money is funding two PhD scholarships as well as new laboratory equipment and facilities in the School of Engineering and Technology. Another substantial donation was received in memory of Jenny Greenhorn to fund PhD scholarships in the field of regulatory sciences (pharmaceutical and medical devices).

2009

- The new £38m entertainments venue, The Forum Hertfordshire, is opened.

- The University enters the first wholly electric Formula Student car in the UK Formula Student event and wins the prize for lowest carbon production.



25

Fundraising activity has focused on the key campaign areas: academic activity and research in the field of food security; research and development into the use of robotics in therapy; the Enterprise Fund, which supports entrepreneurial activities by students at the University; and the University Student Trust Fund, through which support is given to the University's Hardship Fund as well as other opportunities on offer to students including Study Abroad and the Doctoral College.

The University has established a campaign entitled Feed the World which brings together some of the brightest minds and leading innovators to pioneer new on-the-ground solutions to help alleviate hunger for millions of people. Over the next 10 years, the Feed the World campaign aims to invest £20m in groundbreaking research to improve food security in the UK and developing countries.

£68m – income from diverse commercial operations

Expenditure

Control over costs is of significant importance as part of the University Group's overall value-for-money agenda. The increase in total expenditure to £251.3m is primarily due to four key factors:

- As noted above, 2016-17 represented the first full year of the increased student accommodation provision, with a corresponding increase in operating costs.
- Over the past six years, the University has invested heavily in its Estates 2020 Vision, which is reflected in the increased depreciation charge in the year.
- The accounting adjustments required under FRS 102 in respect of the Local Government Pension Scheme have increased total expenditure by £2.5m versus a reduction in expenditure of £1.8m in the prior year. This is mostly

due to asset growth being restricted to be the same as the corporate bond yield, despite assets growing by a much larger amount over the long term.

- Following a review of the Group's assets, a fair value adjustment has been made to an investment property, resulting in a write-down of £1m.

Staff costs comprise 52.7% of total expenditure and increase annually even with modest pay awards.

From April 2017 an additional 0.5% of the payroll is remitted to government as the Apprenticeship Levy, costing £0.5m per annum. The results of the triennial actuarial review of the Local Government Pension Scheme initially resulted in a proposed increase to employer contributions, but after a further risk assessment the contribution rate was reduced, saving around £1m per annum over the valuation period.

In the year, there have been a number of areas impacted by our Efficiency, Effectiveness and Value for Money Strategy, resulting in efficiency savings of almost 2% compared to the previous year.

Subsidiary company activity

The Group has a widely diversified range of income streams from its subsidiary companies amounting to £27m.

The subsidiary companies have experienced a significantly improved year of trading. Universitybus Limited made an operating profit (before pension adjustment) of £0.4m despite further grant cuts by Hertfordshire County Council. It provides a vital service to students, staff and the



general public. This company serves the University in the main, however it also operates transport services with three other universities. Several new state-of-the-art vehicles were delivered during 2016-17 which will enter service in September 2017, adding to capacity and student experience to services from North London.

Exemplas has continued to deliver on several contracts, notably with the Department for International Trade and made a profit of £0.2m. Polyfield Property Limited runs Hertfordshire Sports Village, making a small loss due to the ongoing Private Finance Initiative (PFI) unitary payments. The award-winning Active Students programme continued to offer opportunities to all students irrespective of ability, despite funding cuts from Sport England. The University considers this to be a key project in attracting and retaining students, notably females and those with a disability.

EValu8 Transport Innovations Limited's activity has been absorbed within the University. It has successfully earned over £7m in research grants to assist with progressing electric vehicle charging point infrastructure within the region.

Metropolitan Enterprises Limited which had previously incurred losses has ceased to trade and Bio Park Hertfordshire Limited incurred substantial maintenance costs during the year, resulting in a loss of £0.7m.

Net assets

The new Science Building was officially opened in November 2016 by the Duke of Edinburgh and it is hoped that it will transform the experiences of staff and students for the better. The next major projects to be undertaken as part of the Estates 2020 Vision will be a new social space at the de Havilland Campus, due for completion in 2019, and the demolition of former teaching buildings at College Lane in readiness for the construction of a new facility to be opened around 2022.

2010

- The Threads of Feeling Exhibition opens at the Foundling Museum, London. It's curated by Professor John Styles from the University's History department and seen by 20,000 people. The small pieces of fabric were left by mothers who abandoned their children at the London Foundling Hospital in the mid-18th century.

- The Herschel medal is awarded to Professor James Hough for his world-leading contribution to astronomy in astronomical polarimetry (measuring the orientation of oscillations in light and other electromagnetic waves).

- The University is named as the Times Higher Education Supplement Entrepreneurial University of the Year.



Enhancements to the original college building, dating from the early 1950s, are also planned.

Investment has been made in teaching and research equipment, IT infrastructure and in supporting the new research themes. In total, £19m was spent on capital projects during the year. The University has traditionally scored very highly for provision of resources in the NSS and such investment is intended to maintain that position for students.

The final phase of the new student residences at College Lane opened in 2016-17 and represents an increase in both quantity and quality, taking on-campus capacity to nearly 4,700 beds. Income from residences, as shown in note 4 to the accounts, has increased accordingly. The project won the College and University Business Officers (CUBO) award in 2017 for Best Student Housing, this is reflected by demand for living on campus for prospective students and carers. Our student accommodation was recently ranked 33rd, an increase of 82 places within a year, by WhatUni ranking.

£19m – investment in capital projects

Monitoring financial performance

The Group monitors its financial performance against the key financial metrics as defined and required by HEFCE. See **table 1** for the 2016-17 results.

Cash flow

Cash, including short-term deposits, increased by £12m, and so remains healthy and adequate to fund future investment. External debt of £2m was repaid. It is not envisaged that further external borrowing will be needed in the foreseeable future. See **table 2** for Group surplus, cash and borrowings.

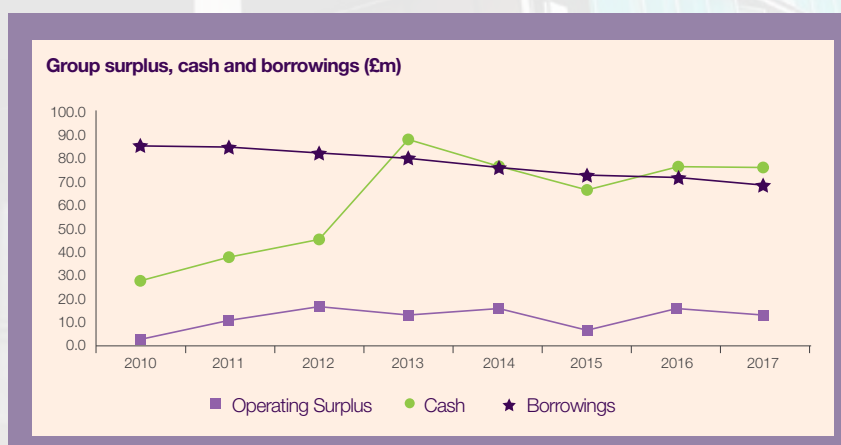
Table 1

Financial metric	Actual 2016-17	Actual 2015-16	Sector mean 2015-16
Surplus as % of total income	4.7%	7.6%	5.2%
Cash flow as % of total income	12.6%	11.9%	10.2%
Net liquidity/(total expenditure less depreciation)	136 days	125 days	135 days
Total assets/total liabilities	2.4%	2.0%	2.1%
External borrowing as % of total income	26.4%	29.8%	30.7%
Unrestricted reserves as % of total income	87%	84.8%	98.1%

£2m – external debt repaid to lenders

£87m – cash at year-end

Table 2



2011

The restored de Havilland Beacon, which guided pilots back to the pre-Second World War airfield, is installed at the entrance to the de Havilland campus.

Professor Tim Wilson retires and Professor Quintin McKellar is appointed Vice-Chancellor of the University.

The University opens its own Campus Pharmacy, run by staff from the School of Pharmacy.



Risks

In order to ensure that the strategy and its key performance indicators can be achieved, the Board also identifies and closely monitors business risks. Members of the executive team provide regular briefings to the Audit Committee and the Board, allowing Governors to monitor the assessment, mitigation and responses to these risks. Further details on the University's risk management procedures and policies are set out in the statement of corporate governance.

Strategic risk	Mitigation
Education Poor showing in the TEF and NSS and failure to maintain an academic portfolio that is current and contextual.	<ul style="list-style-type: none"> • Student experience key priority in action planning. • Promotion of student placement activities to embed employment experience and skills in programmes. • Engagement with professions, employers and HE marketplace to ensure relevance of academic portfolio.
Research Lack of exploitable outputs with high impact and lack of high-quality outputs contributing to REF.	<ul style="list-style-type: none"> • Focus on impact when developing research proposals. • Continual monitoring and peer review of outputs to ensure high-quality outputs.
International Impact of Brexit and other changes in Government policy in relation to international students.	<ul style="list-style-type: none"> • Maintain monitoring of Brexit negotiations and planning of responses. • Maintain horizon-scanning activities to ensure knowledge of developments and enable timely responses.
Business <ul style="list-style-type: none"> • Decline in high level of graduate employability. • Performance of University subsidiary companies. 	<ul style="list-style-type: none"> • Maintain employability focus within programmes and engagement with students to embed graduate skills which support progression into employment. • Maintain close monitoring of subsidiary activities and financial performance, good management and governance.
Community Relations with Hatfield town and wider local community.	<ul style="list-style-type: none"> • Engagement with Hatfield visioning group to facilitate use of University expertise and work with local authorities and agencies to share knowledge and experience.
People Loss of key staff and poor succession planning; staff morale and wellbeing.	<ul style="list-style-type: none"> • Development of employee brand. • Proactive 'living our values' and listening to staff strategy. • Development of People Strategy and People Board to address issues of concern to staff.
Sustainability <ul style="list-style-type: none"> • Budget not achieved. • Estates 2020 Vision not implemented or delayed. • Non-compliance with law and statutory duties. • Poor student recruitment. • Major incident/accident/terrorism on campus including cyber attack. 	<ul style="list-style-type: none"> • Budgets agreed via mature planning process, close monitoring and forecasting occurs. • Strong project management in place. • Horizon-scanning and engagement with relevant bodies to ensure knowledge of duties and related reporting and monitoring to ensure required compliance occurs. • Agreement on realistic recruitment targets, proactive engagement of Marketing and Communications team with Schools to achieve targets. • Clear planning and exercises to build resilience and effective responses to emergency incidents. • University policies, processes and systems reviewed in the light of heightened awareness of cyber risks following recent higher education sector incidents.

: 2012

- The University celebrates 60 years since it was founded as the Hatfield Technical College.

- The Olympic Torch travels through the University Campus on its journey from Land's End to the Olympic Stadium for the 2012 Games.



- The University's Midwifery Team wins the Royal College of Midwives Annual Award for Excellence in Midwifery Education.

- Over six decades we have grown in size and stature – opening in 1952 with 1,500 students and now with a student population of over 28,000.

Student numbers

The following tables show an analysis of our student profile for 2016-17

Mode and level of study			Subject area		
Full-time and sandwich	Postgraduate research	220	Medicine and dentistry	10	0.0%
	Postgraduate taught	1,410	Subjects allied to medicine	6,300	25.6%
	First degree	15,470	Biological sciences	1,650	6.7%
	Foundation	510	Agriculture and related subjects	20	0.1%
	Other undergraduate	70	Physical sciences	430	1.7%
Total		17,670	Mathematical sciences	220	0.9%
Part-time	Postgraduate research	280	Computer science	1,420	5.8%
	Postgraduate taught	3,760	Engineering and technology	1,520	6.2%
	First degree	1,280	Architecture, building and planning	60	0.2%
	Foundation	420	Social studies	1,070	4.4%
	Other undergraduate	1,170	Law	1,430	5.8%
Total		6,910	Business and administrative studies	4,210	17.1%
Total students studying within the UK		24,580	Mass communications and documentation	180	0.7%
			Languages	570	2.3%
			Historical and philosophical studies	240	1.0%
			Creative arts and design	2,740	11.1%
			Education	2,320	9.4%
			Combined	180	0.7%
			Total	24,580	100.0%
Gender			Students from outside the UK - top 10 countries		
Female	14,290	58.1%	China	510	2.1%
Male	10,290	41.9%	Nigeria	380	1.5%
Total	24,580	100.0%	India	310	1.3%
			Malaysia	270	1.1%
Ethnicity			Pakistan	190	0.8%
White	12,010	48.9%	Ireland	170	0.7%
Asian or Asian British	4,890	19.9%	Cyprus (European Union)	90	0.4%
Black or Black British	4,270	17.4%	Bangladesh	90	0.4%
Chinese	810	3.3%	Saudi Arabia	70	0.3%
Other (including mixed race)	2,200	9.0%	Spain	60	0.2%
Unknown/information refused	400	1.6%	Total	2,130	8.7%
Total	24,580	100.0%	Students studying wholly outside the UK		
Geographic region			Students on overseas franchise programmes		
England	20,640	84.0%	Malaysia	4,340	
Wales	160	0.7%	Russia	390	
Scotland	70	0.3%	Canada	330	
Northern Ireland	60	0.2%	Singapore	230	
Guernsey, Jersey and the Isle of Man	20	0.1%	Sri Lanka	20	
Other EU	830	3.4%	Other countries	30	
Non EU	2,800	11.4%	Total (students on overseas franchise programmes)	5,340	
Information not available	10	0.0%	Students on distance-learning programmes outside of the UK (across 120 countries)		
Total	24,580	100.0%		1,480	
			Total (students studying wholly outside the UK)	6,820	

Student numbers represent head count not FTE (full time equivalent).

All student number figures are rounded to the nearest ten. Total figures are also rounded to the nearest ten. The sum of numbers in a table may not match the total shown.

Total student numbers 31,400

2013

As part of our Diamond Jubilee celebrations, two artists are commissioned to produce artwork to mark 60 years of the University of Hertfordshire art collection.



Work begins on the new student accommodation project on the College Lane Campus.

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Statement of corporate governance

The following statement covers the year to 31 July 2017 and up to the date of approval.

The following statement is provided to enable readers of the financial statements of the University of Hertfordshire to gain a better understanding of the governance and legal structure of the institution.

Legal status

The University of Hertfordshire is an independent corporation, established as a Higher Education Corporation in England under the provisions of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is an exempt charity as defined under the Charities Act 2011 and is regulated by the Higher Education Funding Council for England (HEFCE).

The University conducts its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life and the guidance provided to higher education institutions by the Committee of University Chairs (CUC) and the requirements of the memorandum of assurance and accountability between HEFCE and institutions (2016/12). The Board has adopted The Higher Education Code of Governance (CUC 2014) and is satisfied that it operates in compliance with the Code.

The University's objects, powers and the institutional governance framework are set in the Articles of Government. The Articles and any amendments to them must be approved by the Privy Council.

Governance structure

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

Board of Governors

The Board of Governors is the University's governing body and is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern. It is responsible for the finance, property and staffing of the University and Group. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction. The Board has a majority of independent members, selected in line with strict criteria contained in the legislation. It is customary for the Chairman of the Board to be elected from the independent members.

There is also provision for the appointment of a number of co-opted members (some of whom may be members of staff of the University) and for representatives of the Academic Board and of the student body. No members of the Board receive any remuneration for the work they do for the Board, although they are able to claim expenses incurred in the course of undertaking their duties. In 2016-17, the Board met on eight occasions and average attendance was 80.5% (compared to 78% the previous year).

Members of the Board of Governors are listed on page 73. The University maintains a Register of Interests of members of the Board of Governors, the Boards of Directors of the subsidiary companies and designated officers of the Board which may be consulted by arrangement with the Secretary and Registrar.

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University. It is particularly concerned with issues relating to the teaching and research work of the University. The Academic Board is chaired by the Vice-Chancellor.

Chief Executive

The Vice-Chancellor is the head of the University and is responsible to the Board for the organisation, direction and management of the University. Under the terms of the formal Memorandum of Assurance and Accountability between the University and HEFCE, the Vice-Chancellor is the designated accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos.

Members of the Vice-Chancellor's Executive Group (currently the Deputy Vice-Chancellor, the Group Finance Director, the Secretary and Registrar and the Pro Vice-Chancellor Business and International Development) all contribute in various ways to this aspect of the work. However, the Vice-Chancellor remains ultimately responsible to the Board in this regard. In accordance with the Articles of Government, the University Secretary and Registrar has been designated Secretary

2014

- Opening of the new Hutton Hub
- Building on the College Lane Campus.



- The Research Excellence Framework (REF) replaces the Research Assessment Exercise (RAE). The REF judges more than 90% of the University's research to be of international quality.

- Alumni Jamie Stone (BSc (Hons) Social Work, 2013) wins the highly prestigious award of 2014 Newly Qualified Social Worker of the Year (Adults). Jamie went on to win Alumnus of the Year 2015 and in doing so became the youngest ever recipient.

- University selected as one of only eight higher education institutions to receive the Race Equality Charter Mark bronze award.

to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Committees

Certain matters such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land are reserved matters for the Board. However, much of its detailed work is handled initially by committee.

Other than the Audit Committee, whose composition includes a staff governor nominated by the Board of Governors, these committees are composed of independent and external co-opted members of the Board. The decisions of all of these committees are reported formally to the Board.

The Board of Governors conducts regular effectiveness reviews of itself and its committees. These reviews include an analysis of attendance, work undertaken and the views of members so that changes can be introduced as appropriate during the next cycle.

Finance Committee

The Finance Committee is responsible for the financial management and regulation of the Group. It also has oversight of financial policy and management and the progress of significant capital projects. The committee normally meets four times per year.

Employment, Remunerations, Governance and Nominations Committee

This committee is responsible to the Board for the University's overarching human resources policy framework, its component policies and changes or additions to these, and determines and reviews the remuneration and conditions of staff appointed by the Board itself. It also sets the framework of pay and conditions of those employees designated as senior managers and

considers and oversees all matters relating to the good governance of the Board. Its role is distinct from that of the Audit Committee, described below. The committee is established by the Board to act as the Appointments Committee in respect of all appointments made by the Board of Governors, except that final responsibility for the appointment of the Vice-Chancellor rests with the Board itself. The committee normally meets three times per year.

Audit Committee

The Audit Committee normally meets five times each year, including a meeting with the external auditors to discuss audit findings in relation to the audit of the financial statements. The committee considers the detailed internal audit report findings prepared by the University's internal audit service, reviews the effectiveness of the systems of internal control and monitors compliance with regulatory requirements. It reviews the annual financial statements prior to their consideration and approval by the Board together with the accounting policies. It ensures that the systems and processes for the preparation of statutory returns to HEFCE and the Higher Education Statistics Agency are reviewed and that returns have received the required approval prior to submission.

Going concern

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future, and for this reason the Board considers that the financial statements of the University and the Group should be prepared on a going-concern basis. The Group has made surpluses in each of the past eight years and has cash reserves at a high level. The budget for 2017-18 is also indicating the achievement of a surplus and the medium and long-term cash forecasts demonstrate financial sustainability. In each of the past six years, more than six applications were

made for each place for UK and EU-based undergraduates.

Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent, and are likely to add value as a result of the investment. Although no new external borrowing is likely to be required in the near term, the Board is confident that funding would be available from its lenders should the need arise.

2015

- Flare celebrates 10 years of supporting budding entrepreneurs.



- The University of Hertfordshire Shanghai Alumni Chapter is established. The Chapter now has three alumni ambassadors,
- over 250 members and has held three
- successful alumni events in the last year.



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Statement of internal control

The following statement covers the year to 31 July 2017 and up to the date of approval.

The Board of Governors acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated by the University of Hertfordshire Group. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, administrative procedures – including the segregation of duties – and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board.
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against budgets and forecasts.
- Setting targets to measure financial and other performance using key performance indicators as appropriate.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines where appropriate.

The Board has established the processes for the identification, evaluation and management of risks the University faces. The Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This

is in accordance with the responsibilities assigned to the governing body in Instrument and Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

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

- The Board meets at regular intervals to consider performance reports, operational plans and the strategic direction of the University.
- The Board receives periodic reports from the Chairman of the Audit Committee concerning internal control. It requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Audit Committee provides an oversight of risk management and receives regular reports from the internal audit service, which includes the service's independent opinion on the adequacy and

effectiveness of the institution's system of internal control, together with recommendations for improvement.

- A programme of risk-awareness training has been completed and a system of key performance and risk indicators has been developed.
- A robust risk-prioritisation methodology based on risk ranking and cost-benefit analysis.
- An organisation-wide risk register is maintained.
- Procurement procedures that promote economy and efficiency and ensure value for money.
- Effective review processes to provide assurance over the quality and completeness of data management.

2016

- HRH Prince Philip, the Duke of Edinburgh, returns to open the Science Building.



- Student Billy Vunipola (Business and Sport Management online graduate) wins England Rugby Player of the Year Award.

- Research Themes are launched to assist in the development of research excellence. The six themes are food; global economy; health and well-being; heritage, cultures and communities; information and security, and space.

- Alumni Jody Cundy wins gold at the 2016 Rio Paralympics.

Responsibilities of the Board of Governors

In accordance with the University's Instrument and Articles of Government, the Board of Governors is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board of Governors is responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

The Board of Governors is required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, the Board of Governors is required to prepare the financial statements in accordance with the terms and conditions of the HEFCE Memorandum of Assurance and Accountability (July 2016), through its accountable officer. At the University of Hertfordshire the designated accountable officer is the Vice-Chancellor. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses and changes in reserves of the University and the Group for that year and the cash flows for the Group for the year.

In preparing the financial statements, the Board of Governors is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.

- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the University and the Group. It also ensures that the financial statements comply with the Instrument and Articles of Government, the Statement of Recommended Practice — Accounting for Further and Higher Education as issued in March 2014 and any subsequent amendments, the HEFCE Accounts Direction and other applicable regulations. It is also responsible for safeguarding the assets of the University and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the HEFCE Memorandum of Assurance and Accountability (July 2016) and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources.

- Ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities.
- Secure the economic, efficient and effective management of the University's and the Group's resources and expenditure.

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

The Board of Governors confirms that:

- So far as each governor is aware, there is no relevant audit information of which the University's auditor is unaware.
- The governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Approved on behalf of the Board of Governors on 23 November 2017 and signed on its behalf by:

Professor Q A McKellar
Vice-Chancellor

Mr R Beazley
Chairman of the Board of Governors

2017

- Kaspar, a child-sized, socially interactive robot developed by the School of Computer Science and changing the lives of children with autism around the UK and internationally, is selected to be part of a special Robots exhibition at London's Science Museum.



- Alumni and celebrity jeweller, Alyssa Smith (BA (Hons) Applied Arts with Marketing, 2008) awarded Best Retailer of the Year 2017. She has also been named one of the top 100 entrepreneurs in the UK, has been involved in round tables at No 10 Downing Street and in May 2016 was included in the 2016 UK's 50 most Inspirational Female Entrepreneurs list.

Financial Statements

Report of the independent auditor to the Board of Governors of the University of Hertfordshire

Opinion

We have audited the financial statements of the University of Hertfordshire ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2017 which comprise the Consolidated and University statement of comprehensive income, the Consolidated and University statement of changes in reserves, the Consolidated and University balance sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

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 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 Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Board is responsible for the other information. Other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement set out on page 31, the Board 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 board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group 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 board either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Report of the independent auditor to the Board of Governors of the University of Hertfordshire

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

James Aston (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 28 November 2017

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

Consolidated and University statement of comprehensive income for the year ended 31 July 2017

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Income					
Tuition fees and education contracts	1	163,108	163,076	159,880	159,759
Funding body grants	2	20,277	20,277	21,809	21,809
Research grants and contracts	3	11,058	9,636	9,409	8,525
Other income	4	67,892	45,978	63,852	40,019
Investment income	5	1,136	1,075	1,306	1,180
Donations and endowments	6	278	161	301	146
Total income		263,749	240,203	256,557	231,438
Expenditure					
Staff costs	7	132,538	116,298	128,082	110,174
Other operating expenses		96,881	92,306	90,730	83,349
Depreciation	12	17,731	14,659	14,700	12,643
Interest and other finance costs	8	4,106	3,410	3,514	2,901
Total expenditure	9	251,256	226,673	237,026	209,067
Surplus before other gains and losses and share of operating surplus of joint ventures		12,493	13,530	19,531	22,371
Gain/(loss) on disposal of fixed assets		12	-	(5)	-
Loss on investments	14	(680)	(6,933)	(2,254)	(3,193)
Share of operating surplus in joint ventures	16	152	-	153	-
Surplus before tax		11,977	6,597	17,425	19,178
Taxation	10	(77)	(77)	23	-
Surplus for the year		11,900	6,520	17,448	19,178
Actuarial gain/(loss) in respect of pension schemes	30	28,718	27,946	(34,106)	(33,002)
Change in fair value of hedging financial instruments	22	56	-	33	-
Total comprehensive income/(expenditure) for the year		40,674	34,466	(16,625)	(13,824)
Represented by:					
Endowment comprehensive income for the year		183	21	204	17
Restricted comprehensive income for the year		721	66	204	(75)
Unrestricted comprehensive income for the year		40,037	34,645	(16,762)	(13,495)
Revaluation reserve comprehensive income for the year		(267)	(266)	(271)	(271)
		40,674	34,466	(16,625)	(13,824)

All results are from continuing operations.

The notes on pages 39 to 72 form an integral part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2017

Group	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2015	2,624	208	193,120	41,601	237,553
Surplus from the statement of comprehensive income	204	186	17,058	-	17,448
Other comprehensive income	-	33	(34,106)	-	(34,073)
Transfers between reserves	-	-	271	(271)	-
Release of restricted funds spent in year	-	(15)	15	-	-
Total comprehensive income for the year	204	204	(16,762)	(271)	(16,625)
Balance at 1 August 2016	2,828	412	176,358	41,330	220,928
Surplus from the statement of comprehensive income	234	724	10,942	-	11,900
Other comprehensive income	-	56	28,718	-	28,774
Transfers between reserves	(51)	51	267	(267)	-
Release of restricted funds spent in year	-	(110)	110	-	-
Total comprehensive income for the year	183	721	40,037	(267)	40,674
Balance at 31 July 2017	3,011	1,133	216,395	41,063	261,602
University					
Balance at 1 August 2015	690	253	205,706	40,460	247,109
Surplus from the statement of comprehensive income	17	92	19,069	-	19,178
Other comprehensive income	-	-	(33,002)	-	(33,002)
Transfers between reserves	-	-	271	(271)	-
Release of restricted funds spent in year	-	(167)	167	-	-
Total comprehensive income for the year	17	(75)	(13,495)	(271)	(13,824)
Balance at 1 August 2016	707	178	192,211	40,189	233,285
Surplus from the statement of comprehensive income	21	154	6,345	-	6,520
Other comprehensive income	-	-	27,946	-	27,946
Transfers between reserves	-	-	266	(266)	-
Release of restricted funds spent in year	-	(88)	88	-	-
Total comprehensive income for the year	21	66	34,645	(266)	34,466
Balance at 31 July 2017	728	244	226,856	39,923	267,751

Consolidated and University balance sheets as at 31 July 2017

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Non-current assets					
Intangible assets	11	34	-	36	-
Goodwill	11	941	-	1,030	-
Fixed assets	12	311,568	272,791	310,653	266,265
Investments	14	34,252	80,376	35,294	81,321
Investment in joint ventures	16	733	-	507	-
		347,528	353,167	347,520	347,586
Current assets					
Stock	17	376	145	371	142
Trade and other receivables	18	19,042	17,706	17,513	21,532
Investments	19	19,800	19,800	34,050	34,050
Cash and cash equivalents		67,353	52,320	42,131	38,787
		106,571	89,971	94,065	94,511
Less: Creditors: amounts falling due within one year	20	(67,902)	(61,104)	(66,557)	(66,052)
Net current assets		38,669	28,867	27,508	28,459
Total assets less current liabilities		386,197	382,034	375,028	376,045
Creditors: amounts falling due after more than one year	21	(98,586)	(87,170)	(101,559)	(89,918)
Provisions					
Pension provisions	23	(25,514)	(26,710)	(51,905)	(52,336)
Provisions for liabilities	23	(495)	(403)	(636)	(506)
Total net assets		261,602	267,751	220,928	233,285
Restricted reserves					
Income and expenditure reserve – endowment reserve	24	3,011	728	2,828	707
Income and expenditure reserve – restricted reserve	25	1,133	244	412	178
Unrestricted reserves					
Income and expenditure reserve – unrestricted		216,395	226,856	176,358	192,211
Revaluation reserve		41,063	39,923	41,330	40,189
Total reserves		261,602	267,751	220,928	233,285

The Financial Statements were approved and authorised for issue by the Board of Governors on 23 November 2017 and signed on its behalf by:

Mr R Beazley
Chairman

Professor Q A McKellar
Vice-Chancellor

Mr A Moffat
Group Finance Director

Consolidated cash flow for the year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
Surplus for the year		11,900	17,448
Adjustment for non-cash items			
Depreciation	12	17,731	14,700
Amortisation of intangibles	11	2	2
Amortisation of goodwill	11	89	89
Loss on investments	14	680	2,254
(Increase)/decrease in stock		(5)	40
(Increase)/decrease in debtors		(1,428)	388
Increase/(decrease) in creditors		7,011	(1,242)
Increase/(decrease) in pension provision		2,327	(1,715)
Decrease in other provisions		(141)	(328)
Share of operating surplus in joint ventures	16	(152)	(153)
Adjustment for investing or financing activities			
Investment income	5	(1,136)	(1,306)
Interest payable		2,742	2,848
Endowment income	6	(3)	(65)
Loss/(profit) on the sale of fixed assets		(12)	5
Capital grant income		(2,590)	(2,543)
Net cash inflow from operating activities		37,015	30,422
Cash flows from investing activities			
Proceeds from sales of fixed assets		17	126
Capital grants receipts		1,638	1,580
Disposal of non-current asset investments		167	30
Withdrawal of deposits		32,250	32,500
Investment income		1,084	536
Payments made to acquire fixed assets		(23,255)	(18,917)
New non-current asset investments		-	(124)
New deposits		(18,000)	(32,050)
		(6,099)	(16,319)
Cash flows from financing activities			
Interest paid		(1,888)	(1,935)
Interest element of finance lease and service concession payments		(873)	(917)
Endowment cash received		3	65
Repayments of amounts borrowed		(2,199)	(2,296)
Capital element of finance lease and service concession payments		(737)	(897)
		(5,694)	(5,980)
Increase in cash for the year		25,222	8,123
Cash and cash equivalents at beginning of the year		42,131	34,008
Cash and cash equivalents at end of the year		67,353	42,131

Statement of principal accounting policies

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historic cost convention (modified by the revaluation of fixed assets, investment properties and derivative financial instruments).

Going concern

The Board of Governors is satisfied that the University and its subsidiary undertakings (the Group) has adequate resources to continue in operation for the foreseeable future and for this reason the Board considers that the consolidated financial statements of the Group should be prepared on a going-concern basis.

2. Basis of consolidation

The consolidated financial statements include those of the University and its subsidiary undertakings and jointly controlled entities for the year ended 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income and expenditure from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated on consolidation.

The consolidated financial statements do not include those of the University of Hertfordshire Students' Union as the University does not exert control or dominant influence over financial and operating policy decisions.

Associated companies and jointly controlled entities are accounted for using the equity method.

3. Recognition of income

Income from the sale of goods or services is credited to the consolidated statement of comprehensive income

when the goods or services are supplied or the terms of the contract have been satisfied.

Tuition fee income is credited to the consolidated statement of comprehensive income over the period in which students are studying and is shown net of discounts for prompt payment. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Investment income is credited to the consolidated statement of comprehensive income on a receivable basis.

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

Grant income

Government revenue grants including funding body block grants and research grants are recognised in income over the periods in which the Group recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the Group is entitled to the funds subject to any performance-related conditions being met.

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the Group is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with the restrictions, at which point the income is released to unrestricted reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Group is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- i. Restricted donations - the donor has specified that the donation must be used for a particular objective.
- ii. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income.
- iii. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Group has the power to use the capital.
- iv. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

4. Accounting for retirement benefits

The two principal pension schemes for the Group's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These defined benefit schemes are externally funded and were contracted out of the State Second Pension until April 2016.

Statement of principal accounting policies

Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. With effect from 1 October 2016, the USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

Due to the mutual nature of the TPS and USS schemes, 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 schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102, "Employee benefits", the institution therefore accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the profit and loss account represents the contributions payable to the schemes.

The University has entered into an agreement (the Recovery Plan) that determines how each employer within the USS scheme will fund the overall deficit. As such a liability for the contributions payable that arise from this agreement (to the extent that they relate to the deficit) exists and therefore an expense is recognised.

Defined contribution plan

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

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined

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

The current service cost and any past service costs are included in expenditure within staff costs. The interest income on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within investment income or interest and other finance costs. Actuarial gains and losses are recognised, net of the related deferred tax, in other comprehensive income.

The LGPS figures include the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement.

Staff employed by the subsidiary companies are either members of the LGPS or of a defined contribution scheme, the costs of which are charged to the consolidated statement of comprehensive income as incurred.

5. Employee benefits

Short-term employment benefits such as holiday pay and compensated absences are recognised as an expense in the year in which the employees render service to the Group. Any unused benefits are accrued and measured as the additional

amount the Group expects to pay as a result of the unused entitlement.

6. Operating leases

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

7. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the year-end rates and the resulting surplus or deficit transferred to the consolidated statement of comprehensive income.

8. Fixed assets

Land and buildings

On adoption of FRS 102 the Group elected to measure part of its land at fair value and to use that fair value as its deemed cost at the date of transition. The Group has chosen not to adopt a policy of revaluation of these assets in the future. These values are retained subject to the requirement to test assets for impairment on an annual basis. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the consolidated statement of comprehensive income unless it reverses previous revaluations which are dealt with through the revaluation reserve.

Depreciation on buildings is provided on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	30 - 50 years
Refurbishments	3 - 50 years

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Statement of principal accounting policies

Assets in the course of construction represent those assets which have not yet been brought into use. These assets are transferred to the relevant category of asset and depreciated from the date they are substantially complete at the appropriate rate for that category.

Borrowing costs are capitalised where they can be directly attributable to the construction of assets and only for the period of construction.

Equipment

Capitalised equipment is stated at cost and depreciated over its useful life on a straight-line basis as follows:

Plant and machinery	2 - 15 years
Fixtures, fittings and equipment	3 - 15 years

9. Leases

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

10. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the balance sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

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

11. Intangible fixed assets and goodwill

Goodwill represents the difference between the cost of an acquired operation and the aggregate of the fair values of that operation's identifiable assets and liabilities. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet.

Goodwill is amortised over the estimated economic life of the assets to which the goodwill relates. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

Purchased patents, licences and other similar rights over assets are recognised on the balance sheet by capitalising the purchase cost and amortising over the useful economic life based on each individual contract.

12. Investments

Non-current investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value. Those that are listed are included at market value and any gains and losses on revaluations are recognised in the surplus or deficit.

Investments in joint ventures, associated and subsidiary undertakings are stated on the balance sheet at cost less provision for impairment. Impairment is assessed by comparing the carrying value of the investment against either an earnings-based or asset-based valuation of each entity as applicable to the business concerned.

Current asset investments are held at fair value with movements recognised in the surplus or deficit.

Investment properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are stated at fair value with an annual review and revaluation to reflect market conditions. Changes in fair value are recognised in the consolidated statement of comprehensive income and expenditure. Investment properties are not depreciated.

13. Stock

Stock is held at the lower of cost and net realisable value. Cost includes staff time, direct materials and attributable overheads. Where necessary, provision is made for obsolete, slow-moving and defective stock.

14. Cash and cash equivalents

Cash includes cash in hand, cash at bank, and deposits repayable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term investments placed for three months or less are accounted for as cash equivalents.

15. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

16. Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such a charity

Statement of principal accounting policies

within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Taxes Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs including the cost of fixed assets.

The University's subsidiary and joint venture companies (excluding UH Trust) are liable to corporation tax and VAT in the same way as any other commercial organisation. UH Trust is exempt from corporation tax on its charitable activities but receives no similar exemption in respect of VAT.

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

17. Qualifying charitable donation

Each of the University's wholly owned subsidiary companies makes an annual irrevocable commitment to the University (the parent) before 31 July each year to make a qualifying charitable donation of an amount equal to the taxable profits. Any payments arising are made within nine months of the year end. The amount of the qualifying charitable donation is shown in donations and endowments in the University's statement of comprehensive income and as an

amount due from subsidiary undertakings in trade and other receivables.

18. Financial instruments

The provisions of both section 11 and 12 of FRS 102 will be applied in full. Under FRS 102 basic financial instruments should be held at amortised cost using the effective interest method, however the Group holds these at transaction cost on the basis that there are no material differences between the two methods.

Complex financial instruments are held at fair value, with changes in fair value taken directly to the statement of comprehensive income.

19. Derivatives

One of the subsidiary companies in the Group uses commodity swaps to reduce exposure to changes in fuel prices to acceptable levels. These derivatives are initially measured at fair value on the date that the contract is entered into and are subsequently held on the balance sheet at fair value. The Group has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within other comprehensive income.

20. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the Group, are held as permanently restricted funds which the Group must hold in perpetuity.

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

Unrestricted reserves consist of the income and expenditure reserve and the revaluation reserve.

21. Significant accounting judgements and key sources of estimation uncertainty

In the application of its accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying values of assets and

liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and assumptions.

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

The key sources of accounting judgement and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Retirement benefit obligation valuations

In determining the valuation of defined benefit scheme assets and liabilities, a number of key assumptions have been made in terms of inflation rates, life expectancy, discount rates and salary growth. The key assumptions, which are detailed in note 30, are largely dependent on factors outside the control of the Group. The Group is exposed to risks if actual experience differs to the assumptions used and through volatility in plan assets. The defined benefit obligation recognised in the financial statements is based on an independent actuarial valuation as detailed in note 30.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 July 2017	Approximate % increase to defined benefit obligation
0.5% decrease in real discount rate	10%
0.5% increase in salary increase rate	1%
0.5% increase in pension increase rate	9%

Statement of principal accounting policies

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at fair value. This measurement uses market observable inputs and data as far as possible. The Group measures the following items at fair value:

- Investment property.
- Derivative financial instruments.
- Retirement benefit obligations.

Classification of property

A degree of judgement is also required over whether property held by the Group is treated as a tangible fixed asset or investment property. Investment property is property which is held to earn rentals or for capital appreciation or both and is held at fair value as disclosed in note 14. Property held by the Group for the provision of education, and therefore social benefit, is treated as a tangible fixed asset and measured using the depreciated cost model. Tangible fixed assets are disclosed in note 12.

Provision for impairments

Investments and tangible fixed assets are reviewed for signs of impairment each year and written down accordingly. Property, plant and equipment is reviewed by the University's Director of Estates in conjunction with market data and other relevant information.

Investments in subsidiaries and joint ventures are reviewed for impairments in value. In reviewing the value of these investments, management include in their consideration the performance of each undertaking, purpose of the undertaking and any changes including political and economic changes that may have an impact on that company's performance or net assets.

Investment properties are stated at fair value with annual review and revaluation to reflect the market conditions. In drawing their conclusion on the value of the properties, management considers the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general.

Changes in any of the factors considered for impairments can affect the value reported in the financial statements.

Service concession arrangements

In determining the carrying value of the service concession arrangements, a number of financial assumptions have been made to calculate the present value of the minimum lease payments. These include indexation, credit and void costs, life cycle and operating costs.

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. Management regularly reviews the assets' useful economic lives, taking into consideration factors such as maintenance programmes. Changes in asset useful economic life can have a significant impact on depreciation for the period. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes to the accounts

1. Tuition fees and education contracts

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Full-time home and EU students	107,745	107,746	104,208	104,208
Full-time international students	25,139	25,139	25,011	25,011
Part-time students	9,479	9,446	9,863	9,742
Education contracts	20,745	20,745	20,798	20,798
	163,108	163,076	159,880	159,759

2. Funding body grants

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Recurrent grant				
Higher Education Funding Council	14,428	14,428	16,168	16,168
Capital grant	2,417	2,417	2,435	2,435
Specific grant				
Higher Education Innovation Fund	3,204	3,204	3,013	3,013
Higher Education Funding Council	228	228	193	193
	20,277	20,277	21,809	21,809

3. Research grants and contracts

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Research councils	2,309	2,309	2,088	2,088
Research charities	497	497	368	368
Government (UK and overseas)	3,911	3,863	4,167	4,024
Industry and commerce	1,087	193	980	273
Other	3,254	2,774	1,806	1,772
	11,058	9,636	9,409	8,525

4. Other income

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Residences, catering and conferences	32,741	31,560	26,710	25,696
Other services rendered	26,331	5,031	28,976	5,015
Other capital grants	173	-	108	-
Other income	8,647	9,387	8,058	9,308
	67,892	45,978	63,852	40,019

Notes to the accounts

5. Investment income

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Investment income on endowments	24	58	9	59	9
Other investment income		1,078	1,066	1,247	1,171
		1,136	1,075	1,306	1,180

6. Donations and endowments

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
New endowments	24	3	-	65	-
Donations with restrictions		275	144	235	62
Unrestricted donations		-	17	1	84
		278	161	301	146

7. Staff costs

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Salaries		103,160	89,583	103,663	88,323
Social security costs		10,517	9,215	9,180	7,800
Movement on pension provision	30	962	944	(2,381)	(2,216)
Other pension costs	30	16,845	15,624	16,697	15,477
Restructuring costs		1,054	932	923	790
		132,538	116,298	128,082	110,174

Emoluments of the Vice-Chancellor (excluding national insurance contributions):

	2017 £'000	2016 £'000
Salary	282	255
Performance-related bonus	36	35
Benefits in kind	1	1
	319	291
Pension contributions	20	43
	339	334

The University's pension contributions are paid at the same rate for the Vice-Chancellor as for other staff. The Vice-Chancellor participated in the University's salary sacrifice scheme – Choices – in respect of sports centre membership and parking.

The University granted a loan of £300,000 to the Vice-Chancellor as part of his relocation package in January 2011. This loan was subject to the interest rate determined by Her Majesty's Revenue and Customs ("the Official Rate"). Interest paid on the loan in the year to 31 July 2017 amounted to £625 (2016: £1,000) and the balance of the loan outstanding at that date was £nil (2016: £50,000).

Notes to the accounts

7. Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension and national insurance contributions but including benefits, fall within the following bands:

	2017 Number	2016 Number
£100,000 - £110,000	1	2
£110,001 - £120,000	2	2
£120,001 - £130,000	1	2
£130,001 - £140,000	1	1
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
£170,001 - £180,000	1	-
£190,001 - £200,000	1	1
	8	9

The average number of full-time equivalent (FTE) employees (including senior post-holders) during the year was:

	2017 Number	2016 Number
Academic	893	894
Research	126	106
Professional	931	919
Technical	95	104
Other	438	473
	2,483	2,496

No compensation was payable to senior post-holders for loss of office (2016: £nil).

Key management personnel

	2017 £'000	2016 £'000
Key management personnel	939	916

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and include the members of the Chief Executive's Group that are Officers of the Board as detailed on page 6 of the Strategic Report. Staff costs, disclosed above, include compensation paid to key management personnel.

The members of the Board of Governors received no remuneration during the year (2016: £nil). Total expenses of £2,000 (2016: £1,900) were paid to three members of the governing body. This represents travel and subsistence expenses incurred in attending committee meetings and other events in their official capacity.

Notes to the accounts

8. Interest and other finance costs

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Loan interest	1,775	1,771	1,909	1,887
Finance lease and service concession interest	874	255	917	270
Exchange differences	92	8	22	1
Net charge on pension schemes	1,365	1,376	666	743
	4,106	3,410	3,514	2,901

9. Analysis of total expenditure by activity

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Academic departments		88,617	88,253	84,515	84,581
Academic services		17,127	18,971	15,693	17,521
Administration		51,163	54,942	46,968	51,549
Premises		22,396	21,309	20,715	19,639
Residences, catering and conferences		34,879	33,534	28,453	27,203
Research grants and contracts		7,971	7,721	7,812	7,370
Other expenses		29,103	1,943	32,870	1,204
		251,256	226,673	237,026	209,067

Other operating expenses include:

		2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
External auditors remuneration in respect of audit services		90	50	80	40
External auditors remuneration in respect of non-audit services		6	6	48	17
Operating lease rentals - land and buildings	27	18,061	18,061	11,764	11,764

10. Taxation

		2017 Group £'000	2016 Group £'000
UK corporation tax on surplus for the year		14	(30)
Group relief paid		(14)	-
Adjustment in respect of prior years		77	-
Current tax charge/(credit)		77	(30)
Origination and reversal of timing differences		-	7
Recognition of previously unrecognised tax losses		-	-
Deferred tax		-	7
Tax on surplus on ordinary activities		77	(23)

Notes to the accounts

10. Taxation (continued)

	2017 Group £'000	2016 Group £'000
Tax reconciliation:		
Surplus on ordinary activities before tax	11,977	17,425
Surplus on ordinary activities multiplied by standard rate in the UK (19.67%) (2016: 20%)	2,356	3,485
Effects of:		
Depreciation for the period in excess of capital allowances	(38)	(93)
Non-taxable income/expenditure	(2,782)	(4,292)
Expenses not deductible for tax purposes	66	885
Group relief surrendered	14	(29)
Group relief receipt	(14)	-
Qualifying charitable donation in respect of prior years	-	(60)
Tax losses not utilised	34	62
Tax losses brought forward	(120)	-
Deferred tax not recognised	-	420
Timing differences relating to pension liability	484	(295)
Adjustment in respect of prior years	77	-
FRS 102 restatement - tax relief due to change in accounting policy	-	(106)
Tax charge/(credit) for the year	77	(23)

11. Intangible assets

	Group £'000
Other	
At 1 August 2016	36
Amortisation	(2)
At 31 July 2017	34
Goodwill	
At 1 August 2016	1,030
Amortisation	(89)
At 31 July 2017	941

The goodwill relates to an acquisition of trade and assets by a subsidiary undertaking in 2007; other intangibles comprise a patent that was purchased in 2013. There are no intangible assets on the University balance sheet.

Notes to the accounts

12. Fixed assets

Group	Land and buildings					Total £'000
	Freehold	Service concession arrangement	Assets in the course of construction	Fixtures fittings and equipment	Plant and machinery	
	£'000	£'000	£'000	£'000	£'000	
Cost or valuation						
At 1 August 2016	358,102	8,178	8,582	62,071	13,554	450,487
Additions at cost	2,860	-	8,267	6,477	1,046	18,650
Transfers	587	-	(7,139)	5,843	709	-
Less disposals in year	-	-	-	-	(82)	(82)
At 31 July 2017	361,549	8,178	9,710	74,391	15,227	469,055
Depreciation						
At 1 August 2016	94,985	1,771	-	37,421	5,657	139,834
Charge for the year	9,207	136	-	6,885	1,503	17,731
Less disposals in year	-	-	-	-	(78)	(78)
At 31 July 2017	104,192	1,907	-	44,306	7,082	157,487
Net book value						
At 31 July 2017	257,357	6,271	9,710	30,085	8,145	311,568
At 31 July 2016	263,117	6,407	8,582	24,650	7,897	310,653

University	Land and buildings					Total £'000
	Freehold	Service concession arrangement	Assets in the course of construction	Fixtures fittings and equipment	Plant and machinery	
	£'000	£'000	£'000	£'000	£'000	
Cost or valuation						
At 1 August 2016	298,407	8,178	8,467	59,587	4,540	379,179
Additions at cost	6,821	-	6,904	6,414	1,046	21,185
Transfers	472	-	(7,024)	5,843	709	-
Less disposals in year	-	-	-	-	(2)	(2)
At 31 July 2017	305,700	8,178	8,347	71,844	6,293	400,362
Depreciation						
At 1 August 2016	74,890	1,771	-	35,405	848	112,914
Charge for the year	7,029	136	-	6,679	815	14,659
Less disposals in year	-	-	-	-	(2)	(2)
At 31 July 2017	81,919	1,907	-	42,084	1,661	127,571
Net book value						
At 31 July 2017	223,781	6,271	8,347	29,760	4,632	272,791
At 31 July 2016	223,517	6,407	8,467	24,182	3,692	266,265

Notes to the accounts

12. Fixed assets (continued)

The net book value of assets held by the Group under finance leases at 31 July was:

	2017 Buildings £'000	2017 Plant and machinery £'000	2016 Buildings £'000	2016 Plant and machinery £'000
Cost	15,940	-	15,940	1,184
Accumulated depreciation brought forward	(4,624)	-	(4,318)	(467)
Charge for the year	(306)	-	(306)	(79)
Net book value	11,010	-	11,316	638

The University held no assets under finance leases at 31 July.

The amount of finance costs capitalised in the year amounts to £nil (2016: £nil). There were no assets constructed during the year financed by loan capital. The accumulated amount of capitalised finance costs is £1.8 million which is included in freehold land and buildings.

During the year ended 31 July 2017 a review was undertaken of the value of the estate belonging to the Group. The review considered the current value in use of all buildings and was conducted by the Director of Estates. All properties were still suitable for current activities and no impairment was required.

Land and buildings includes £55.6m of land which is not depreciated (2016: £55.6m).

13. Service concession arrangements

The University has two service concession arrangements:

i) de Havilland Campus

During 1999 the University entered into a Private Finance Initiative scheme with a contractor for the construction of residential (accommodation for 1,600 students) and sports facilities, and for the facilities management of those premises for a period of 30 years. Construction was completed in 2003 and under the terms of the scheme the contractor raised the finance for the construction of buildings. The assets and liabilities relating to this scheme are recognised on the University's balance sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2033. The University has annual rental payments amounting to £4.7m (subject to annual RPI inflation) recorded within other operating expenses.

ii) College Lane Campus

In May 2013 the University disposed of its remaining residential accommodation on the College Lane campus to Uliving@Hertfordshire plc, a third party property developer and operator under a contract to demolish the existing accommodation and construct 3,000 student bedrooms. The construction was completed in September 2016. Uliving@Hertfordshire plc will operate the residential accommodation until 2063, at which point the facilities will revert back to University ownership. Unlike the service concession arrangement above, the University does not incur a minimum guaranteed payment, and demand risk has transferred to a third party outside of the Group. Therefore the University has no asset nor liability to recognise on the balance sheet. This arrangement has been accounted for as an operating lease as detailed in note 27.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2017 is £6,271,000 (2016: £6,407,000). The reduction of £136,000 is as a result of depreciation.

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2017 were £4,360,000 (2016: £4,633,000). The difference is principal repaid of £273,000 during the year.

Notes to the accounts

13. Service concession arrangements (continued)

Future commitments

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

Group and University	Payable within 1 year £'000	Payable in 1-5 years £'000	Payable in 6-10 years £'000	Total £'000
Liability repayments	273	1,089	2,998	4,360
Finance charge	240	810	990	2,040
Service charge	3,830	15,320	42,130	61,280
	4,343	17,219	46,118	67,680

14. Non-current investments

Group	Investment properties £'000	Other non- current investments £'000	Total £'000
At 1 August 2016	24,750	10,544	35,294
Additions	-	-	-
Disposals	-	(362)	(362)
(Loss)/gain on revaluation	(1,000)	320	(680)
At 31 July 2017	23,750	10,502	34,252

University	Subsidiary companies £'000	Investment properties £'000	Other non- current investments £'000	Total £'000
At 1 August 2016	61,119	13,265	6,937	81,321
Additions	6,000	-	-	6,000
Disposals	-	-	(12)	(12)
Impairment	(5,945)	-	-	(5,945)
(Loss)/gain on revaluation	-	(1,000)	12	(988)
At 31 July 2017	61,174	12,265	6,937	80,376

Other non-current investments consist of:

Group	Total £'000
Uliving@Hertfordshire plc	6,793
COIF Charities Investment Fund	2,717
Other investments	992
At 31 July 2017	10,502

University

Uliving@Hertfordshire plc	6,793
COIF Charities Investment Fund	107
Other investments	37
At 31 July 2017	6,937

Notes to the accounts

14. Non-current investments (continued)

The University’s subsidiary companies are listed in note 15. They are stated at cost less any provision for impairment. The impairment during the year in the University’s balance sheet is to the carrying value of a subsidiary company whose net assets have reduced following the sale of a property to the University.

On transition to FRS 102 on 1 August 2014, a number of the premises owned by the Group were to be reclassified as investment properties and these are held on the balance sheet at fair value. The value of investment properties at 31 July 2017 was assessed by the University’s Director of Estates and external professional advisers. In assessing the value of the properties, various factors are considered that can affect the value reported in the accounts including the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general. The review concluded that one of the University’s properties had suffered a permanent diminution in value reflecting the current state of the premises and with consideration of possible future options with regard to the site in question. The impairment has resulted in a charge to the University and Group statement of comprehensive income of £1m. All other properties were still suitable for current activities and no further impairment was required.

Other non-current investments have been valued at market value.

The University holds £6,793,000 of Class B Loan Notes in Uliving@Hertfordshire plc, the company which developed and operates the student residential accommodation on the College Lane campus. Interest accrues at RPI plus 6% until the target internal rate of return is reached and at RPI plus 9% thereafter. The carrying amount of the investment includes £598,925 of accrued capitalised interest at the balance sheet date. The loan notes are redeemable in accordance with a payment schedule commencing 31 January 2017 until 2063. During the year £12,000 was redeemed.

15. Subsidiary undertakings

The University’s subsidiaries (all of which are registered in England and Wales) are wholly owned or effectively controlled by the University and are as follows:

Company	Nature of business	% shareholding
UH Holdings Limited	Holding company	100%
Student Forum Limited	Dormant	100%
UH Trust	Charity	Limited by guarantee

The value of the investment in subsidiary undertakings in note 14 held by the University of £61,174,000 (2016: £61,119,000), relates solely to UH Holdings Limited.

The subsidiary companies of UH Holdings Limited are all registered in England and Wales except UH Global Education (Asia-Pacific) Sdn Bhd (registered in Malaysia) and Corporate Fit Science Limited (registered in Scotland). These companies are wholly owned or effectively controlled by UH Holdings and are as follows:

Notes to the accounts

15. Subsidiary undertakings (continued)

Company	Nature of business	% shareholding
UH Ventures Limited	Training, consultancy and conference services	100%
Universitybus Limited	Transport services	100%
Exemplas Holdings Limited	Business advice and support	100%
Polyfield Property Limited	Provision of property services and sports facilities	100%
Bio Park Hertfordshire Limited	Provision of facilities management	100%
UH Global Education (Asia-Pacific) Sdn Bhd	Overseas student recruitment	100%
EValu8 Transport Innovations Limited	Research and consultancy in area of low-emission vehicles	Limited by guarantee
Corporate Fit Science Limited	Dormant	100%
Cimtech Limited	Dormant	100%
Fit Corporation Limited	Dormant	100%
Unisecure Limited	Dormant	100%
UH Recordings Limited	Dormant	100%
Uno Buses (Hertfordshire) Limited	Dormant	100%

UH Holdings Limited owns three redeemable preference shares in Cimtech Limited.

The subsidiary companies of Exemplas Holdings Limited (all of which are registered in England and Wales) are wholly owned and are as follows:

Company	Nature of business	% shareholding
Exemplas Limited	Provision of services to business	100%
Metropolitan Enterprises Limited	Provision of services to business	100%
Exemplas Trade Services Limited	Provision of services to business	100%
East of England Business Links Limited	Dormant	Limited by guarantee

All of the above subsidiaries are consolidated in the Group accounts. As noted in the Strategic Report, EValu8 Transport Innovations Limited ceased trading during the year.

16. Investment in joint ventures

The University, through its subsidiary companies, holds the following investments in joint ventures:

UH Holdings Limited holds 400,000 'A' ordinary shares in University Campus St Albans Limited (2016: 300,000) and 51 'B' ordinary shares. This is a joint venture between the University of Hertfordshire and Oaklands College Further Education Corporation and its principal activity is the delivery of flexible degree level education.

Universitybus Limited owns 49,999 'A' ordinary shares in Uno Buses (Northampton) Limited, a joint venture that operates bus services in the Northampton area. The remaining 50,001 'B' ordinary shares are held by the University of Northampton.

Exemplas Holdings Limited has a 50% shareholding in Enterprise Growth Solutions Limited.

The above investments are treated as joint ventures and are accounted for using the equity method with 50% of the gross assets and liabilities of each entity being recorded in the consolidated balance sheet and 50% of its net income reported in the consolidated statement of comprehensive income.

Notes to the accounts

16. Investment in joint ventures (continued)

Group	University Campus St Albans Limited 2017 £'000	Uno Buses (Northampton) Limited 2017 £'000	Enterprise Growth Solutions Limited 2017 £'000	Total 2017 £'000
Statement of comprehensive income				
Income	280	1,319	1,726	3,325
Surplus/(deficit) before tax	(8)	24	136	152
Balance sheet				
Fixed assets	1	155	-	156
Current assets	197	292	775	1,264
Creditors: amounts falling due within one year	(46)	(307)	(179)	(532)
Creditors: amounts falling due after more than one year	-	(112)	(38)	(150)
Provisions	-	(5)	-	(5)
Share of net assets	152	23	558	733

Group	2016 £'000	2016 £'000	2016 £'000	2016 £'000
Statement of comprehensive income				
Income	191	1,194	1,899	3,283
Surplus/(deficit) before tax	(4)	6	151	153
Balance sheet				
Fixed assets	-	91	-	91
Current assets	205	348	843	1,396
Creditors: amounts falling due within one year	(145)	(356)	(356)	(857)
Creditors: amounts falling due after more than one year	-	(60)	(38)	(98)
Provisions	-	(25)	-	(25)
Share of net assets	60	(2)	449	507

17. Stock

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Finished goods	376	145	371	142
	376	145	371	142

Notes to the accounts

18. Trade and other receivables

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Amounts falling due within one year:					
Research grants receivable		1,427	1,417	1,194	1,149
Other trade receivables		8,085	6,338	8,486	6,433
Other receivables		812	8	362	61
Prepayments and accrued income		8,117	5,823	6,711	4,943
Amounts due from subsidiary companies		-	4,119	-	8,945
Amounts due from related undertakings		184	1	119	1
Derivatives	22	137	-	81	-
		18,762	17,706	16,953	21,532
Amounts falling due after more than one year:					
Other receivables		280	-	560	-
		19,042	17,706	17,513	21,532

The other receivable due after more than one year relates to a loan made by a subsidiary company to a third party for £1m in July 2014 for the purchase of assets. The loan is repayable over five years and interest is charged at a rate of 5% and is payable monthly on the outstanding loan balance. As security, the Group has first fixed charge and ownership of the goods in the event of any default in repayment of the loan. The total balance at 31 July 2017 was £520,000 (2016: £720,000).

A deferred tax asset of £504,000 (2016: £1,037,000) in relation to tax losses has not been recognised due to uncertainty as to the extent and timing of relief. Management will continue to assess this situation on an annual basis and update their estimate as appropriate.

19. Current investments

		2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Short-term deposits		19,800	19,800	34,050	34,050
		19,800	19,800	34,050	34,050

Notes to the accounts

20. Creditors: amounts falling due within one year

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Secured loans		-	-	280	-
Unsecured loans		1,969	1,969	1,919	1,919
Obligation under finance leases		471	-	464	-
Service concession arrangements	13	273	273	273	273
Trade payables		13,918	12,932	10,813	9,844
Other payables		3,308	2,912	3,801	3,319
Social security and other taxation payable		3,451	2,861	3,066	2,640
Amounts due to subsidiary undertakings		-	647	-	8,317
Amounts due to related undertakings		71	-	144	73
Accruals and deferred income		44,441	39,510	45,715	39,667
Derivatives	22	-	-	82	-
		67,902	61,104	66,557	66,052

Deferred income

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

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Research grants received on account	376	376	557	557
Other grant income	135	135	110	110
	511	511	667	667

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

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Deferred income		27,845	27,312	28,106	27,818
Service concession arrangements	13	4,087	4,087	4,360	4,360
Obligation under finance leases		10,883	-	11,353	-
Unsecured loans		55,771	55,771	57,740	57,740
		98,586	87,170	101,559	89,918

Notes to the accounts

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

Deferred income

Deferred income represents government grants received in respect of the acquisition or construction of fixed assets that are being recognised in income over the expected useful life of the relevant asset.

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Analysis of secured and unsecured loans:				
Due within one year or on demand	1,969	1,969	2,199	1,919
Due within one and two years	2,008	2,008	1,969	1,969
Due between two and five years	6,259	6,259	6,135	6,135
Due in five years or more	47,504	47,504	49,636	49,636
Due after more than one year	55,771	55,771	57,740	57,740
Total secured and unsecured loans	57,740	57,740	59,939	59,659
Secured loans repayable by 2017	-	-	280	-
Unsecured loans repayable by 2043	57,740	57,740	59,659	59,659

	Lender	Amount £'000	Term	Interest rate %	Borrower
Unsecured loans					
	Bank	4,525	2032	5.44	University
	Bank	3,090	2030	Base + 0.16	University
	Bank	7,200	2042	5.39	University
	Bank	2,022	2042	5.17	University
	Bank	17,765	2042	4.54	University
	Bank	17,500	2043	Libor + 0.60	University
	Bank	5,638	2037	Base + 0.16	University
Total unsecured loans		57,740			

	2017 Group £'000	2016 Group £'000
Analysis of finance lease obligations:		
Due within one year or on demand	471	464
Due within one and two years	471	447
Due between two and five years	2,142	1,588
Due in five years or more	8,740	9,318
Due after more than one year	11,353	11,353
Total obligations under finance lease	11,824	11,817

The above represents the finance lease in respect of the Hertfordshire Sports Village and, in 2016, the hire purchase agreements for a number of buses.

Notes to the accounts

22. Financial instruments

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

	Notes	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Financial assets					
Measured at fair value through income and expenditure					
Investments in common investments funds	14	2,717	107	2,607	95
Derivative financial instruments	18	137	-	81	-
Debt instruments measured at amortised cost					
Long-term loans receivable	18	280	-	560	-
Investments					
Non-current investments	14	7,785	68,004	7,937	67,961
Current asset unlisted investments		19,800	19,800	34,050	34,050
Measured at undiscounted amount receivable					
Trade and other receivables	18	18,625	17,706	16,872	21,532
		49,344	105,617	62,107	123,638
Financial liabilities					
Measured at fair value through income and expenditure					
Derivative financial instruments	20	-	-	82	-
Measured at amortised cost					
Loans payable	20,21	59,709	59,709	62,138	61,578
Obligation under finance leases	20,21	11,354	-	11,817	-
Obligation under service concession arrangements	20,21	4,360	4,360	4,633	4,633
Measured at undiscounted amount receivable					
Trade and other creditors	20,21	91,065	84,205	89,446	89,759
		166,488	148,274	168,116	155,970

Derivative financial instruments

A subsidiary company, Universitybus Limited, has entered into commodity swaps for the period to December 2018. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating fuel price costs. Gains or losses on fuel derivatives are recycled from reserves to the consolidated statement of comprehensive income on qualifying hedges to achieve fixed-rate fuel costs within operating results.

Financial instruments represent commodity swaps that are designated and effective as hedging instruments. They are measured at fair value and are included in the financial statements as noted above and in note 25. The gains transferred from reserves into the consolidated statement of comprehensive income during the year are included within other operating expenses.

Notes to the accounts

23. Provisions for liabilities

Group	Obligation to fund deficit on USS pension £'000	Defined benefit obligation £'000	Total pension provisions £'000	Other provisions £'000	Total £'000
At 1 August 2016	984	50,921	51,905	636	52,541
Utilised in year	(41)	(8,554)	(8,595)	(141)	(8,736)
Decrease in provision	(95)	(17,701)	(17,796)	-	(17,796)
At 31 July 2017	848	24,666	25,514	495	26,009

University

At 1 August 2016	984	51,352	52,336	506	52,842
Utilised in year	(41)	(8,343)	(8,384)	(103)	(8,487)
Decrease in provision	(95)	(17,147)	(17,242)	-	(17,242)
At 31 July 2017	848	25,862	26,710	403	27,113

Universities' Superannuation Scheme deficit (USS)

The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management has assessed future growth in the number of employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Defined benefit obligation

This obligation is in respect of the Local Government Pension Scheme, further details can be found in note 30.

Other provisions

The balance carried forward at 31 July 2017 represents the VAT capital goods scheme provision and reflects the current estimate of the VAT liability payable over the next 10 years on costs incurred in the construction and refurbishment of various properties within the Group's estate.

24. Endowments

Group	Notes	Restricted permanent £'000	Unrestricted permanent £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August					
Capital		1,929	551	2,480	2,305
Accumulated income		192	156	348	319
		2,121	707	2,828	2,624
New endowments	6	3	-	3	65
Reclassification to income funds		(51)	-	(51)	-
Investment income	5	49	9	58	59
Expenditure		(22)	-	(22)	(30)
Increase in market value of investments		183	12	195	110
Balance at 31 July		2,283	728	3,011	2,828

Notes to the accounts

24. Endowments (continued)

Group	Restricted permanent £'000	Unrestricted permanent £'000	2017 Total £'000	2016 Total £'000
Represented by:				
Capital	2,068	563	2,631	2,480
Accumulated income	215	165	380	348
Total	2,283	728	3,011	2,828
Analysis by type or purpose:				
Scholarships and bursaries	1,810	-	1,810	1,702
General	473	728	1,201	1,126
	2,283	728	3,011	2,828
Analysis by asset:				
Current and non-current investments	1,980	107	2,087	1,934
Cash and cash equivalents	303	621	924	894
	2,283	728	3,011	2,828

University	Notes	Unrestricted permanent £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August				
Capital		551	551	543
Accumulated income		156	156	147
		707	707	690
New endowments		-	-	-
Investment income	5	9	9	9
Expenditure		-	-	-
Increase in market value of investments		12	12	8
Balance at 31 July		728	728	707
Represented by:				
Capital		563	563	551
Accumulated income		165	165	156
Total		728	728	707
Analysis by type or purpose:				
General		728	728	707
		728	728	707
Analysis by asset:				
Current and non-current investments		107	107	95
Cash and cash equivalents		621	621	612
		728	728	707

Notes to the accounts

25. Restricted reserves

Group	Notes	Hedging reserve £'000	Donations £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August		(1)	413	412	208
Donations		-	1,004	1,004	428
Expenditure		-	(478)	(478)	(520)
Investment income		-	2	2	-
Gains on investments		-	4	4	-
Transfer from endowment reserves		-	51	51	-
Change in fair value of hedging financial instruments	22	56	-	56	33
Gains on hedging transferred to income statement	22	82	-	82	263
Total restricted comprehensive income for the year		138	583	721	204

Balance at 31 July		137	996	1,133	412
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Analysis of donations by type or purpose:

Scholarships and bursaries			141	141	235
Research support			691	691	178
Other			164	164	-
			996	996	413

University		Donations £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August		178	178	253
Donations		315	315	124
Expenditure		(249)	(249)	(199)
Total restricted comprehensive income for the year		66	66	(75)

Balance at 31 July		244	244	178
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Analysis of donations by type or purpose:

Research support		242	242	178
Other		2	2	-
		244	244	178

26. Capital commitments

Provision has not been made for the following capital commitments:

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Contracted at 31 July	4,292	3,625	1,069	1,069
	4,292	3,625	1,069	1,069

Notes to the accounts

27. Lease obligations

Total rentals payable under operating leases in respect of land and buildings:

	2017 £'000	2016 £'000
Group and University		
Payable during the year	18,061	11,764
Future minimum lease payments due:		
Within one year	17,943	18,015
Between two and five years	-	-
Total lease payments due	17,943	18,015

28. Related parties

Name of related party and relationship	Nature of transaction	Income 2017 £'000	Expenditure 2017 £'000	Income 2016 £'000	Expenditure 2016 £'000
Uno Buses (Northampton) Limited Joint venture	Vehicle and equipment leasing; management and operational recharges	445	733	325	621
Enterprise Growth Solutions Limited Joint venture	Management fee and staff recharges	643	-	305	-
University Campus St Albans Limited Joint venture	Grant funding; management fee and academic related charges	256	84	-	-
Uliving@Hertfordshire plc Professor I G Campbell, Deputy Vice-Chancellor of the University and Mrs S C Grant, Secretary and Registrar of the University are directors	Student residences rent and facilities	174	19,807	157	11,910
Alexander Dennis plc Mr S Clayton, director of subsidiary company Universitybus Limited is a director	Purchase of goods and services	-	1,795	-	781
Oaklands College Further Education Corporation Mrs S C Grant, Secretary and Registrar of the University is a governor	Transport services; grant funding to associate college	196	768	193	653
Southern Universities Management Services Mrs S C Grant, Secretary and Registrar of the University is a director	Subscription	-	39	-	12

Notes to the accounts

28. Related parties (continued)

Name of related party and relationship	Nature of transaction	Income 2017 £'000	Expenditure 2017 £'000	Income 2016 £'000	Expenditure 2016 £'000
University of Hertfordshire Students' Union Ms S Loasby, Governor of the University is President	Students' Union subvention grant, rent and other service charges	206	1,769	880	1,510
Universities UK Professor Q A McKellar, Vice-Chancellor of the University is a director	Subscription	-	39	-	37
University Alliance Professor Q A McKellar, Vice-Chancellor of the University is a member	Payroll costs and subscription	716	-	681	107
Hertfordshire Local Enterprise Partnership Professor Q A McKellar, Vice-Chancellor of the University is a board member	Rent and grant funding	438	-	445	-
Name of related party		Debtor 2017 £'000	Creditor 2017 £'000	Debtor 2016 £'000	Creditor 2016 £'000
Uno Buses (Northampton) Limited		54	47	37	58
Enterprise Growth Solutions Limited		40	-	2	-
University Campus St Albans Limited		-	-	-	-
Uliving@Hertfordshire plc		1	2,490	-	-
Alexander Dennis plc		-	15	-	8
Oaklands College Further Education Corporation		16	-	16	-
Southern Universities Management Services		-	-	-	-
University of Hertfordshire Students' Union		6	13	44	5
Universities UK		-	-	-	37
University Alliance		-	-	52	-
Hertfordshire Local Enterprise Partnership		107	-	81	-

The University has applied the exemption in FRS 102 and has not disclosed transactions with wholly owned subsidiary companies.

Notes to the accounts

29. Connected charitable institutions

UH Trust and the University of Hertfordshire Charitable Trust are connected charitable institutions of the University of Hertfordshire and under paragraph 28 of Schedule 3 to the Charities Act 2011 are exempt from registration with the Charity Commission.

UH Trust, a company limited by guarantee, started its operations on 10 February 2014 upon the transfer of the assets and business from the University of Hertfordshire Charitable Trust. The permanent endowments were not transferred and have remained in the University of Hertfordshire Charitable Trust with UH Trust as its sole trustee.

The charities were established to raise funds and make awards of grants, scholarships, bursaries and prizes that advance and further education, learning and research at the University of Hertfordshire and that assist in the provision of buildings and facilities at the University.

The University of Hertfordshire undertakes fundraising activities in order to solicit support from individuals, trusts and foundations, and companies for the University's work. University employees undertake meetings with individuals, including alumni of the institution, and companies in order to ascertain their interest in supporting the University philanthropically. In addition, bespoke written applications are submitted to charitable trusts and foundations for the support of research and other projects undertaken by the University. This activity is undertaken by professional staff members in the University's Development and Alumni Relations team. Having registered with the fundraising regulator, the University ensures that its employees are undertaking fundraising to the standard outlined by the regulator.

Internally, the UH Trust Board meets regularly through the year to oversee and advise on fundraising activities, and to ensure good practice is being maintained. No complaints have been received by the University or any person acting on its behalf for the purpose of fundraising.

The activities of UH Trust and the University of Hertfordshire Charitable Trust, as summarised below, are consolidated into the Group accounts.

	At 1 August 2016	Income	Expenditure	Change in market value	At 31 July 2017
	£'000	£'000	£'000	£'000	£'000
UH Trust	3,025	950	(597)	253	3,631

Major donors to the Group during the year include:

Libby Calder
The Estate of Jenny Greenhorn
Santander
The Salisbury Pool Charity
Blue Earth Diagnostics

Notes to the accounts

30. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. The assets of the schemes are held in separately administered funds.

Summary of pension scheme costs

	Employer contributions	Provision movement	Total	Employer contributions	Provision movement	Total
	2017	2017	2017	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000	£'000
TPS	7,671	-	7,671	7,399	-	7,399
LGPS	8,554	1,126	9,680	8,526	(2,411)	6,115
USS	343	(164)	179	398	30	428
Other	277	-	277	374	-	374
	16,845	962	17,807	16,697	(2,381)	14,316

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The TPS Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*.

The valuation report was published by the Department for Education on 9 June 2014. The key results of the valuation are:

- Employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers' pay for the cost of scheme administration.
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion.
- An employer cost cap of 10.9% of pensionable pay.
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

Notes to the accounts

30. Pension schemes (continued)

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website:

www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, while remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department for Education published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three-and-a-half-year period, for people who would fall up to three and a half years outside of the 10-year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2% points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a Normal Pension Age aligned to the State Pension Age.

Universities Superannuation Scheme (USS)

The total cost recognised in the statement of comprehensive income is £179,000, as detailed in the summary of pension scheme costs above.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.41%	2.2%

Notes to the accounts

30. Pension schemes (continued)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ['light'] YoB tables – no age rating
Female members' mortality	99% of S1NA ['light'] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long-term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 years	24.4	24.3
Females currently aged 65 years	26.6	26.5
Males currently aged 45 years	26.5	26.4
Females currently aged 45 years	29.0	28.8
	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Local Government Pension Scheme (LGPS)

The LGPS is regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. It is a funded scheme, with some 101 separate funds administered locally by administering authorities. Each fund has many employing authorities. Hertfordshire County Council is the administering authority with the district councils in their county, and other bodies, for example the University, being employing authorities within that scheme. The University's wholly owned subsidiaries, Universitybus Limited and Exemplas Holdings Limited, are both admitted bodies to the fund, and a number of employees of these companies are members of the LGPS. With effect from 1 April 2016, the assets and liabilities of the Exemplas Holdings Limited scheme have been subsumed by the University of Hertfordshire and therefore Exemplas Holdings Limited no longer has any active members within the LGPS under its own admission agreement; these have been transferred to the University of Hertfordshire scheme. All other subsidiary companies contribute to the scheme through the University.

The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Employer contributions are affected by a surplus or deficit in the scheme. All new entrants to the fund are now single status employees and there is no longer any classification of officer and manual employees. The contribution rates for the year were:

Notes to the accounts

30. Pension schemes (continued)

	From 1 April 2017	To 31 March 2017
University of Hertfordshire	22.20%	23.70%
Universitybus Limited:		
Employer – weekly paid staff*	26.60%	21.90%
Employer – monthly paid staff	22.20%	23.70%
Employees	5.50% - 12.50%	5.50% - 12.50%

*For weekly paid staff an additional lump sum of £30,000 was payable by the employer up to 31 March 2017. From April 2017 the lump sum payment has been replaced by an increased employer contribution rate.

The estimated employer contribution payable for the year ending 31 July 2018 is £7,551,000.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2016, updated to 31 July 2017 by a qualified independent actuary.

Financial assumptions	2017	2016	2015
Inflation and rate of increase in pension	2.12%	1.84%	2.10%
Rate of increase in salaries	2.00%	1.90%	2.10%
Expected return on assets	2.80%	2.60%	3.80%
Discount rate for liabilities	2.80%	2.60%	3.80%

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancies on retirement at age 65 are:

Life expectancy from age 65 (years)	Males	Females
University		
Current pensioners	22.1 years	25.1 years
Future pensioners (currently aged 45)	23.2 years	26.1 years
Universitybus Limited		
Current pensioners	17 years	19 years
Future pensioners (currently aged 45)	18 years	20 years

The assets in the scheme (of which the Group's share is 5.3%) and the expected rates of return were:

	2017 £'000	2016 £'000	2015 £'000
Equities	2,832,050	2,495,360	2,112,000
Bonds	1,045,680	1,052,700	950,400
Property	304,990	272,930	281,600
Cash	174,280	77,980	176,000
Total market value of assets	4,357,000	3,898,970	3,520,000

	2017	2016	2015
Weighted average expected long-term rates of return	2.6%	2.6%	3.8%

Notes to the accounts

30. Pension schemes (continued)

Under FRS 102 the expected rates of return are equal to the discount rate.

The pension scheme liability detailed below also takes account of the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement.

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Analysis of the amount shown in the balance sheet				
Present value of scheme liabilities	(272,024)	(264,271)	(256,231)	(248,726)
Fair value of scheme assets (bid value)	247,358	238,409	205,310	197,374
Deficit in the scheme	(24,666)	(25,862)	(50,921)	(51,352)
Adjusted deficit in the scheme - net pension liability recorded within pension provisions (note 22)	(24,666)	(25,862)	(50,921)	(51,352)
	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
The amounts recognised in the surplus for the year				
Current service cost	9,580	9,351	7,108	6,896
Past service cost (including curtailments)	100	100	75	75
Settlements	-	-	15	15
Total operating charge	9,680	9,451	7,198	6,986
Interest on obligation	6,716	6,520	7,808	7,476
Expected return on scheme assets	(5,379)	(5,172)	(7,166)	(6,757)
Net charge on pension scheme	1,337	1,348	642	719
Total charged to the surplus for the year	11,017	10,799	7,840	7,705
Analysis of other comprehensive income				
Actual return less expected return on pension scheme assets	33,264	32,488	7,927	7,785
Experience gains and losses arising on the scheme liabilities	(2,352)	(2,402)	1,913	1,863
Change in assumptions underlying present value of the scheme	(2,194)	(2,140)	(43,946)	(42,650)
Total other comprehensive income	28,718	27,946	(34,106)	(33,002)

Notes to the accounts

30. Pension schemes (continued)

Analysis of movement in the scheme deficit

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Deficit in scheme at 1 August	(50,921)	(51,352)	(17,501)	(19,877)
Effect of cap on pension surplus	-	-	(1,083)	-
Adjusted pension deficit at 1 August	(50,921)	(51,352)	(18,584)	(19,877)
Movement in period:				
Current service cost	(9,580)	(9,351)	(7,108)	(6,896)
Employer contributions	8,554	8,343	8,526	8,283
Past service costs	(100)	(100)	(75)	(75)
Effect of settlements	-	-	(15)	(15)
Net interest on assets	(1,337)	(1,348)	(642)	(719)
Pooling of pension schemes	-	-	1,083	949
Actuarial gain/(loss)	28,718	27,946	(34,106)	(33,002)
Deficit in scheme at 31 July	(24,666)	(25,862)	(50,921)	(51,352)
Adjusted pension deficit at 31 July	(24,666)	(25,862)	(50,921)	(51,352)

Analysis of the movement in the fair value of scheme liabilities

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Defined benefit obligation at 1 August	256,231	248,726	204,138	194,041
Current service cost	9,580	9,351	7,108	6,896
Past service costs	100	100	75	75
Liabilities extinguished on settlements	-	-	(606)	(606)
Interest cost	6,716	6,520	7,808	7,476
Actuarial loss	4,546	4,542	42,033	40,787
Pooling of pension schemes	-	-	-	4,213
Estimated unfunded benefits paid	(498)	(498)	(511)	(511)
Estimated funded benefits paid	(7,058)	(6,822)	(6,206)	(5,974)
Contributions by members	2,407	2,352	2,392	2,329
Defined benefit obligation at 31 July	272,024	264,271	256,231	248,726

Notes to the accounts

30. Pension schemes (continued)

Analysis of the movement in the fair value of scheme assets

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Fair value of scheme assets at 1 August	205,310	197,374	186,637	174,164
Expected return on scheme assets	5,379	5,172	7,166	6,757
Actuarial gains	33,264	32,488	7,927	7,785
Contributions by employer	8,056	7,845	8,015	7,772
Contributions in respect of unfunded benefits	498	498	511	511
Assets distributed on settlements	-	-	(621)	(621)
Pooling of pension schemes	-	-	-	5,162
Estimated unfunded benefits paid	(498)	(498)	(511)	(511)
Estimated funded benefits paid	(7,058)	(6,822)	(6,206)	(5,974)
Contributions by members	2,407	2,352	2,392	2,329
Fair value of scheme assets at 31 July	247,358	238,409	205,310	197,374

Actual return on scheme assets

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Expected return on scheme assets	5,379	5,172	7,166	6,757
Asset gain	33,264	32,488	7,927	7,785
Actual return on scheme assets	38,643	37,660	15,093	14,542

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Actuarial loss relating to changes in financial assumptions	(2,940)	(2,853)	(46,946)	(42,650)
Cumulative actuarial loss	(18,706)	(19,639)	(47,424)	(47,585)

History of experience gains and losses

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Difference between the expected and actual return on assets	33,264	7,927	7,371	11,161	16,575
% of scheme assets	13.5%	3.9%	3.9%	6.6%	11.4%
Experience gains/(losses) on scheme liabilities	(2,352)	1,913	844	(6,541)	535
% of scheme liabilities	0.9%	(0.7)%	(0.4)%	3.6%	(40.0)%

Notes to the accounts

30. Pension schemes (continued)

Other pension schemes

Exemplas Holdings Limited operates a group-administered personal pension plan, for those employees who are not members of LGPS, which is a defined contribution scheme.

Universitybus Limited participates in NEST, a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme. The company also provides a group Life Assurance Scheme for employees who are not members of the LGPS.

Governors and advisers

Board of Governors

Independent Members

Mr R Beazley (Chairman)
 Dr J Blake *(from 01/09/2017)*
 Mr D J Goodridge
 Mr C A Hughes *(from 01/09/2017)*
 Professor A J Hunter
 Dr J M Knott
 Mr D Konotey-Ahulu
 Mr G Morrison
 Ms I Nisbet
 Mr J Steel
 Mr R Voss

Vice-Chancellor

Professor Q A McKellar

Member nominated by the Academic Board

Dr L Mitchell

Students' Union

Ms S P Loasby *(from 01/06/2017)*

Co-opted members

Professor Sir Graeme Davies *(to 31/08/2017)*
 Professor Dame Julia Goodfellow *(from 01/09/17)*
 Mrs T Goldlaing *(from 01/09/2017)*

During the year, the following committees had a direct responsibility for the financial activities of the University:

Audit Committee

Mr D J Goodridge (Chairman)
 Dr J Blake *(from 1/9/2017)*
 Dr J M Knott
 Dr L Mitchell
 Mr J Steel

Employment, Remunerations, Governance and Nominations Committee

Mr R Beazley (Chairman)
 Professor Sir Graeme Davies *(to 31/08/2017)*
 Mr D J Goodridge
 Dr J M Knott
 Professor Q A McKellar
 Mr G Morrison
 Ms I Nisbet
 Professor Dame Julia Goodfellow *(from 01/09/2017)*

Finance Committee

Mr G Morrison (Chairman)
 Mr R Beazley
 Mr D Konotey-Ahulu
 Professor Q A McKellar
 Mr C A Hughes *(from 01/09/2017)*
 Professor A J Hunter
 Mr R Voss

Advisers

Bankers	Barclays Bank plc, St Albans
Auditors	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA
Solicitors	Mills and Reeve LLP, Cambridge

Officers appointed by the Board

Professor Quintin McKellar CBE

Vice-Chancellor
BVMS PhD DVM DipECVPT FSB FRSA
FRAgS MRCVS FRSE

Professor McKellar has been the Vice-Chancellor and Chief Executive of the University of Hertfordshire since 2011. His responsibilities include the day-to-day running of the institution, the delivery of strategic and operational plans, performance, its internal structure and organisation and its interface with external bodies and agencies. He graduated from Glasgow University Veterinary School in 1981, and went on to gain a PhD in Veterinary Parasitology in 1984. In 1997 Professor McKellar took up the post of Scientific Director of the Moredun Research Institute and Chief Executive of the Moredun Foundation. In 2004, he was appointed Principal of The Royal Veterinary College of the University of London.

Professor McKellar is Chair of the Board of Trustees of The Pirbright Institute and a member of the Hertfordshire Local Enterprise Partnership. In 2015 he was elected as a Board member of Universities UK and is Chair of the University Vocational Awards Council.

Professor McKellar was made a Commander of the Order of the British Empire (CBE) in 2011 for services to science. He has a reputation as a distinguished researcher with interests in the pharmacology of anti-infective and anti-inflammatory drugs in domestic animals.

Professor Ian Campbell

Deputy Vice-Chancellor
BSc MSc PhD

Professor Campbell is a professor of applied physiology. He joined the University of Hertfordshire in September 2013 as Deputy Vice-Chancellor.

As the sole Deputy Vice-Chancellor, he is currently engaged in all strategic and operational decisions which underpin the positioning and success of our University. He also regularly deputises for the Vice-Chancellor in relation to both internal and external affairs.

Professor Campbell has overall responsibility for the strategic development of all academic areas through his management of all Deans of School, his Chairmanship of the Academic Development Committee and his coordination of the annual University planning process.

Prior to coming to the University, he had been Pro Vice-Chancellor at Brunel University since 2008, where he was responsible for a number of key functions including student experience, staff development, learning and teaching, and external relations.

Professor Campbell has an international research reputation relating to the physiology of the spinal cord injured athlete. He has a strong track record of international research outputs, and has been invited to give presentations in China, USA, Europe and the UK. His work has attracted external funding and media attention because of its impact.

Sue Grant

Secretary and Registrar
BSc FAUA

Sue Grant joined the University of Hertfordshire in May 1983. She was the Academic Registrar from 2004 until her appointment as Secretary and Registrar in 2013. She is responsible for the management and operation of our Board of Governors and Academic Board. Sue has responsibility for legal and compliance matters relating to the University Group. She is the executive lead for Human Resources, Academic Registry, Dean of Students, Health and Safety, Audit, Equality, Planning Development and Internal Change, and is the Head of Administration.

At a national level, Sue has been Chair of the Academic Registrars Council, a position from which she stepped down on becoming Secretary and Registrar of the University. This involved working with higher education institutions across the sector and with the Department for Business, Innovation and Skills, Universities UK and the Home Office. She is currently the University's representative with the Association of Heads of University Administration. She is also a director of Uliving@Hertfordshire, Southern Universities Management Services and a member of the Board of Oaklands FE Corporation.

Alistair Moffat

Group Finance Director
BA FCMA CGMA

Alistair Moffat was appointed Group Finance Director in 2009. He has responsibility for all aspects of financial management within the University Group, including financial control, statutory reporting, treasury, tax, insurance, procurement and commercial financial support for the academic community. His role also incorporates Board responsibility for the management of the University's Estate. He is a director of UH Holdings Limited, which oversees the commercial subsidiaries in the Group, and is also a director of many of our subsidiary companies.

He is joint chair of the London and South-East British Universities Finance Directors' Group (BUFDG) and sits on the national BUFDG executive which influences national policy within the HE sector. He is a Fellow of the Chartered Institute of Management Accountants and joined the University from Monarch Airlines, where he was Chief Financial Officer. His other previous roles include Finance Director Scotland at First Group Plc and at Alstom Signalling Limited. Alistair was also Finance Director at Mainline Freight Limited, playing an important role during the rail privatisation process.



Group left to right:

Professor Ian Campbell, Professor Quintin McKellar CBE, Sue Grant, Alistair Moffat



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