

# Commentary to support the OfS Annual Financial Return 2020 workbook

## Assumptions and impact of forecast changes

1. To help the OfS to understand the financial and student number forecasts, and the impact on your provider's financial viability and sustainability of changes from the forecast, please complete the table below. Please enter the narrative explaining the assumption and the financial impact resulting from it for each of the items. If there are several assumptions for any one line, please separate around the financial impact for each assumption.

		Narrative – assumption for change between years	Financial impact, in £000s, from assumption
1	Student numbers (full-time equivalent)		
1a	UK-domiciled undergraduate students (full-time and part-time)		
1b	Other EU-domiciled undergraduate students (full-time and part-time)		
1c	Non-EU domiciled undergraduate students (full-time and part-time)		
1d	Postgraduate taught students (all domiciles, full-time and part-time)		
1e	Postgraduate research students (all domiciles, full-time and part-time)		
2	Student fee income levels		
2a	UK-domiciled undergraduate students (full-time and part-time)		

2b	Other EU-domiciled undergraduate students (full-time and part-time)		
2c	Non-EU domiciled undergraduate students (full-time and part-time)		
2d	Postgraduate taught students (all domiciles, full-time and part-time)		
2e	Postgraduate research students (all domiciles, full-time and part-time)		
3	Office for Students grant		
4	Research England grant		
5	Staff costs		
6	Inflation		
7	Pension costs		
8	Pension provision		
9	Interest costs		
10	Building maintenance costs		
11	Contingency		
12	Other income		

## Ensuring financial viability and sustainability

2. How is your provider ensuring its financial viability<sup>1</sup> and sustainability,<sup>2</sup> including the identification and management of material risks to viability and sustainability?

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<sup>1</sup> 'Financially viable' means that the OfS judges that there is no reason to suppose the provider is at material risk of insolvency within a period of three years from the date on which the judgement is made.

<sup>2</sup> 'Financially sustainable' means the OfS judges that the provider's plans and protections show that it has sufficient financial resources to fulfil conditions D(iii) and D(iv) of ongoing registration for the period of five years from the date on which the judgement is made, and that it is likely to be able to operate in accordance with these plans and projections over this period.

3. What scenario planning, sensitivity analysis or stress testing has been undertaken to understand and mitigate the risks to financial viability and sustainability that arise from uncertainty in your financial and student number forecasts? Please provide details.

4. Where the financial and student number forecasts include any significant movements ( $\pm 10$  per cent in any one year) on the income and expenditure account, what are the reasons for these movements? The explanation must include details about any material exceptional income or expenditure items.

5. Where the financial and student number forecasts include material changes on the balance sheet, what are the reasons for these changes? The explanation must include details about any material exceptional items.

6. Where the financial and student number forecasts include any significant movements ( $\pm 10$  per cent in any one year) on the cash flow statement and forecast, what are the reasons for these movements? The explanation must include details about any material exceptional cash items (you may cross-refer to questions 4 and 5 above if appropriate).

## Intangible assets

7. What are the intangible assets that your provider currently owns or plans to own in the future?

8. How have you valued your intangible assets? How and why has the value of these assets changed during the past three years?

## Provisions

9. If you have reported pension provisions in your balance sheet, what pension schemes do these relate to?

[Redacted]

10. Have all provisions been disclosed in the notes to the audited financial statements? If not, state what the provision is, why it arises, its value and why it was excluded from the audited financial statements.

[Redacted]

## Other reserves

11. Where there is a balance shown in any year for 'other reserves', what comprises this balance?

[Redacted]

## Off-Balance Sheet

12. Please detail any off-balance sheet items that you may hold but have not included in your financial tables. For each item please detail:

- what the item is (e.g. student halls of residence)
- what its value would be if the item were to come onto the balance sheet for any reason (e.g. closure of the company providing the service)
- the reason why you consider that it does not need to be included on your balance sheet
- information about who (or what) holds the risk in relation to this item.

[Redacted]

## Other

13. If relevant, what are your debt covenants and how do you manage your compliance with them? Do your forecasts show that you will continue to meet these covenants for the full forecast period?

[Redacted]

14. Is there any further information that would be helpful to the OfS in assessing your financial and student number forecasts to ensure that we understand the provider's financial viability and sustainability? If so, provide this below.

[Redacted]

15. If you have separately disclosed material items in your audited financial statement of comprehensive income and expenditure, please give details of what these relate to.

16. Please use this space to provide any further information you wish to bring to our attention, or any further explanation supporting your entries in the tables.