



SOAS
University of London

Financial Statements 2017–18

The world's leading institution for the
study of Asia, Africa and the Middle East



Chair's foreword

SOAS is widely known as a specialist, global institution, with a deep expertise in Asia, Africa and the Near and Middle East. A recent conversation with a prospective student and her mother summed up for me what makes SOAS so special.

The student was impressed by the critical thinking at SOAS, which for her made it an exciting place. She saw SOAS as a place which would fuel her curiosity and support her in asking and answering challenging questions about our world. For her mother, SOAS's strength lay in the self-confidence of our students and the SOAS culture: forward-looking with students and staff using SOAS's strong history and depth of scholarship as a basis to think about the future. She was pleased to see the way SOAS's culture, values and outlook had moved from a history of colonialism in its founding years to one which was inclusive and global.

Our commitment as an institution is to create a thriving environment for our students and staff where ideas and innovation can flourish in challenging times.

Vision and strategy

The Board of Trustees set out clear priorities in our SOAS Vision and Strategy 2016-2020 which guide decision making:

- SOAS Teaching and Learning – delivering an exceptional SOAS student experience which challenges traditional thinking and develops graduates who make an impact in the world.
- SOAS Research – focusing on research with real world impact that applies a global lens to the critical issues of our time and creates new intellectual and strategic partnerships.
- SOAS People – attracting, developing and retaining a diverse and successful community of staff who support the School in achieving our shared purpose.
- SOAS Voice – projecting our core values clearly, confidently and consistently, influencing public debate and driving social change.
- SOAS Infrastructure – making best use of the physical, financial and digital resources to achieve our shared purpose.
- SOAS Global Engagement - enhancing our global outreach in teaching, research, student experience and strategic partnerships.

The Global Engagement strategy has been developed over the past academic year as the School continues to expand its international links.

These priorities retain and build on the values and ethos that makes SOAS special - our specialist scholarship base; our clear mission and vision; commitment to challenging the status quo; and promoting shared values through our commitment to social justice.

Our 2017-18 year at SOAS

The last year has been a challenging one for SOAS, as we have sought to maintain our reputation for excellence and respond to the challenges facing HE institutions in the UK.

We have had many successes, as this document sets out, for example:

- Delivering high-quality teaching to thousands of undergraduate and postgraduate students.
- Growing our research income by over 20%.
- Providing a forum for world-leading thinkers and activists, including the UN Secretary General.
- Strengthening and developing partnerships with world-leading academic bodies.
- Gaining support from philanthropists and alumni for academic projects, such as the new Zoroastrian Institute.
- Bringing insight and knowledge to bear on public policy and taking part in key national conversations, as with the UUK/NUS BME attainment gap initiative.
- Continuing to improve our estate and campus services, with a major HEFCE-funded refurbishment of our main lecture theatre and Brunei Gallery building, focussed on enhancing the student experience and delivering excellent teaching and learning.

We have also seen the quality of our teaching reflected in our upgraded Silver rating in the Teaching Excellence Framework for 2018, after the disappointing Bronze rating in 2017.

But at the same time we continue to face significant challenges as we look to improve and reform how we operate. Small, specialist institutions like SOAS continue to face tough challenges in a rapidly-changing higher education sector. We are responding to these challenges through the implementation of an academic change strategy and reform of our professional services departments.

Foreword – continued

External context

The external environment is a challenging one. Demographics show a falling 18-year-old age cohort in the UK which will continue for a further two years. There is greater competition across the sector as new providers and overseas institutions, often more agile than many existing institutions, look to establish themselves in direct competition with more traditional universities.

There is also a very uncertain funding climate, with the review of HE finance due to report in January 2019, and rumours of reduced UG fee levels as one possible outcome of the review. This is in addition to the uncertainties about how Brexit will impact British universities.

SOAS needs to respond to the pressures in the external environment and address the areas where we need to improve, ensuring we provide students with the high quality experience they rightly expect from SOAS. Our challenge is to show the value of our unique approach as a specialist institution which provides a distinctive student experience. We are disappointed with our fall in some league tables and have put in place strategies to return to excellence.

Financial context

SOAS faces significant financial pressure with a fall in our UK undergraduate recruitment. As we seek to continue to provide a special blend of discipline, language and area studies expertise we have difficult decisions to make about the best underlying business model needed to sustain a stable and financially sound SOAS through the challenges ahead.

The School has made a conscious decision to focus on the quality of undergraduate entry. We did this knowing that it would create short-term financial pressures. The Board of Trustees agreed in 2017 to underwrite the projected significant loss in undergraduate tuition income as a result of the decisions taken on tariff.

In line with our expectations, we are reporting an overall deficit of £1.2m for 2017-18. This position takes into account a surplus of £4.7m on our endowments, funds which are available only to support purposes specified by the donors. As a Board, we measure our underlying financial performance by focusing on our unrestricted surplus (excluding any annual movement on our pension provision). On this measure we are reporting an operating deficit of £7.1m.

In line with last year's report, we are projecting, in our internal forecasts, that to reduce this deficit we need to continue to take significant action to generate new income streams and bear down on operating costs.

Action to address the SOAS position

The School has also recognised that in this fast-changing competitive environment we need to look continually to improve how we operate, with an honest and clear-headed appraisal of our position, so that we are truly delivering excellence in our teaching and research.

Action now being taken within this wider external and financial context includes:

- Ensuring that we provide value for money for our students, with a focus on improving and enhancing the student experience across all our activities;
- Continuing to protect the quality of our undergraduate entry by sustaining entry tariffs in 2018-19;
- Implementing our learning and teaching strategy with increasing focus on the student experience and measures specifically to improve the student experience and address student retention. This includes action around assessment and academic advising;
- Reviewing key areas of academic provision – especially our finance and management offerings, both on campus and online;
- Strengthening the attractiveness of our programmes generally, and ensuring that our teaching of languages embraces pedagogical change;
- Expanding our portfolio of distance learning programmes, so tens of thousands of overseas students can access our scholarship;
- Expanding our international postgraduate cohort;
- As a research intensive university, focussing on the impact of our research in the run up to the next Research Excellence Framework;
- Developing our international partnerships, building on the strong SOAS brand in many countries around the world;
- Creating more outward facing staff and student support services through the "One Professional Service" change programme.
- Further professionalising our marketing, recruitment and admissions services, including increased focus on postgraduate and international markets;
- Strengthening academic and student services and improving academic support;
- Refocussing the expenditure on the SOAS estate so that it enhances the student experience.

Foreword – continued

Governance review

Alongside these School-wide reforms, as a Board of Trustees we have also reviewed SOAS's governance to ensure our structures are up-to-date, transparent and fit-for-purpose, learning from best practice.

Following an academic restructure, the School implemented a new structure of academic committees. The new committees increase the focus on the student experience and improve the strategic oversight of School wide objectives and initiatives, such as the Student Well-being review, decolonisation of the curriculum and the joint Students' Union (SU) and School 'Enough is Enough' campaign.

The Board visited other universities to further our understanding of best practice in governance. As a result, we have made changes to our reporting and oversight function. For example, we introduced a 'dual assurance' model: lead trustees in priority areas meet with the responsible staff member to monitor how the School's strategy is being implemented in their area and make a formal report back to the Board.

The School has registered with the new higher education regulator, the Office for Students. The registration process required the self-assessment of the School's governance procedures and practices. The process enabled the Board of Trustees and the Executive Board to reflect on how the School delivers on the Higher Education Code of Governance and the public interest governance principles.

Throughout the academic year, the SU and wider student body have challenged Trustees and School staff to support School-wide projects and initiatives central to the School's values and mission – including the direct employment of outsourced staff, extension of consent training and making progress on decolonising the School's curriculum. This also includes ethical issues such as the School's ethical investment code which led to divestment from fossil fuels. Together we are working to narrow the black and minority ethnic attainment gap at SOAS.

The School continues to support the SU long running campaign, 'Enough is Enough', which tackles bullying, sexual harassment and violence, through the running of consent workshops for every student. This year we are looking at how to extend the learning and messages from the campaign beyond the SU to the whole School, including members of the Board who are participating in a consent workshop.

Conclusion

Ultimately, we want to strengthen the institution we love: for current and future students and staff; our tens of thousands of alumni; and our global community of partners, funders and supporters.

We continue to look at each area of activity, asking questions about how it is contributing to our core mission of delivering excellence in research, teaching and the student experience.

We take pride in our commitment to raising the quality of what we do – building on what we do well and addressing any weaknesses holding us back.

Change is challenging for all organisations and SOAS is no different.

We are seeing massive changes in the world order – political, economic and social challenges across Africa, Asia and Middle East, the areas of SOAS expertise. That means that there has never been a more important time for a university with SOAS's global network, impact and reach.

Marie Staunton CBE

Chairman of the Board of Trustees, SOAS

Financial overview

Summary

Summary of income & expenditure	2018 Endowment £'000	2018 Unrestricted £'000	2018 Total £'000	2017 Total £'000	Change £'000
Operating income	985	85,019	86,004	84,746	1,258
Endowments & donations	5,833	407	6,240	3,522	2,718
Total income	6,818	85,426	92,244	88,268	3,976
Operating expenditure	3,455	85,986	89,441	83,061	6,360
Depreciation	0	6,101	6,101	6,441	(340)
Interest and other finance costs	0	454	454	509	(55)
Surplus (deficit) before movement on pension provision	3,363	(7,115)	(3,752)	(1,743)	(2,009)
Movement on pension provision	0	1,178	1,178	2,210	(1,032)
Surplus (deficit) before other gains & losses	3,363	(5,937)	(2,574)	467	(3,041)
Gains on investment	1,394	-	1,394	2,405	(1,011)
Surplus (deficit) for the year	4,757	(5,937)	(1,180)	2,872	(4,052)

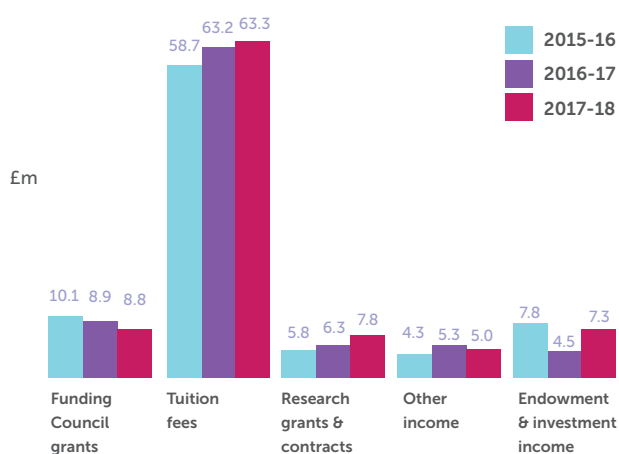
SOAS generated a deficit of £1.2m in 2017-18. This was £4.1m below the surplus of £2.9m reported in 2016-17. This deficit is broken down into a surplus of £4.8m on our endowments and a deficit of £5.9m on our unrestricted operating activities. The latter includes a positive movement of £1.2m on our provision for USS and SAUL pension liabilities. This movement is outside SOAS's control. The SOAS Board of Trustees excludes this movement in assessing underlying financial performance with focus given to the deficit of £7.1m on our unrestricted operating activities before the movement on pension provision (2016-17: £2.7m deficit). The increase in deficit was anticipated as we transition to new academic and support structures and adjust to a lower levels of undergraduate numbers as we apply higher entry tariffs. This level of deficit is however not sustainable and emphasises the requirement for swift significant actions to generate new income streams and bear down on operating costs.

The following sections provide context and explanation for the financial position.

Income

Before endowments and donations, income grew by £1.3m (1.5%) from 2016-17. Tuition fees remained the largest component, at 73% of income (2016-17: 72%), and were almost static at £63.3m net of scholarships and discounts (2016-17: £63.2m). Grant income from our funding bodies reduced by £0.1m to £8.8m.

Income by source – year on year changes



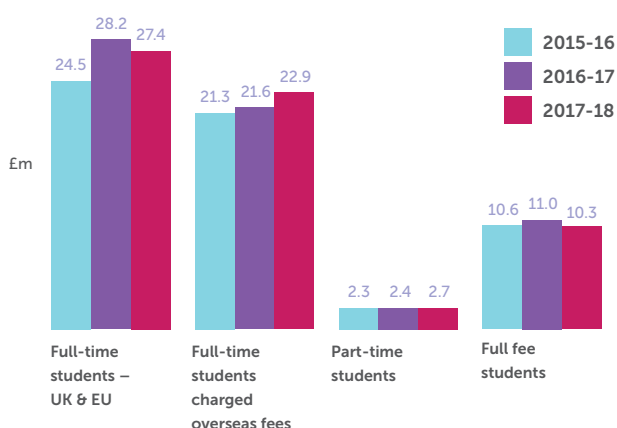
Financial overview – continued

Tuition fee income

Tuition fee income in the financial statements is stated net of the £3.4m (2016-17: £1.9m) fee waivers and scholarships provided to students on both undergraduate and postgraduate courses.

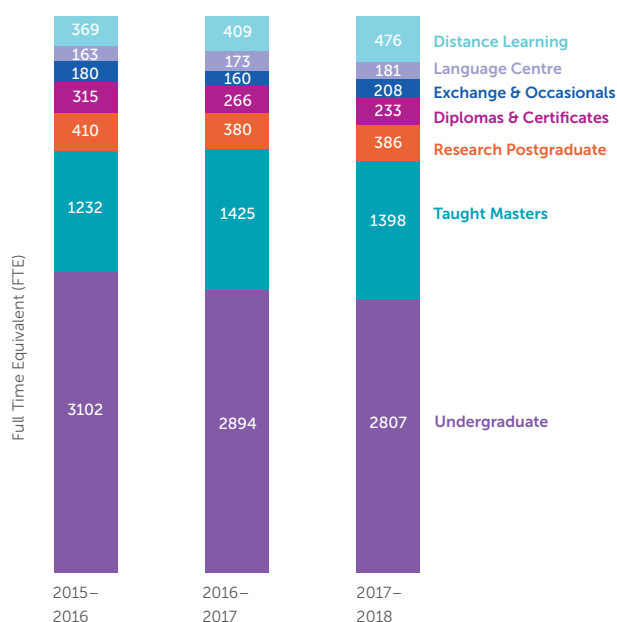
Net fee income rose by £0.1m in 2017-18, with growth in overseas (+£1.3m) and part-time student fee income (+£0.3m) largely offset by falls in UK/EU student income (-£0.8m) and full fee income (£-0.7m). The movements are shown in the chart below.

Fee income – year on year changes



The underlying student numbers show a reduction in undergraduate student numbers to 2,807 FTE (2016-17: 2,894), largely as a consequence of applying higher intake tariffs in an increasingly competitive market and a reduction in taught postgraduate students to 1,398 FTE (2016-17: 1,425).

Student FTE – Numbers



Funding Council Grants

Total grant income of £8.8m was provided to us from our two funding bodies for use in 2017-18 (2016-17: £8.9m), including £1.8m from the Office for Students providing £1.8m for teaching (2016-17: £8.9m) and £5.6m from Research England for research (2016-17: £5.9m).

Research Grants and contracts

We have continued to grow our income from research grants and contracts in 2017-18. Now at £7.9m, research income is 24% higher than the previous year and 62% higher than four years ago.

We have seen a significant increase in income from the research councils (ESRC and AHRC) earning £2.6m in 2017-18 against £1.5m in 2016-17, a 69% uplift.

The highest volume of non-full economic costed funding has come from The European Research Council. We are currently engaged with six projects generating income of £1.9m in 2017-18, an increase of 26% on the previous year. This funding source now represents 23% of the total research income.

Leverhulme Trust grants are down for a third consecutive year at £0.4m, down from £0.8m in 2016-17 and from £1.0m in 2015-16.

Endowment and other income

In addition to income from our core operational activities, SOAS generates income from its commercial and ancillary activities, which decreased slightly to £5.1m (2016-17: £5.3m).

We are very grateful for all donations received and are pleased to report we received new gifts of £6.2m in 2017-18 (2016-17: £3.5m). Included within this are donations totalling £3.2m which have supported the creation of the SOAS Shapooji Pallonji Institute of Zoroastrian Studies. The Institute will become a resource dedicated to enhancing the research, learning and teaching in the field of one of the world's oldest religions. The donations have provided an endowed lectureship, scholarships, administration support and outreach activities.

Donations providing support to students through scholarships and maintenance grants, also include £1.4m from the Alphwood Foundation, £0.3m from the Mo Ibrahim Foundation and £0.2m from the Wolfson Foundation.

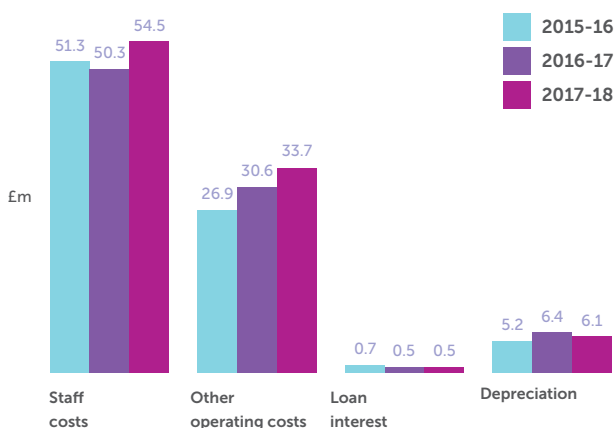
Investment income on endowments totalled £1.0m (2016-17: £1.0m), which we have used for the purposes of the original donors, including £642k to support endowed posts and £120k on student support.

Financial overview – continued

Expenditure

The most important resource at SOAS is its people. The costs of staff who teach and provide student support and those who provide the professional support for the institutions operations form the largest share of expenditure.

Expenditure – year on year changes



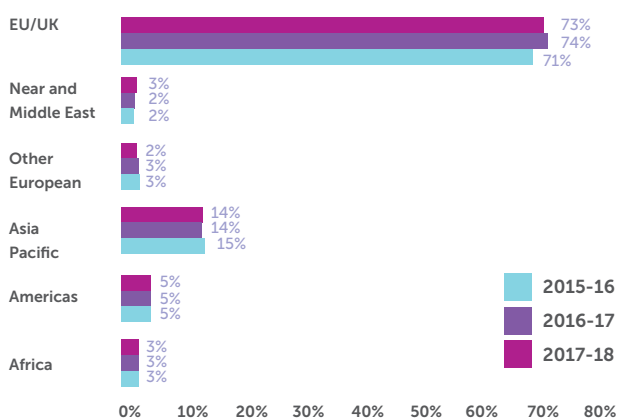
Total staff costs increased by £4.2m to £54.5m. These figures include restructuring costs of £1.5m (2016-17: £0.7m) and the reduction of £1.2m in our pension provision (2016-17: £2.2m). Excluding these two factors from both years, staffing costs in 2017-18 were £2.4m higher than in 2016-17, an increase of 4.6%.

Other operating expenditure was £3.1m higher than in 2016-17, an increase of 10%. Contributory factors include; a £0.4m increase in security and cleaning costs, as a consequence of additional security required during periods of industrial action; £1.5m additional spend on professional fees, of which the majority relate to costs incurred restructuring our catering provision and our facilities management; £1.2m of impairment costs against fixed assets, and additional research grant costs of £0.6m which should be reviewed in the context of increased research income. Depreciation was £0.3m lower than the previous year.

Student support

We continue to attract a diverse student body from across the world, and are working to maintain our international student numbers in the current challenging environment. The origin of our students is little changed from 2016-17. EU/UK students have decreased slightly to 73% compared to 74% in 2016-17.

Undergraduate and Postgraduate FTE by origin



We are committed to making our education available to as many qualified students as possible, and invest heavily in scholarships and bursaries to provide financial support to those who would otherwise find it difficult to undertake study at SOAS.

In 2017-18 we provided bursaries and fee remittances worth £1.0m to low income students under our OFFA agreement (2016-17: £1.1m), as well as School-funded maintenance and fee waivers worth £2.4m (2015-16: £2.6m).

Capital investment

Capital investment of £3.7m was made in the year (2016-17 £4.3m) with £2.2m expended on upgrading IT infrastructure and £0.9m in respect of ongoing estates projects, including the £5m project to refurbish our Brunei Gallery Building which is due for completion by January 2019.

Financial overview – continued

Balance sheet position

Our endowment investments grew by £2.6m in 2017-18 to £40.5m as a result of a £1.4m gain in the market value of underlying investments and net inflow of £1.2m in donated funds.

Cash and cash equivalents of £14.4m at 31 July 2018 were £6.9m higher than a year earlier, with £5m of this increase attributable to an increased drawdown of our revolving credit facility with RBS bank. Financing of £10m as at 31 July 2018 via this short-term facility rather than a longer term loan facility largely explains our net current liability position of £12.4m. It is anticipated that we will be seeking to move to longer term financing within the next year.

Other loan financing includes a variable rate loan with Barclays Bank. The outstanding loan balance of £6m will be repaid in quarterly instalments over the remaining 13 year term. The loan is hedged by two interest rate swaps, covering 57% of the current loan balance, providing some protection against adverse movements in LIBOR interest rates.



SOAS and public benefit

Since it was established in 1916, SOAS University of London has made a unique contribution to intellectual scholarship in its specialist subject areas of Asia, Africa and the Middle East. SOAS also plays a major part in enhancing public benefit through its services to society.



SOAS Director Baroness Valerie Amos in conversation with the UN Secretary-General António Guterres

SOAS makes a significant contribution through its teaching, research and other activities to many of the specific categories of charitable purposes set out in the Charities Act 2011. This is primarily through the advancement of education.

SOAS also contributes through:

- the advancement of citizenship or community development;
- the advancement of the arts, culture, heritage or science;
- the advancement through human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;
- the prevention or relief of poverty; and
- the advancement of environmental protection or improvement.

SOAS engages in a wide range of public events and activities which help to inform the policy and initiatives of governments, charities, NGOs and

other agencies around the world. Over the last year, our researchers made their valuable insights available through a wide range of public forums.

SOAS's contribution to teaching and to research is reflected in a number of activities. This section on 'public benefit' focusses mainly on the range of SOAS's impact beyond academia itself.

Teaching and Learning

More than 5,000 students in over 140 countries are currently accessing our world-class research and teaching, gaining a range of specialist qualifications.

Public events

SOAS hosts in the region of 1,500 public events each year, which are organised by academic departments, the central events team and the Students' Union, covering issues that range from the political and historical to art and culture.

Some key examples include those in this year's flagship events series, the 'World Turned Upside Down'. This



Chimamanda Ngozi Adichie honoured at SOAS Graduation Ceremonies (above).

Zadie Smith pictured with Dr Marloes Janson (left).

series featured the UN Secretary-General, António Guterres, who spoke at SOAS on countering terrorism and protecting human rights. The event, which included an 'in conversation' session with SOAS Director Baroness Valerie Amos, was hosted in the Brunei Gallery Lecture Theatre and attracted a full house of around 300 guests. It also received media coverage in a number of outlets including *The Guardian*, *UN News* and *Tehran Times*. Salil Shetty, the outgoing Secretary General of the human rights organisation Amnesty International, spoke at SOAS on 'Making Human Rights Work for Everyone in an Age of Fear and Division' and the journalist, writer and broadcaster Gary Younge gave a lecture on 'Imagining a World Without Borders'. These events like many others at SOAS were also broadcast via our Facebook live channel and tweeted via the main @SOAS Twitter feed, with followers in the region of 55k and 30k respectively. This enabled the School to reach a much wider audience than in person only.

SOAS also hosted a range of high-profile speakers, including the award-winning author Zadie Smith who discussed her latest book *Swing Time*. The event was hosted by SOAS scholar Dr Marloes Janson whose monograph 'Islam, Youth, and Modernity in the Gambia: The Tablighi Jama'at' provided much of the cultural underpinnings of Smith's novel.

The SOAS China Institute hosted the former Prime Minister of New Zealand, Sir John Key GNZM AC, who shared his insights and lessons from engaging with China. The Centre for English Studies hosted the Nobel Prize-winning author and SOAS Honorary Doctorate J M Coetzee in the Chancellor's Hall of Senate House. The internationally-renowned Nigerian writer Chimamanda Ngozi Adichie, who was honoured at the SOAS Graduation Ceremonies this year, gave the keynote at the 7th Annual International Igbo Conference 2018 held at SOAS. For the second year running, the School hosted the award ceremony for the prestigious Caine Prize for African Writing, a prize which is awarded to an African writer of a short story published in English.

SOAS marked the appointment of Professor Victor

Murinde as the AXA Chair in Global Finance at an event which brought together world-leading scholars, practitioners and policy makers to discuss pressing issues and new developments in global finance. As part of his work at SOAS, Professor Murinde founded the Centre for Global Finance at SOAS which studies mega-trends in global finance and how they impact on new developments in the international financial system and the world economy.

Widening participation

As evidenced by the access agreements published on the SOAS website, SOAS has a strong track record in widening participation. Our access initiatives aim to ensure that the School engages with students from disadvantaged backgrounds. 2017-18 saw the continuation of successful initiatives such as the Languages Challenge and a range of subject-specific summer schools (for History, Politics, Law, Economics, Development Studies and Anthropology).

Participants use the School's expertise to explore global perspectives, develop the skills needed to fulfil their potential, and find out about higher education. In addition to our extensive range of outreach activities, SOAS routinely considers an applicant's socioeconomic and educational context during the offer-making process. For the 2017 undergraduate intake, SOAS distributed financial support bursaries worth £1,500 a year to over 150 of the most socioeconomically disadvantaged home students.

As well as this vital financial support, we continue to provide broader transition support in the form of Bridging Courses for new students. These are offered to students who are the first in their family to go to university; who grew up in an area where there is low progression to higher education; or who are mature students entering university for the first time. They are complemented by pre-course online support and an e-mentoring programme in their first term.

SOAS continues to be the largest provider of postgraduate online and distance learning programmes



From the exhibition 'Behind The Indian Boom: Inequality and Resistance at the heart of economic growth' (left)

From the exhibition "Les Sapeuses: The Lady Dandies of the DRC (below)



in the University of London's international portfolio. This diverse offering has expanded to include a number of new finance qualifications including Postgraduate Certificates and Diplomas, as well as a revitalised programme of study across the Centre for Financial and Management Studies (CeFiMS) portfolio. The Centre for International Studies and Diplomacy (CISD) continues to deliver a range of programmes in association with the Foreign & Commonwealth Office's Diplomatic Academy. The Centre for Development, Environment and Policy has re-launched its programmes in Sustainable Development and Climate Change and Development for 2018/19.

Massive Open Online Courses (MOOCs) have continued to feature in the online and distance learning suite of programmes offered by SOAS. To date, more than 100,000 students have enrolled on a SOAS MOOC, covering subjects such as global diplomacy, risk management and climate policy.

Public education through art

SOAS's Brunei Gallery had over 57,000 visitors and attendees for its programme of exhibitions and accompanying events in 2017-18.

The year started with three exhibitions. 'Fairgrounds of the Faithful: Moulids - the Sufi Festivals of Egypt' by the renowned multi award-winning photographer and documentary filmmaker, Tim Coleman, whose work is the culmination of nearly three decades of documenting these remarkable festivals. 'Behind The Indian Boom: Inequality and Resistance at the heart of economic growth' based on an European Research Council and Economic and Social Research Council funded Programme of Research on Inequality and Poverty led by Alpa Shah (LSE) and Jens Lerche (SOAS) and involved the work of several researchers,

journalists and activists. "Les Sapeuses": The Lady Dandies of the DRC' - documenting the life and style of the sapeuses, the Democratic Republic of the Congo's 'lady dandies' subculture, through exhibits of textile accessories and the reportage photography of Kinshasa-based photographer Junior D. Kannah.

These were followed by 'An exhibition of Artists responses to the - 'Legacies of Biafra' - in partnership with the Nigeria Art Society UK (NASUK), exploring the legacies of the British colonial divide and rule policy; 'From Tribal Forest to Urban Jungle - Photographs from Central India by Verrier Elwin' organised in collaboration with the Adivasi Arts Trust and Ashok Elwin; 'China and Siam: Through the Lens of John Thomson' which was the first London exhibition devoted to the Scottish photographer John Thomson (1837-1921) and his photography in Asia; and 'Foreign Nationals: Photographs of the MaRock by Aldo Brincat' featuring Botswana's enigmatic MaRock, a heavy metal cowboy subculture, which is on the rise in Botswana and Southern Africa.

The 2017-18 programme was closed by the landmark exhibition 'Empire of the Sikhs' an exhibition of over 100 artworks and objects that tell the story of a cosmopolitan empire that almost ended British rule in India, presented in partnership with UK Punjab Heritage Association (UKPHA); and also 'From Madras to Bangalore - Picture Postcards as Urban History of Colonial India' - which explored how postcard practices imagined, figured and performed a colonial encounter by depicting monuments, street, people and places in cities.

London initiatives

SOAS launched a major new institute this year, the SOAS Shapoorji Pallonji Institute of Zoroastrian Studies, which is a resource dedicated to enhancing the



L-R: Dr Sarah Stewart, Baroness Valerie Amos, and Shapoor Mistry at the launch of the SOAS Shapoorji Pallonji Institute of Zoroastrian Studies (left).

Idol making – the artists starting work in Ealing Town Hall (above).

research, teaching and learning in the field of one of the world’s oldest religions. The Institute is funded by a £5 million gift to SOAS received in 2016-17. Guests at the launch included the Institute’s patron, Shapoor Mistry, Chairman of the Shapoorji Pallonji Group.

SOAS Enterprise has been working with Islington Libraries to develop a joint initiative that will further the appreciation of multilingualism and ‘world literature’ from outside Europe and help libraries reach new audiences. The project is based on providing literature in non-European languages to communities in Islington through their local libraries. Using a questionnaire translated into Arabic, residents were asked basic demographic information regarding age and gender, as well as questions about their membership of a library, and on the genres of literature that would interest people. Based on the feedback, SOAS Enterprise plans to develop a list of 40 titles, which libraries will be able to purchase.

The SOAS World Languages Institute collaborated with the London Southbank Centre in a major project to preserve poems in endangered languages. The Director of the Institute, Dr Mandana Seyfeddinipur, worked with the National Poetry Library to preserve the poems in both their original language and in English.

The SOAS South Asia Institute organised a two-day display of the ornamented and finished statue of the Durga as part of the Bloomsbury Festival. The idol making was one of a number of activities in the week-long Cultural Connects: Durga Utsav event that showcased the iconic heritage of Durga and its global manifestations.

SOAS’s renowned concert series brought together a range of established and up-and-coming international artists in a total of 10 concerts. Performances in this series include SOAS alumna Amrit Kaur Lohia - a

sārangī player and vocalist who specialises in Punjabi folk, jazz and soul; the British singer songwriter Piers Faccini; and Amharic singer and krar (a traditional Ethiopian lyre) player Haymanot Tesfa.

The Academic Summer School, now in its sixth year, offered 11 courses in 2017-18 that reflected the cutting-edge academic research and innovative teaching practice that is championed at SOAS. The programme attracted a wide range of students from undergraduate, postgraduate, professional and practitioner backgrounds, all experiencing the unique teaching and learning environment at SOAS. Students from Africa, China, US, South America and Europe were welcomed onto programmes across disciplines such as Development, Politics, Law, Business, Finance, Culture, Society and History.

A national resource

SOAS contributes to the advancement of education and preservation of academic heritage through our extensive library collections and archives. The SOAS Library is one of the five UK National Research Libraries (the others are Cambridge, LSE, Manchester and Oxford). It is home to more than 1.3 million items and significant special collections including the archives of missionary societies, NGOs and diplomats.

Reflecting its status and reputation, the Library was visited more than 818,000 times in 2017–18 and many visits were made by external users, including alumni. The Library continues to offer a range of seminars and training sessions for members of the School and visitors, focussing particularly on study skills and the use of electronic resources.

Among other innovative projects, the SOAS Library showcased the rituals and magic of North Sumatra



Welcome day session at the SOAS Summer Schools (left).

SOAS Director attends evidence session at the Joint Committee on Human Rights (below).



through a unique digitisation project of the Batak Pustaka. The School is now the second institution in the world to make a full manuscript of the The Batak Pustaka [Magic Book] (circa pre-1835) available online.

Research

SOAS experts informing policymaking

SOAS experts play a major part in informing the public on a range of complex global issues – from conflict resolution and international relations to specific higher education issues such as free speech on UK campuses.

Some examples include SOAS Director Baroness Valerie Amos and Alison Scott-Baumann, Professor of Society and Belief, giving evidence to the Commons and Lords Joint Committee on Human Rights on free speech in universities. In her session, the SOAS Director stressed the importance of free speech on campus and the need to support vigorous and robust debate on difficult and complex issues. She also highlighted the challenges that universities face in today's environment, in particular the impact of current legislation, specifically the Government's counter terrorism legislation, in having a 'chilling' effect on students from minority communities. Professor Scott Baumann, who has led a research project examining the government's anti-extremism programme Prevent (*Re/Presenting Islam on Campus* and funded by Arts and Humanities Research Council), in a subsequent session with the Committee discussed the ways universities are well placed to combat extremism through informed discussion and debate.

Dr Yuka Kobayashi, Assistant Professor in China and International Politics, gave evidence last month to the Foreign Affairs Committee's Inquiry into China and the international rule-based system.

The inquiry examines how China has participated and engaged with the international order and how the UK can respond to the process.

SOAS scholars Jonathan Goodhand, Professor in Conflict and Development Studies, and Dr Patrick Meehan led a major new study, with King's College London, for the UK government's stabilisation unit. The report 'Elite Bargains and Political Deals' was launched on 14 June by Alistair Burt MP, Minister of State (Department for International Development) at Chatham House. Developed over 18 months, it provides a more robust evidence base for the UK's approach to stabilisation and helps policy makers to deliver more effective interventions in conflict contexts.

Friederike Lüpke, Professor of Language Documentation and Description, has led a team to create a new set of teaching materials to help school pupils explore issues that range from the causes and benefits of multilingualism to patterns of multilingual language use. Developed from the award-winning film *Kanraxël: The Confluence of Agnack* – which was filmed at Professor Lüpke's field site - the aim of the teaching material is to change the way multilingualism is perceived and taught in schools and universities.

Other SOAS research projects include the work of Paul Basu, Professor of Anthropology, who was awarded a grant of £805,032 by the AHRC for a project exploring historic ethnographic archives and collections relating to Nigeria and Sierra Leone. Andrew George, Professor of Babylonian was awarded a Major Research Fellowship for a new project on Ancient Mesopotamian mythology by The Leverhulme Trust and Bhavani Shankar, Professor of International Food, Agriculture and Health at was awarded a Gates Foundation Grant of nearly \$1 million for a project examining the impact of market interventions on nutritional improvement.



Scene from the award-winning film Kanraxël: The Confluence of Agnack (above).

Baroness Valerie Amos speaking at the STAR and NUS conference (right).



People

The Director of SOAS

The Director of SOAS, Baroness Valerie Amos, continues to be a major thought-leader on a number of key issues for the sector, particularly on BME representation among senior staff in higher education and on addressing the BME student attainment gap.

Key engagements for the Director in the 2017-18 academic year included the keynote at S. Rajaratnam School of International Studies in Singapore discussing the challenges and opportunities for the ASEAN region and whether the countries of ASEAN can champion a bold but distinctly south-east Asian approach to multilateralism; the keynote at the annual Knowledge Quarter conference, a consortium of the major educational, economic and cultural institutions in the region around King's Cross London, where she spoke on decolonising knowledge; the STAR (Student Action for Refugees) and NUS conference where she urged universities to work together to avoid losing the talents of a generation of refugee students, and the BME Leadership in Higher Education Summit, organised by Advance HE, where she called for universities to make race equality a priority.

SOAS and public benefit – continued



Sahana Bajpaie at the House of Commons.

Supporting students

SOAS was awarded a silver ranking in the Teaching Excellence Framework (TEF) 2018 following a successful appeal by SOAS to the Office for Students. TEF is a Government method of assessing the quality of teaching delivered by higher education providers. The assessments rates gold, silver or bronze are intended to give students better information to help them decide what and where to study. While SOAS has openly and critically questioned the basis for the TEF as not accurately capturing and reflecting the diversity of student voices and especially failing to reflect outcomes for international students, we rightly took steps to ensure the quality of the learning and teaching experience offered by SOAS was properly recognised.

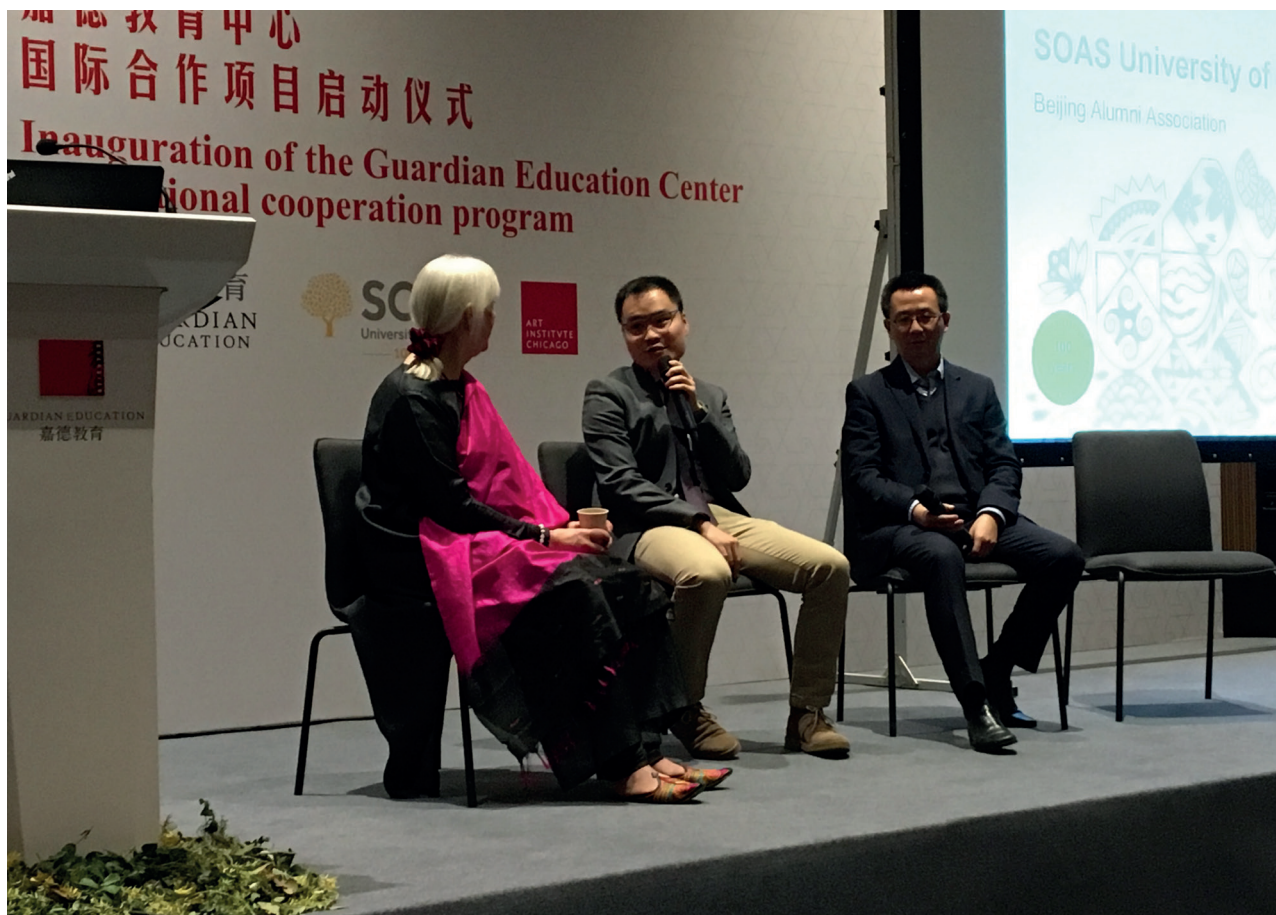
Over £40k was raised, in addition to the £250k raised in 2016-17, to support students who do not have access to Student Finance and have Refugee, Humanitarian Protection, Discretionary or Limited Leave to Remain, or who have submitted an asylum claim in the UK. The funds were raised to support these students with living costs, in addition to a fee-waiver scheme provided by SOAS, for five undergraduate students and two postgraduate

students. The campaign also brought forward two alumni who offered free accommodation as gifts-in-kind.

Our crowdfunding platform 'SOAS Impact' enabled students and alumni to raise £45,981 to fund seven projects, including a full scholarship for a student from a low-income background to study the PG Diploma in Asian Art. Other projects included a sponsored Cycle for Sanctuary Scholarships, funding the SOAS African Development Forum, the Helen Kanitkar Library, Migrant Solidarity in Paris and Calais, and helping a student fund a trip to India in order to take part in the Dara Shikoh Arts Fellowship.

During 2017-2018, philanthropic support for SOAS student scholarships, bursaries and awards was provided by the Felix Scholarship, the Allan and Nesta Ferguson Charitable Trust, The Pears Foundation, the Open Society Foundation, the Mo Ibrahim Foundation and The Wolfson Foundation. SOAS also welcomed the latest cohort of incoming Alphawood scholars. SOAS research and other projects were supported by the Khyentse Foundation, the Robert H N Ho Family Foundation, the 7th March Foundation, the Shi-ah Institute and other notable individuals and organisations.

SOAS and public benefit – continued



Dr Heather Elgood (pictured left) at the launch event for the new partnership with the Guardian Education Centre.

Celebrating the SOAS community

SOAS alumna Fatima Zaman was featured in the Universities UK's national social mobility campaign 'Opportunity for Everyone'. The aim of the campaign is to highlight the work many universities are doing to enable access and promote success for all students, regardless of their background.

Sahana Bajpaie, Senior Teaching Fellow in Bengali, was awarded the Bengal's Pride Award for her contribution to arts and culture with Tagore songs and folk music. The inaugural Bengal's Pride Awards took place in June at Churchill Hall in The House of Commons and was hosted by Asian Business Publications Limited. The award aims to recognise the excellence of global Bengalis and their descendants across the world.

Professor Mashood Baderin, Chair of the Centre of African Studies, was recognised for his contribution to education at the Muslim News Awards for Excellence 2018 where he won the Sankore University Award for Excellence in Education. The Muslim News Awards for Excellence is organised by the newspaper Muslim News and is acknowledged as the standard-

bearer for recognising and promoting excellence within the Muslim community in the UK.

SOAS scholars Wen-Chin Ouyang, Professor of Arabic and Comparative Literature, and Timon Screech, Professor of the History of Art, were honoured with fellowships by the British Academy.

Media engagement

In the 2017-18 academic year, SOAS featured in 50-60 news reports each month on average. These included student success stories, expert commentary by academics and profiles of alumni. SOAS scholars have provided expert insight into many of this year's world events including the Trump-Kim summit, elections in the Democratic Republic of Congo, the Centenary of the Balfour Declaration and the resignation of Robert Mugabe.

Dr Tat Yan Kong, Professor Hazel Smith, Professor Steve Tsang and Dr James Hoare provided commentary on the Singapore Summit across world media including on Sky News, the BBC and on ABC. In the spring, J Simon Rofe spoke on sport and politics ahead of the FIFA World Cup. Dr Hassan Hakimian provided detailed commentary on

SOAS and public benefit – continued

the Iranian nuclear deal on BBC World, 5 News and CNN amongst others. Dr Leslie Vinjamuri also discussed US politics and President Trump throughout the year on a range of international channels including France 24 and CNN. Coverage of the summer Brunei Gallery exhibition 'Empire of the Sikhs' was featured internationally and domestically, including in the *Times* (UK), Radio 4, BBC, *Times of India*, *Hindustan Times*, *Des Pardes*, *Scroll* and others. Professor Alison Scott Baumann was interviewed extensively on free speech in relation to her research.

SOAS continued its membership subscription for a second year with *The Conversation*, an independent online platform that uses content sourced from the academic and research community. This has resulted in another 30+ published articles by SOAS experts ranging from topics such as sanitation in India, the Russian spy attack, immigration and UK trade deals after Brexit. This year's most read SOAS article on the platform was by Dr Dan Plesch and looked at nuclear weapons and the US, gaining nearly 75,000 views.

Infrastructure

Environmental sustainability

Sustainability is one of SOAS's core values. This year the School fulfilled its promise of March 2015 to divest from fossil fuels within three years – this made SOAS the first university in London to fulfil its pledge. The School no longer holds investments within the oil and gas producers subsector or any companies, as per the agreed criteria for the fossil free commitment. SOAS has also set up a flexible energy procurement contract with other Bloomsbury Colleges to ensure that the best value for energy is obtained. Any electricity not produced by our own energy efficient CHP plant is purchased from renewable sources.

International

Forming global networks

SOAS has a wide range of international partnerships across learning and teaching initiatives as well as research.

SOAS celebrated the launch of a new partnership with the Guardian Education Centre, a branch of the China Guardian, one of China's largest art institutions, and the Art Institute of Chicago. The partnership will see the delivery of new courses on Chinese art. The launch coincided with the largest ever SOAS alumni event in Beijing, hosted by SOAS, attracting over 70 guests. This event brought together alumni, current students, academics and friends of the School at the newly built Centre in central Beijing. The evening marked the start of a distance learning global art course hosted by SOAS.

The SOAS Brunei Gallery exhibition on the architectural heritage of Yemen 'Buildings That Fill My Eye' curated by Emeritus Professor Trevor H.J. Marchand, went on tour to the MAO Museum of Oriental Art in Turin, Italy, and the Pergamon Museum in Berlin, Germany. The exhibition explored the variety of building styles and traditions that have evolved over millennia in a region of diverse terrains, extreme climates and distinctive local histories.

SOAS continues to hold exchange partnerships for students with a number of universities across the world including in Japan, Korea, India and China. International debates, held by SOAS's institutes, bring together international scholars to debate key issues such as the sustainability of the Chinese model and human rights in India.

Throughout the academic year, over 50 alumni events were held around the world. Public events were also held in Abuja, with a lecture by Professor Mashood Baderin on 'Law and Development in Africa' and a panel discussion, led by Professor Stephen Hopgood, on the 'End of Human Rights' at the Nigerian Institute of International Affairs in Lagos. The events were designed for alumni and friends of SOAS and brought together a number of law and development professionals to discuss human rights and development issues. This help further to build our alumni network and to create a hub of intellectual exchange in Nigeria.

In January 2018, the alumni team held a welcome event for American students in London, hosted by Greg Buie, the President of the American Friends of SOAS (AFSOAS). It was an opportunity for alumni to meet with current students and promote the work of AFSOAS. Sponsored by former AFSOAS President Brooke Beardlee at Home House club, the event formalised AFSOAS activities in London and will be held again in 2019.

'Art Breath' is a series of events in collaboration with SOAS alumna, Noor Saleh, on the intricate relationship between art and politics. Three 'Art Breath' events were held on campus in 2017-18. Panel members have included the Ambassador of Lebanon to the United Kingdom, HE Ambassador Rami Mortada; Curator of Islamic and Middle Eastern Art at the British Museum, Venetia Porter, and former British diplomat and Chairman of the International Advisory Board, James Watt CVO.

A Book Club series was also held in London throughout 2017-18, with events featuring works by Homa Zaklaki, Professor Stephen Chan and Choman Hardi.

SOAS and public benefit – continued

Voice

Students making a contribution to society

SOAS has more than 5,000 FTE students from more than 130 countries. These include full-time and part-time students, studying for undergraduate and postgraduate degrees. The Students' Union is home to more than 200 societies ranging from sports activities to politics and food.

Amongst the many events held by students, leading examples include 'Queer Asia' and the Sylheti Project.

'Queer Asia' Conference and Film Festival returned to SOAS for the third year running. This year's event focused on the theme of 'Bodies X Borders' and brings together activists, artists, academics, film makers, and performers from all across Asia to engage in a robust dialogue with each other and across disciplines.

The student-run SOAS Sylheti Project, supported by the Linguistics Department at SOAS, visited the Surma Community Centre in London to discuss their project and raise awareness about its status within the local community in London. The Centre is part of the Bengali Workers' Association, an organisation which provides voluntary advice and services on issues such as immigration, accommodation and welfare for newly arrived migrants from Bangladesh.

Creating an inclusive culture

The Director is leading a major new initiative to help universities tackle the BME attainment gap. Working with Amatey Doku, Vice President for Higher Education at the National Union of Students (NUS), the joint UUK-NUS initiative is a major drive to improve the performance and university experience of black and minority ethnic students across the UK.

The Director continues to inform the public debate on decolonisation and champions the importance of an inclusive approach to learning and teaching. The School launched a draft learning and teaching toolkit for all staff which explores at a general level how a decolonising approach can transform curricula and pedagogy in a higher education context.

The Department of History partnered with OCR, a leading examinations board for secondary education in England, Wales and Northern Ireland, to create a 'one-stop' shop for A-level history teachers teaching the British Empire. Coordinated by Dr Yi Li, the Department provided a repository of research and teaching materials which looks at the implications of British colonial rule across its empire.

Professor Edward Simpson, Director of the SOAS South Asia Institute, took part in a roundtable discussion on the Future of South Asian Studies at Habib University, Karachi, where one of the topics for discussion was the need to decolonise thinking about the region.

Impacting the debate on Brexit

SOAS scholars Professor Victor Murinde, AXA Professor in Global Finance in the School of Finance and Management, and Dr Emilia Onyema, Reader in International Commercial Law, spoke at the Black Cultural Archives' Black Brexit conference this year, which was chaired by Trevor Williams, the former Chief Economist at Lloyds Bank Commercial Banking.

The Centre of Korean Studies hosted HE Alastair Morgan (British Ambassador to the Democratic People's Republic of Korea) and HE Charles Hay MVO (former British Ambassador to the Republic of Korea) on the current developments taking place on the Korean peninsula and the Korean attitude towards the UK post-Brexit.

The London Middle East Institute hosted Chris Doyle, Director of Council for Arab-British Understanding, who discussed Trump and Brexit – What Impact on Britain's Relations with the Middle East?

Corporate governance statement

SOAS is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the School has applied the principles set out in the UK Corporate Governance Code, the Memorandum of Assurance & Accountability with the Higher Education Funding Council for England (HEFCE) until April 2018 and the Office for Students' Terms and Conditions of Funding for Higher Education post April 2018. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

SOAS's Board of Trustees is responsible for the School's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. During the academic session the School's principal regulator changed: until April 2018 the principal regulator was HEFCE and after April 2018 the principal regulator became Office for Students (OfS). SOAS aims to exhibit best practice in all its activities to ensure that public funds are used properly and the School offers value for money. The School's Board of Trustees is guided by, but not limited by, general principles within the CUC's Higher Education Code of Governance issued in 2014 and the public interest governance principles. The School's practices are consistent with the provisions of the code and the Board takes the necessary steps to continually review and improve its own governance. The School's assessment on the appropriateness, adequacy and effectiveness of management and governance arrangements were outlined in the School's application to the new regulator (OfS). This was reviewed by Executive Board and the Board of Trustees.

The Director is the Accountable Officer for the School and therefore is responsible to the Board of Trustees for ensuring compliance with the terms and condition of funding and for providing the OfS with clear assurances about compliance. They may be asked to appear before the Public Accounts Committee. As Accountable Officer the Director is responsible for the quality and accuracy of the data reported.

The School implemented a new risk management procedure this academic session which integrates the risk management process with the School's overarching strategy. The new risk management procedure was reviewed and approved by the Executive Board, Audit Committee and Board of Trustees. The Board of Trustees is satisfied that the new procedure enables significant risks to be continually identified, evaluated and managed for the period covered by the Annual Review and Financial Statements. This process is regularly reviewed and evaluated by the Audit Committee on behalf of the Board of Trustees and accords with the internal control guidance in the UK Corporate Governance Code as deemed appropriate for higher education.

The identification and management of risk, as detailed in the School's risk registers, is linked to the achievement of strategic and institutional objectives.

The revised approach means that the short term/ immediate risks are monitored through 'live' risk registers which are aligned to each component of the strategy. These documents are updated at regular reporting points and drive amendments in activity to ensure KPIs and objectives are achieved. The long-term risks are captured in a brief document that outlines the structures and procedures the School has in place to monitor the ongoing likelihood of the risks or to mitigate them if they were to arise. This document is regularly reviewed to identify whether the likelihood of a risk has increased and therefore would need to be addressed by our strategy or existing procedures.

On behalf of the Board of Trustees, the Audit Committee receives regular reports during the year on internal control and risk. The principal results of risk identification, evaluation and management review are reported to the Board of Trustees in the form of an updated risk registers aligned to the Strategy and a long-term risk register. Further details of this process can be found in the Statement of Trustees Responsibilities.

SOAS's Board of Trustees comprises lay members, academics and student representatives appointed under the Charter of the School. There were 20 members of Board of Trustees as at 27th November 2018.

The Trustees who served during the year, up to and including the signing off on accounts on 27 November 2018, are listed as follows:

Mr Kofi Adjepong-Boateng
Baroness Valerie Amos
Mr Andrew Atherton wef 01/10/2017
Mr Mehdi Baraka until 31/07/18
Dr Tamsyn Barton
Ms Sophie Bennett wef 01/08/18
Professor Kesti Borjars wef 01/10/18
Professor Richard Black until 01/03/2018
Mr Dimitri Cautain until 31/07/18
Professor Michael J Charney
Mr Gautam Dalal until 31/07/18
Ms Youssra Elmagboul wef 01/08/18
Sir Martin Harris (Vice-Chair)
Dr Deborah Johnston
Mrs Helen Pennant wef 01/03/2018
Mr Andrew Popham
Mr Geoffrey Robertson
Professor Alfredo Saad Filho
Mr David Skinner
Sir Richard Stagg
Ms Marie Staunton (Chair)
Mr Steve Tinton
Mr Nizam Uddin

Corporate governance statement – continued

The membership of the Board of Trustees is contained within the School's Articles, which are approved by the Privy Council.

Board appointments are divided into the following categories:

- The Chair (lay member to be appointed by the Board);
- Twelve further lay members (11 appointed by the Board, one appointed by the Secretary of State for Foreign and Commonwealth Affairs)
- The Director of the School (ex officio);
- Five members of the Academic Board (two Pro-Directors, two academic and one professional services member of staff); and
- Two student members.

The Board of Trustees periodically reviews its effectiveness in line with the Higher Education Code of Governance. Following an academic restructure the School's academic committee structure was reviewed to ensure effectiveness and transparency of decision making; the new committee structure was implemented from 1 September 2018.

The Board of Trustees has adopted a 'Statement of Primary Responsibilities' aligned with the CUC Code of Governance as follows:

- The Proper Conduct of Business
- Strategic Planning, Policies and Strategies
- Monitoring Performance
- Financial Stewardship and Estate Management
- Audit and Risk Management
- Student Issues
- Health and Safety
- Employment
- Legal Matters
- Reputation

Members of the academic staff and student representatives are members of the Board of Trustees and the Resources and Planning Committee. Under the terms of the School's Charter, the Board of Trustees is required to seek the advice of the Academic Board on certain matters.

The Board holds to itself the responsibilities for the ongoing strategic direction of the School, approval of major developments and the receipt of regular reports from executive officers on the day-to-day operations of the School. The day-to-day management of the School's affairs is the responsibility of the Director and the executive team, known collectively as the Executive Board. From August 2017, Executive Board has included all the academic Heads of Department within the new academic structure.

The Board of Trustees meets four times a year. It is supported by several sub-committees, full details of which can be found on the SOAS website (<http://www.soas.ac.uk/committees/>). The Board delegates a number of its responsibilities to Audit Committee, the Academic Board or the Resources and Planning Committee, which advise the Board of Trustees on academic, resource and compliance. A range of other committees have primary responsibility for ownership of the School's sub-strategies. These committees report into either the Academic Board or the Resources and Planning Committee and all are formally constituted with terms of reference.

The Resources and Planning Committee meets four times a year. It acts on behalf of the Board of Trustees to monitor the finances of the School and its departments and to advise on the financial implications of new proposals. It also approves the School's budget, co-ordinates the development of the School's strategic and related plans, recommends to the Board of Trustees the School's annual return to HEFCE (OfS from April 2018) and recommends capital expenditure to the Board of Trustees.

The Audit Committee meets four times per year and reports directly to the Board of Trustees. It is chaired by a lay member of the Board and is comprised of lay members only. A new Chair of Audit Committee was appointed in November 2017 and took up post in February 2018. School officers attend the meetings but are not members. The Committee is responsible for providing assurance to the Board of Trustees on the effectiveness of the arrangement for risk management, value for money, effectiveness and efficiencies, control and governance at SOAS. The risk registers were last updated in November 2018.

The Audit Committee approves the annual internal audit plan and considers reports arising from those audits. These reports will highlight any significant internal audit issues, management responses received, and conclusions drawn. The Audit Committee also meets with internal auditors without School management.

The Audit Committee is responsible for recommending the appointment of External Auditors and meeting with them to discuss the nature and scope of the annual audit of the Financial Statements, resultant audit findings and the management letter arising. They also hold meetings without School management present.

The Governance & Nominations Committee advises the Board of Trustees on the appointment and re-appointment of individuals as lay members of the Board of Trustees and other committees. In doing so it seeks to maintain an appropriate balance of skills on the Board and ensure that the needs of committees for lay members with specific skills are met. It approves minor amendments to the School's procedures for recruiting Trustees and recommends any major changes to these

Corporate governance statement – continued

procedures. It also reviews and recommends changes to the School's terms of reference and standing orders to ensure that they accurately reflect the priorities and work of the School's governance structure.

The Senior Staff Remuneration Committee is responsible for deciding the remuneration and terms of conditions of service for the Executive post holders and the oversight of the pay levels and the distribution of remuneration of the School's Senior post holders. The Committee is also responsible for monitoring pay levels for executive and senior managers, based on gender and ethnicity and to review pay gaps.

In July, following the publication of the Higher Education Remuneration Code published by the CUC and the CUC Guidance on Decisions taken about Severance Frameworks, the Senior Staff Remuneration Committee recommended changes to the Committee's terms of reference and the implementation of a new Senior Remuneration Framework and Senior Director: Remuneration Framework. A lay Trustee will chair the committee who is not the Chair of the Board of Trustees. We will be recruiting an external pay expert to sit on the panel. These changes were approved by the Board of Trustees in September 2018. Recruitment for the independent Chair of Senior Staff Remuneration Committee will take place in the Autumn term 2018.

The Executive Board receives reports setting out key performance and early risk indicators and considers possible control issues brought to their attention by merely warning mechanisms which are embedded within the operational units and reinforced by risk awareness training.

The Executive Board also receives regular reports from internal audit which include recommendations for improvement. The Board of Trustees' agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Board and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Registrar and Secretary has overall responsibility to the Board of Trustees in ensuring that the School meets its regulatory obligations. This includes oversight of the risk and financial profiles of the School and regular reviews into the effectiveness of the School's governance processes and procedures. The Registrar and Secretary also has responsibility for the supervision of the School's Directors of Professional Services.

Trade union facility time publication: 1 April 2017 – 31 March 2018

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on the 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Facility time (FT) is the provision of paid or unpaid

time off from an employee's normal role to undertake TU duties and activities as a TU representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties. There is no such entitlement to paid time off for undertaking activities.

The facility time data that organisations are required to collate and publish under the 2017 regulations are:

- Number of employees who were relevant union officials during the relevant period
- How many employees who were relevant union officials during the relevant period spent a) 0%, b) 1 – 50%, c) 51-99% or d) 100% of their working hours on facility time
- Percentage of the total pay bill spent on facility time
- Time spent on paid trade union activities as a percentage of total paid facility time hours

The tables below provide a breakdown of the required data.

Table 1 – Number of employees who were relevant union officials during the relevant period

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
29	26.25

Table 2 – Percentage of time employees who were relevant union officials spent on facility time

Percentage of time	Number of Employees
0%	14
1-50%	15
51-99%	0
100%	0

Table 3 – Percentage of the total pay bill spent on facility time

First Column	Figures
Total cost of facility time	£60,703
Total pay bill	£54,150k
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.11%

Table 4 – Time spent on paid trade union activities as a percentage of total paid facility time hours

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	17.03%
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Statement of Trustees responsibilities

In accordance with SOAS's Royal Charter of Incorporation, the Board of Trustees is responsible for the administration and management of the School's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

SOAS's Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice). In addition, within the terms and conditions of the HEFCE Memorandum of Assurance & Accountability (MAA) and the OfS Terms and Conditions of the funding for Higher Education Institutions agreed between these bodies and the Board of Trustees of the School. The Board of Trustees, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Trustees has to ensure that:

- a) suitable accounting policies are selected and applied consistently;
- b) judgments and estimates are made that are reasonable and prudent;
- c) applicable accounting standards have been followed; and
- d) the School has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of financial statements.

The Board of Trustees has taken reasonable steps to:

- a) ensure that funds from HEFCE (OfS from April 2018) are used only for the purposes for which they have been given and in accordance with the MAA with HEFCE (OfS Terms and conditions of funding from Higher Education Institutions from April 2018, the Education Reform Act 1988 and any other conditions which the Funding Council may from time to time prescribe;
- b) ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- c) safeguard the assets of the School and to prevent and detect fraud; and
- d) secure the economical, efficient and effective management of the School's resources and expenditure.

Risk and internal controls

The Board of Trustees has responsibility for overseeing risk management overall and plays a fundamental role in the management of risk. The Board of Trustees sets the tone and influences the culture of risk management within the School. The following principles outline the School's approach to risk and internal controls:

- A proactive and engaged approach to risk and internal control of those risks has been adopted by the Board of Trustees;
- the Director and members of the Executive Board support, advise and implement policies approved by the Board of Trustees;
- the School makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- Heads of Department and directors of professional services are responsible for encouraging good risk management practice within their department or directorate; and
- key risk indicators will be identified and monitored on a regular basis.

Statement of Trustees responsibilities – continued

Risk management

The Board of Trustees oversees the School's risk management programme by:

- Determining the appropriate risk appetite or level of exposure for the School;
- approving major decisions affecting the School's risk profile or exposure;
- setting the standards and expectations of staff with respect to conduct and probity;
- monitoring the management of significant risks to reduce the likelihood of unwelcome surprises;
- satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- receiving regular reports from the Audit Committee on the implementation and quality of risk management procedures;
- annually reviewing the School's approach to risk management and approving changes or improvements to key elements of its processes and procedures; and
- reviewing relevant risks at each of its meetings and conducting a full review of the School's strategic risks on an annual basis.

The Executive Board contributes to the School's risk management programme by:

- Identifying and evaluating the significant risks faced by the School for consideration by the Audit Committee both in immediate and long term;
- providing adequate information in a timely manner to the Audit Committee on the status of risks and controls in line with the School's strategy;
- formally reviewing the strategic risk registers and long term risk register each term, prior to each Audit Committee meeting, taking appropriate action where the status of an individual risk has changed; and
- quality assuring the review, revision and maintenance of strategic risk registers through the committee structure;
- undertaking an annual review of effectiveness of the system of internal control and providing a report to the Audit Committee which in turn reports to the Board of Trustees.

The institution implemented a new risk management procedure last academic session, which has been embedded in the committee and reporting structure throughout the session. SOAS's risk management aligns with the School's strategic plans, identifying risks within the six components of the strategy - teaching, learning and student experience; research; people; infrastructure; voice and global engagement.

The strategy outlines milestones which if completed within the intended timeframe and with the intended impact will result in the achievement of the School's overarching objectives. Immediate risks are identified by assessing the progress and impact of these milestones, progress is RAG rated (red, amber, green) and where milestones are assessed as red or amber because they are off-track or have not had the intended impact they are included on the strategic risk registers.

Long term risks are identified as risks that are not an immediate threat to the institution but if realised pose significant or undefined threats to the institution and therefore where appropriate require the development of contingency plans. The risks may be undefined because potential impact would be unknown until it increased in likelihood.

Internal controls

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the School. External audit provides feedback to the Audit Committee on the operation of those internal financial controls reviewed as part of the annual audit.

The key elements of the School's system of internal controls include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Trustees;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Board of Trustees
- prevention and detection of corruption and irregularity;
- policies and procedures to support compliance with legislation and regulation relating to financial malpractice including fraud, money laundering and bribery
- an outsourced internal audit function, whose annual programme is approved by the Audit Committee and subsequently endorsed by the Board of Trustees.

Statement of Trustees responsibilities – continued

This function provides the Board of Trustees with a report on internal audit activity within the School and an opinion on the adequacy and effectiveness of the School's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee is required to report to the Board of Trustees on internal controls and alert governors to any emerging issues. The committee approves an annual programme of internal audit reviews. Core systems are audited annually while other activities of the School are audited to a programme approved by the committee following consultation with the Director.

In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well placed to provide advice to the Board of Trustees on the effectiveness of the internal control system, including the School's system for the management of risk.

Value for money

The Board of Trustees is tasked with ensuring that the School adheres to the Memorandum of Assurance & Accountability with HEFCE and, from April 2018, the OfS Terms and Conditions of Funding to Higher Education Institutions for the use it makes of the public funds it receives by ensuring the School's resources and expenditure are economical, efficient and effectively managed. The Board has an explicit duty to impose the efficiency, effectiveness and value for money (VfM) principle within the School.

SOAS recognises its responsibility to achieve value for money from all of its activities and is committed to the pursuit of economy (minimising the cost of resources for an activity), efficiency (performing tasks with reasonable effort) and effectiveness (the extent to which objectives are met). The School also has an ethics framework, approved by the Board of Trustees, which it applies to its VfM activities.

SOAS is currently reviewing areas of efficiencies and economies throughout the School. There are continuing areas for improvement which we will be addressing through the School's strategy and the fundamental review of all structures and effectiveness and efficiencies in all departments and Professional Services Directorates. The School is committed to delivering a high quality provision to students that also enables VfM and impactful use of School income.

This academic session each department has reviewed the quality of provision and the cost of delivering the current model. Departments are now reviewing the current delivery model, the cost per programme and the tangible outcomes. Heads of departments have analysed the effectiveness and efficiencies within their departments and identified areas for improvement to deliver the best possible provision whilst ensuring VfM.

The Executive Board has an overarching responsibility for VfM and has taken a directive role throughout the last academic session to ensure that areas of efficiency are immediately identified and addressed. The Executive Board continually reviews resource plans and expectations, coordinates work and monitors progress towards delivering efficiencies and effectiveness.

Disclosure of information to the auditors

Financial statements are published on the School's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which varies from legislation in other jurisdictions. The maintenance and integrity of the School's website is the responsibility of the Board of Trustees. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

At the date of making this Review, the Board of Trustees confirms:

- So far as each Trustee is aware, all relevant information required by the School's auditors to prepare their statement contained within this Annual Review was given to the auditors and no information was withheld; and
- so far as each Trustee was able, all reasonable steps were taken to understand what relevant information was required by the auditors to aid their preparation of their statement contained within this Annual Review and to ensure the auditors were made aware of that relevant information.

Independent Auditors' Report to the Trustees of SOAS

Opinion

We have audited the financial statements of SOAS ("the School") for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, Statement of Change in Equity, Balance Sheet, Cash Flow Statement and 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 School's affairs as at 31 July 2018 and of the School's income and expenditure, gains and losses, changes in reserves and of the School's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 School in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Board of Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Trustees' has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the School'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 of Trustees is responsible for the other information. Other information comprises the information included in the Governors' 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 in the financial overview, public benefit statement, corporate governance and statement of Trustees' responsibilities 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 Office for Students ("OfS") and Research England Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with these terms and conditions and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.

Independent Auditors' Report to the Trustees of SOAS – continued

Responsibilities of the Board of Trustees

As explained more fully in the statement of Trustees responsibilities set out on page 23, the Board of Trustees 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 of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the School'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 of Trustees intend either to liquidate the School or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 School 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 Terms and Conditions of Funding from the Office for Students and Research England.

Use of our report

This report is made solely to the SOAS Board of Trustees, as a body, in accordance with Charter and Statutes of the School. Our audit work has been undertaken so that we might state to the School's Board of Trustees 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 School and the Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

James Aston
Senior Statutory Auditor
for and on behalf of BDO LLP
Statutory Auditor
Gatwick
United Kingdom

Date: *29 November 2018*

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

Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Income			
Tuition fees and education contracts	1	63,263	63,192
Funding body grants	2	8,804	8,935
Research grants and contracts	3	7,871	6,344
Other income	4	5,069	5,290
Investment income	5	997	985
Total income before endowments and donations		86,004	84,746
Endowments and donations	6	6,240	3,522
Total income		92,244	88,268
Expenditure			
Staff costs	7	53,062	49,586
Fundamental restructuring costs	7	1,476	706
Other operating expenses	8	33,725	30,559
Depreciation	11	6,101	6,441
Interest and other finance costs	9	454	509
Total expenditure	10	94,818	87,801
(Deficit) / Surplus before other gains or losses		(2,574)	467
Gain on investments	13	1,394	2,405
(Deficit) / Surplus for the year		(1,180)	2,872
Change in fair value of hedging financial instruments		238	269
Total comprehensive income for the year		(942)	3,141
Represented by:			
Endowment comprehensive income for the year		4,757	3,221
Unrestricted comprehensive income for the year		(5,733)	(145)
Revaluation reserve comprehensive income for the year		(204)	(204)
Cash flow hedge reserve		238	269
		(942)	3,141

The notes on pages 32 to 51 make up part of the financial statements.
All items of income and expenditure relate to continuing activities.

Statement of changes in reserves

For the year ended 31 July 2018

	Income and expenditure account			Revaluation reserve	Cash flow hedge reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000
Balance at 1 August 2016	39,010	-	45,009	15,445	(1,193)	98,271
Surplus/(deficit) from the income and expenditure statement	3,361	-	(489)	-	-	2,872
Other comprehensive income	-	-	-	-	269	269
Transfers between revaluation and income and expenditure reserve	-	-	204	(204)	-	-
Release of restricted funds spent in year	(140)	-	140	-	-	-
Total comprehensive income for the year	3,221	-	(145)	(204)	269	3,141
Balance at 1 August 2017	42,231	-	44,864	15,241	(924)	101,412
Surplus/(deficit) from the income and expenditure statement	4,757	-	(5,937)	-	-	(1,180)
Other comprehensive income	-	-	-	-	238	238
Transfers between revaluation and income and expenditure reserve	-	-	204	(204)	-	-
Release of restricted funds spent in year	-	-	-	-	-	-
Total comprehensive income for the year	4,757	-	(5,733)	(204)	238	(942)
Balance at 31 July 2018	46,988	-	39,131	15,037	(686)	100,470

The notes on pages 32 to 51 make up part of the financial statements.

Balance sheet

As at 31 July 2018

	Notes	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Fixed assets	11	95,877	99,645
Heritage assets	11/12	467	330
Investments	13/18	40,458	37,882
		136,802	137,857
CURRENT ASSETS			
Trade and other receivables	14	8,364	7,355
Cash and cash equivalents	20	14,411	7,470
		22,775	14,825
LESS: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(35,189)	(26,288)
NET CURRENT LIABILITIES		(12,414)	(11,463)
TOTAL ASSETS LESS CURRENT LIABILITIES		124,388	126,394
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(14,256)	(14,340)
PROVISIONS			
Pension liabilities	17	(9,662)	(10,642)
TOTAL NET ASSETS		100,470	101,412
RESTRICTED RESERVES			
Income and expenditure reserve – endowment reserve	18	46,988	42,231
UNRESTRICTED RESERVES			
Income and expenditure reserve – unrestricted		39,131	44,864
Revaluation reserve		15,037	15,241
Cash flow hedge reserve		(686)	(924)
TOTAL RESERVES		100,470	101,412

The notes on pages 32 to 51 make up part of the financial statements.

The financial statements were authorised and approved by the Board of Trustees on 27 November 2018 and were signed on its behalf on that date by:



Baroness Valerie Amos
Director



Steve Tinton
Honorary Treasurer



Graeme Appleby
Deputy Chief Operating Officer,
Resources and Planning

Cash flow statement

For the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Cash flow from operating activities			
Surplus for the year		(1,180)	2,872
Adjustment for non-cash items			
Depreciation	11	6,101	6,441
Impairment of fixed assets	11	1,237	-
Heritage asset donations	12	(137)	-
Gain on investments	13/18	(1,394)	(2,405)
Increase in debtors	14	(1,009)	(2,119)
Increase in creditors	15	4,559	1,916
Decrease in pension liabilities	17	(980)	(1,988)
Adjustment for investing or financing activities			
Investment income	5	(997)	(985)
Interest payable	9	258	287
Endowment income	18	(5,833)	(3,388)
Deferred capital grants released to income		(747)	(736)
Net cash (outflow) from operating activities		(122)	(105)
Cash flows from investing activities			
Capital grant receipts		567	530
Investment income		997	985
Payments made to acquire fixed assets		(3,345)	(6,377)
Payments to acquire investments	13	(1,182)	(611)
Net cash (outflow) from investing activities		(2,963)	(5,473)
Cash flows from financing activities			
Interest paid	9	(250)	(261)
Interest element of finance lease	9	(8)	(26)
Endowment cash received	18	5,833	3,388
New unsecured loans	16	10,000	5,000
Repayments of amounts borrowed		(5,472)	(5,483)
Capital element of finance lease		(77)	(327)
Net cash inflow from financing activities		10,026	2,291
Increase (decrease) in cash and cash equivalents in the year		6,941	(3,287)
Cash and cash equivalents at beginning of the year	20	7,470	10,757
Cash and cash equivalents at end of the year	20	14,411	7,470

Statement of principal accounting policies

For the year ended 31 July 2018

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

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 2014 and in accordance with Financial Reporting Standards (FRS) 102. SOAS is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of derivative financial instruments).

2. Basis of consolidation

SOAS has one subsidiary undertaking, SOAS International Ltd (company number 02796535), and exercises control over the London Middle East Institute (LMEI, charity registration number 1103017, company number 4758915). Consolidated accounts have not been prepared as SOAS International has been dormant since incorporation and the LMEI's activities are immaterial in comparison to SOAS. The activities of the Students' Union have not been consolidated because SOAS does not exercise control over those activities..

3. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

On Campus fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Distance and Online Learning tuition fees are deferred at year end based on the variable cost element of providing modules in future years with the balance of income recognised in the year of receipt. Where the amount of the tuition fee is reduced, by a fee waiver or discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds SOAS receives and disburses as paying agent on behalf of a funding body 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 funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which SOAS 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 SOAS 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.

Endowments and donations

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

Donations with no restrictions are recognised in income when SOAS 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 of restriction applied to the individual endowment fund.

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of SOAS.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and SOAS has the power to use the capital.
4. 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.

Statement of principal accounting policies – continued

Capital grants

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

4. Accounting for retirement benefits

Universities Superannuation Scheme (USS)

SOAS participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SOAS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since SOAS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, SOAS recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Superannuation Arrangements of the University of London (SAUL)

SOAS is a participating employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities

for benefits accrued up to 31 March 2017. It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. SOAS accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102. As there was a technical provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by SOAS.

5. Employment benefits

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

6. Finance leases

Leases in which SOAS 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.

7. Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of SOAS at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

8. Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2014 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of

Statement of principal accounting policies – continued

that revaluation. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Land and buildings

Costs incurred in relation to land and buildings, after initial purchase or production, are capitalised to the extent that they increase the expected future benefits to SOAS from the existing land and buildings beyond their previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the land and buildings concerned.

Freehold land is not depreciated. Freehold Buildings are depreciated at 2 percent per annum. Leasehold buildings are depreciated over the life of the lease or life of the building if shorter. Building refurbishments are depreciated at 5 or 10 percent per annum depending upon estimates of their useful economic life. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted. No depreciation is charged on assets in the course of construction.

Repairs and maintenance expenditure to ensure that land and buildings maintain their previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. SOAS has a planned maintenance programme, which is reviewed on an annual basis.

Equipment

Equipment costing less than £20,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

Computer equipment and furniture – five years;
Capital projects – five to twenty years.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

9. Heritage assets

A heritage asset is a tangible or intangible asset with historic, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets held at SOAS include valuable publications and works of art. Heritage assets are excluded from fixed assets if it would not be practicable to obtain an accurate valuation at the date of acquisition and the cost of doing so would be disproportionate to the benefits of establishing accurate valuations. Where insurance valuations are available and can

be reliably related to the value of the underlying asset at acquisition, these are included within fixed assets at their insurance value at acquisition.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

10. Investments

Investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

11. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 90 days.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

12. Financial assets and liabilities

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives SOAS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of SOAS. 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.

Statement of principal accounting policies – continued

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

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

14. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, SOAS is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

15. Derivatives

SOAS has entered into fixed rate interest swaps to manage a proportion of its exposure to interest rate cash flow risk on its variable rate debt (see note 16). These derivatives are measured at fair value at each reporting date and SOAS has assessed the hedge as effective.

As a result movements in fair value are recognised in Other Comprehensive Income and presented in a separate cash flow hedge reserve.

16. Reserves

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

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

17. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Board of Trustees has made the following judgements:

- Determination of whether leases entered into by SOAS either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cashgenerating unit, the viability and expected future performance of that unit.
- Assessment of the assumptions used in the calculation of income recognised in the financial year, including interpretation of contract wording.
- The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.

The assessment of the fair value of interest rate swap agreements performed by JCRA utilises various assumptions including the market's projection of LIBOR over the remaining life of the agreements.

Other key sources of estimation uncertainty include:

Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Trade debtors (see note 14)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Notes to the accounts – continued

4. OTHER INCOME		2018	2017
		£'000	£'000
Rent receivable		168	119
Room lettings		2	214
Library fees		163	137
Accommodation, catering and conferences		549	703
Resales and reimbursements		375	355
Grant income		719	581
Enterprise income		1,483	1,289
University of London International Programme		655	731
Other income		955	1,161
		5,069	5,290

5. INVESTMENT INCOME	Notes	2018	2017
		£'000	£'000
Investment income on endowments	18	985	960
Other investment income		12	25
		997	985

6. ENDOWMENTS AND DONATIONS	Notes	2018	2017
		£'000	£'000
New endowments	18	5,833	3,388
Donations with restrictions	19	221	134
Donations with no restrictions		186	-
		6,240	3,522

7. STAFF COSTS	Notes	2018	2017
		£'000	£'000
Staff Costs:			
Salaries		43,299	41,078
Social security costs		4,275	4,137
Other pension costs		6,679	6,592
Movement on USS and SAUL provision	17	(1,176)	(2,210)
Holiday pay accrual		(15)	(11)
		53,062	49,586
Fundamental restructuring costs - compensation for loss of office Compensation for loss of office across the whole provider was payable to 23 people [2016-17: 13]		1,476	706
Total		54,538	50,292

Notes to the accounts – continued

	2018 Number	2017 Number
Average full-time equivalent staff numbers by category :		
Academic	463	462
Support	419	393
	882	855
Emoluments of the Director:		
	£	£
Basic salary - Baroness Valerie Amos (appointed: September 2015)	234,099	229,967
Pension contributions to USS – Baroness Valerie Amos	33,441	41,394
	267,540	271,361

The Director of the School has been appointed in accordance with the School's Standing Orders. The appointment reflected the School's need to secure and retain a leader of exceptional calibre who has the skills, experience and personal qualities to assume the responsibilities of the Director and to undertake these fully and well. The remuneration package for the School Director has been agreed by the Senior Staff Remuneration Committee and the Board of Trustees.

Remuneration is based on the School's Senior Remuneration Framework. In particular, full and proper consideration is given to:

The responsibilities, scale and complexity of the role of School Director, and the need to ensure that pay and remuneration are sufficient to attract, retain, and motivate talented individuals of sufficient calibre to lead the institution. Market comparators from within the HE sector and where appropriate outside of the Sector.

The impact on the School's pay multiple and wider published pay multiples across the Sector.

The impact on equality pay gaps and wider published pay gaps across the Sector.

The Senior Staff Remuneration Committee believe the current package for the Director is fair and proportionate taking into account market comparators, pay ratios and equality pay considerations. According to UCEA data, the Director's salary is in the lower decile of institutions with a similar income in London and the South East. The Director's salary has not been increased since appointment, other than for the application of cost of living increases, in line with other staff across the School.

The Director receives the same terms and conditions governing executive and senior managers employed by the School, save that it is currently a requirement of employment that in order for the proper performance of their duties as SOAS Director they occupy the accommodation provided for them by SOAS.

Residence at the accommodation provided includes official entertaining, meetings, overnight stays and call out as deemed appropriate. The rental value of the residence provided is £54,080 (2016-17: £53,820). The employer contributions to the pensions scheme arise as a consequence of the Director's membership of the scheme. No other remuneration was given to the Director.

The pay ratio of the Director's basic salary to the median basic salary is 6.0 (2016-17: 6.1). The pay ratio of the Director's total remuneration to the median total remuneration is 7.0 (2016-17: 7.3). Median pay is calculated on a fulltime equivalent basis for the salaries and total remuneration paid by SOAS to its staff. Total remuneration includes basic salary, employer's pension and provided accommodation. The median pay calculation does not include agency workers as the information which would be required to disclose this data is not recorded on SOAS's core systems.

Notes to the accounts – continued

	2018 Number	2017 Number
Remuneration of other higher paid staff, excluding employer's pension contributions		
£100,000 to £104,999	3	-
£105,000 to £109,999	-	2
£110,000 to £114,999	1	-
£115,000 to £119,999	2	1
£120,000 to £124,999	1	1
£180,000 to £184,999 *	-	1
	7	5

Key management personnel

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

	Full-time equivalent members	2018 Staff Costs £'000	Full-time equivalent members	2017 Staff Costs £'000
	20	1,905	9	1,046

The staff costs disclosed above relate to the members of Executive Board. In 2017-18, the membership of Executive Board was expanded to include the Heads of Academic Departments.

Key management personnel compensation

* During 2016-17, one member of staff earning in excess of £100,000 was paid £120,590 for compensation in relation to loss of office and this amount is included in the salary band disclosure above. The compensation was paid from non-HEFCE/OfS unrestricted reserves.

Related Party Disclosure

Dimitri Cautain and Mehdi Baraka served as Trustees of the SOAS Students' Union during 2017-18. During the year SOAS paid a grant of £225,000 (2016-17: £175,000) to SOAS Students' Union which is a registered charity.

At 31 July 2018, SOAS owed the Students' Union £115,264 (2017: SOAS owed the Students' Union £53,019).

One trustee was reimbursed £422 of expenses during 2017-18 (2016-17: Nil). No payments were made to Trustees for serving as a trustee during the year (2016-17: Nil). There were no waivers of such payments during the year (2016-17: Nil). No payments to Trustees were made for services, other than under a contract of employment, during the year (2016-17: Nil). SOAS has a majority interest on the LMEI's Board of Trustees - please see note 22 for further details of transactions with the LMEI.

Notes to the accounts – continued

8. OTHER OPERATING EXPENSES	2018	2017
	£'000	£'000
Research grants and contracts	2,509	1,906
Non-contract staff	3,102	3,844
Course development	211	147
Examinations	42	18
Year abroad and study tours	495	458
Intercollegiate teaching	254	317
Fellowships, scholarships and other fees	3,629	3,306
Published materials	1,790	1,896
Information technology	1,391	1,173
Marketing and student recruitment costs	1,081	1,292
Student related costs	646	700
Grant to SOAS Students' Union	225	175
Accommodation, catering and conferences	1,110	1,541
Consumables	196	198
Furniture and equipment	130	128
Hire of plant and equipment	138	182
Repairs and maintenance	988	1,235
Rent, rates and insurance	885	790
Heat, water and power	756	648
Security, caretaking and cleaning	5,295	3,711
Telecommunications and postage	257	281
Staff recruitment, development and travel	1,186	1,389
Student recruitment commission	561	587
University of London Fee	827	722
Subscriptions	628	534
Professional fees	1,655	1,332
Auditor's remuneration – internal audit fee	87	73
Auditor's remuneration – external audit fee	58	56
Auditor's remuneration – other	2	2
Legal fees	177	96
Enterprise contracts	747	663
Impairment of fixed assets (Note 11)	1,237	-
Other expenses	1,430	1,159
	33,725	30,559

Notes to the accounts – continued

9. INTEREST AND OTHER FINANCE COSTS	Notes	2018 £'000	2017 £'000
Loan interest		250	261
Finance lease interest		8	26
Net charge on pension scheme	17	196	222
		454	509

10. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY	2018 £'000	2017 £'000
Academic departments	39,593	39,212
Academic services	11,969	10,996
Central administration and services	9,419	10,290
General education expenditure	7,726	7,915
Staff and student facilities	2,025	1,678
Repairs and maintenance	1,941	1,979
Premises other expenditure	13,565	10,677
Residences, catering and conferences	1,055	1,250
Research grants and contracts	5,926	4,760
Restructuring	1,476	706
Pension movement (see note 17)	(982)	(1,988)
Other expenditure	1,105	326
	94,818	87,801

Notes to the accounts – continued

11. FIXED ASSETS

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage assets £'000	Total £'000
Cost and valuation						
At 1 August 2017	11,624	111,599	16,444	2,000	330	141,997
Additions	-	426	2,228	916	137	3,707
Transfers	-	-	-	-	-	-
Disposals	-	-	(1,073)	-	-	(1,073)
At 31 July 2018	11,624	112,025	17,599	2,916	467	144,631
Consisting of valuation as at 31 July 2018:						
Valuation	-	24,250	-	-	-	24,250
Cost	11,624	87,775	17,599	2,916	467	120,381
	11,624	112,025	17,599	2,916	467	144,631
Depreciation						
At 1 August 2017	1,717	29,600	10,705	-	-	42,022
Charge for the year	109	4,106	1,886	-	-	6,101
Disposals	-	-	(1,073)	-	-	(1,073)
Impairment	-	-	-	1,237	-	1,237
At 31 July 2018	1,826	33,706	11,518	1,237	-	48,287
Net Book Value:						
At 31 July 2018	9,798	78,319	6,081	1,679	467	96,344
At 31 July 2017	9,907	81,999	5,739	2,000	330	99,975
At 31 July 2018, freehold land and buildings included £6.1m (2017 - £6.1m) in respect of freehold land and is not depreciated.						
A charge of £1,237k has been recorded to reflect the impairment to the carrying value of fixed assets. This has arisen due to a change in strategy pertaining to the School's estate. The emphasis will be placed on enhancing the student experience across the campus rather than focusing on building specific projects.						
Leased assets included above:						
Net Book Value:						
At 31 July 2018	-	-	242	-	-	242
At 31 July 2017	-	-	-	-	-	-

Notes to the accounts – continued

	2018	2017
	£'000	£'000
Cost	1,073	1,073
Additions	322	-
Disposals	(1,073)	-
Accumulated depreciation	-	(783)
Charge for year	(80)	(290)
Net book value	242	-

12. HERITAGE ASSETS

SOAS holds various valuable publications and works of art originating from or relating to Africa and Asia. Heritage assets at SOAS comprise of two main categories:

- Brunei Gallery artwork, artefacts and books on display
- The SOAS library rare books collection.

There have been four significant additions to heritage assets within the last fifteen years as shown below.

Description	Financial Year	Insurance Valuation £'000
Mali Art of Hassan Musa	2017/18	<u>137</u>
Persian Maps	2012/13	80
Ovussi paintings and archive material	2010/11	150
Benjamin Haines artwork	2006/07	100
		330

These individual insurance valuations were assessed internally in discussion with the insurance providers. The remaining items within heritage assets are excluded from fixed assets as it would not be practicable to obtain an accurate valuation of the institutions's historic heritage assets at the date of acquisition as the cost would be disproportionate to the benefits of establishing accurate valuations. These heritage assets are insured for £28m.

Heritage assets include a copy of the Anvar-i Suhayli, a 16th century Mughal text, the Library Special collection and a map used by David Livingstone during his exploration of the African interior.

13. NON-CURRENT INVESTMENTS

	2018	2017
	£'000	£'000
At 1 August 2017	37,882	34,866
Net additions to investments	1,182	611
Increase in market value of investments	1,394	2,405
At 31 July 2018	40,458	37,882

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

Notes to the accounts – continued

14. TRADE AND OTHER RECEIVABLES	2018	2017
	£'000	£'000
Amounts falling due within one year:		
General debtors less provision for bad debts	2,671	4,092
Research grants receivables	2,288	1,636
Prepayments and accrued income	3,243	1,515
Staff loans	162	112
	8,364	7,355

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
	£'000	£'000
Unsecured loans	10,462	5,472
Obligations under finance leases	107	-
Trade payables and accruals	8,576	7,643
Provision for facilities management contract*	590	-
Provision for voluntary severance agreements**	666	-
Other creditors	1,431	1,759
Social security and other taxation payable	1,341	1,336
Derivatives	157	169
Research grants and contracts in advance	5,213	3,493
Deferred income	6,646	6,416
	35,189	26,288

*SOAS resolved in August 2017 to self-deliver facilities management services from September 2018 and a provision for the cost of the renegotiated facilities management contract is shown above and in note 16. The provision will be paid to the contractor in equal monthly amounts from 30 September 2018 to 31 July 2020.

**Provision has been made for voluntary severance agreements agreed but not signed as at 31 July 2018 totalling £666k.

Deferred income

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

	2018	2017
	£'000	£'000
Tuition Fees	5,380	5,788
Grant income	901	425
Enterprise Income	349	188
Other	16	15
	6,646	6,416

Notes to the accounts – continued

16. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Note	2018 £'000	2017 £'000
Unsecured loans		5,539	6,001
Deferred income		7,405	7,584
Obligations under finance lease		138	-
Provision for facilities management contract	15	644	-
Derivatives		530	755
		14,256	14,340
		2018 £'000	2017 £'000
Analysis of unsecured loans:			
Due within one year or on demand (Note 15)		10,462	5,472
Due between one and two years		462	462
Due between two and five years		1,386	1,386
Due in five years or more		3,691	4,153
Due after more than one year		5,539	6,001
Total unsecured loans		16,001	11,473
		2018 £'000	2017 £'000
Included in loans are the following:			
RBS Bank revolving credit facility		10,000	5,000
Barclays Bank unsecured loan at LIBOR plus 0.22% (variable interest rate) repayable by July 2031		6,001	6,462
Salix Interest Free Energy Efficiency Loan		-	11
		16,001	11,473
Less due within one year		(10,462)	(5,472)
		5,539	6,001

Notes to the accounts – continued

Deferred Income

Deferred income shown above relates to government capital grants which are recognised in income over the expected useful life of the asset purchased with the grant.

Derivatives

A swap contract was signed with Barclays Bank on 19 October 2001 in order to reduce the institution's exposure to interest rate fluctuations on the variable rate loan. The effective start date of the contract was 28 June 2002, the termination date is 30 June 2027. At year end the swap covered £1,440,000 (2017: £1,600,000) of borrowing, amortising in line with the loan repayments. The swap rate is 5.38%. This is compared to the three month LIBOR rate and the difference is payable to / by Barclays Bank. £75,000 (2017: £84,000) of interest expense in the accounts relates to interest paid on the swap contract.

A second swap contract was signed with Lloyds Bank on 2 November 2006. This swap contract further reduces the institution's exposure to interest rate fluctuations on the unsecured loan. The effective start date of the swap contract is 2 November 2006, the termination date is 30 September 2026. The underlying principle of the swap contract is £2,000,000 for the life of the swap. The swap rate is 4.65%. This is compared to the three month LIBOR rate and the difference is payable to / by Lloyds Bank. £83,000 (2017: £85,000) of interest expense in the accounts relates to interest paid on the swap contract.

17. PENSION LIABILITIES

	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on SAUL Pension £'000	Total Pensions Liabilities £'000
At 1 August 2017	10,489	153	10,642
Unwinding of discount factor	194	2	196
Deficit contributions paid	(708)	(155)	(863)
Change in expected contributions	(313)	-	(313)
At 31 July 2018	9,662	-	9,662

The total of deficit contributions paid (£863k) and change in expected contributions (£313k) above of £1,176k is shown as a reduction in staff costs in note 7. The change in expected contributions arose due to the growth in salary costs being less than forecast.

Notes to the accounts – continued

18. ENDOWMENT RESERVES

Restricted net assets relating to endowments are as follows:

	Restricted Permanent Endowments £'000	Expendable Endowments £'000	2018 Total £'000	2017 Total £'000
Balances at 1 August				
Capital	35,384	5,411	40,795	37,855
Accumulated income	788	648	1,436	1,155
	36,172	6,059	42,231	39,010
New endowments	3,130	2,703	5,833	3,388
Investment income	885	100	985	960
Expenditure	(754)	(2,701)	(3,455)	(3,392)
Transfers	(101)	101	-	(140)
Increase in market value of investments	1,355	39	1,394	2,405
Total endowment comprehensive income for the year	4,515	242	4,757	3,221
At 31 July	40,687	6,301	46,988	42,231
Represented by:				
Capital	39,769	5,553	45,322	40,795
Accumulated income	918	748	1,666	1,436
	40,687	6,301	46,988	42,231
Analysis by type of purpose:				
Staff posts	30,068	527	30,595	28,029
Scholarships and bursaries	6,180	3,423	9,603	9,626
Academic support	3,086	2,052	5,138	2,930
Research support	149	4	153	145
Prize funds	448	6	454	414
Lectures	637	-	637	653
Library	119	264	383	411
Events	-	25	25	23
	40,687	6,301	46,988	42,231
Analysis by asset				
Non-current asset investments			40,458	37,882
Cash and cash equivalents			5,030	4,349
Other current assets			1,500	-
			46,988	42,231

Notes to the accounts – continued

19. RESTRICTED RESERVES	2018	2017
Reserves with restrictions are as follows:	£'000	£'000
Balances at 1 August	-	-
New donations	221	134
Capital expenditure	-	-
Other expenditure	(221)	(134)
Total restricted comprehensive income for the year	-	-
At 31 July	-	-

	2018	2017
	£'000	£'000
Analysis of restricted donations by type of purpose:		
Scholarships and bursaries	76	50
Staff posts	38	36
Department specific funding	102	41
Library	-	7
Events	5	-
	221	134

20. CASH AND CASH EQUIVALENTS	At 1st August 2017	Cash Flows	At 31st July 2018
	£'000	£'000	£'000
Cash and cash equivalents	7,470	6,941	14,411
	7,470	6,941	14,411

21. CAPITAL AND OTHER COMMITMENTS	2018	2017
Provision has not been made for the following capital expenditure commitments at 31 July 2018:	£'000	£'000
Commitments contracted for	4,437	1,828
	4,437	1,828

Notes to the accounts – continued

22. SUBSIDIARY UNDERTAKINGS

SOAS owns 100% of the issued share capital of 1,000 £1 ordinary shares of SOAS International Limited, a company registered in England and Wales. This company is dormant.

SOAS acts as guarantor for the London Middle East Institute (LMEI) a charitable company limited by guarantee, registered address Thornhaugh Street, Russell Square, London WC1H 0XG. SOAS has a majority interest on the LMEI's Board of Trustees and the Director of SOAS is the Chair of the LMEI Board. As a result SOAS exercises control over the LMEI but consolidated accounts have not been prepared as LMEI's activities are immaterial in comparison to SOAS. The LMEI's unaudited financial statements showed a surplus of £2k for the year ended 31 July 2018 (2017: surplus of £26k). At the 31 July 2018, LMEI had reserves of £216k (2017: £214k). During the year, costs of £90k were charged to the LMEI (2016-17: £95k) and at 31 July 2018 £7k was owed to the LMEI (2017: £3k was owed to LMEI).

SOAS provides the LMEI with office space, IT and administrative support and certain staff free of charge. The fair value of this donation is approximately £200k per annum, of which £88k is funded by income from endowments. The London Middle East Institute owns 100% of the issued share capital of LMEI Trading Limited, a dormant company registered in England and Wales.

23. FINANCIAL INSTRUMENTS

	2018	2017
	£'000	£'000
The School's financial instruments may be analysed as follows:		
Financial assets:		
Financial assets measured at fair value through Surplus or Deficit	40,458	37,882
Financial assets that are debt instruments measured at amortised cost	22,775	14,825
	63,233	52,707
Financial liabilities		
Financial liabilities measured at amortised cost	(58,420)	(50,346)
Derivative financial instruments designated as hedges of variable interest rate risk	(687)	(924)
	(59,107)	(51,270)

FRS 102 defines a financial instrument as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets measured at fair value through Other Comprehensive Income relates to non-current asset investments in a trading portfolio of listed company shares and bonds.

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and pension liabilities.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps (see note 16).

Notes to the accounts – continued

24. PENSION SCHEMES

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

- Universities' Superannuation Scheme (USS)
- Superannuation of University of London (SAUL)

(i) Universities Superannuation Scheme

SOAS participates in USS which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

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

Since SOAS cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018.

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

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

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

Notes to the accounts – continued

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65	24.5	24.4
Females currently aged 65	26.0	26.6
Males currently aged 45	26.5	26.5
Females currently aged 45	27.8	29

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

(ii) Superannuation Arrangements of the University of London (SAUL)

SOAS participates in SAUL which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

SOAS is not expected to be liable to SAUL for any other current participating employer's obligations under the rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the pension Trustee in paying SAUL's benefits as they fall due (the "technical provisions"). The pension Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The technical provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.




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