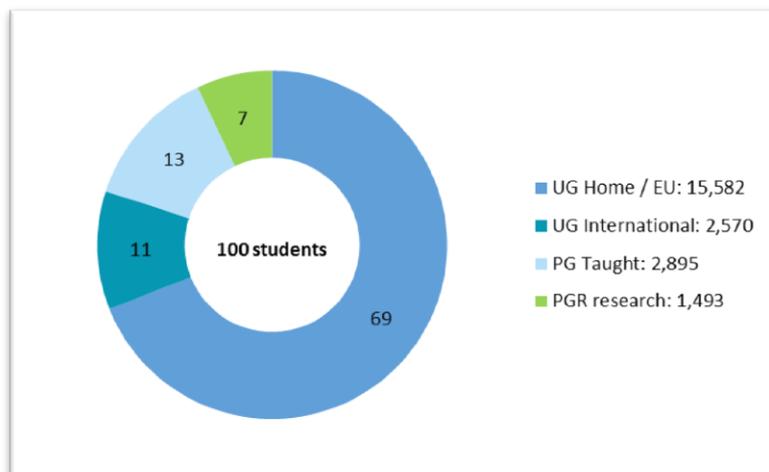


FINANCIAL RESULTS 2017-18



The student population in 2017/18



To support students and research staff, where does our income come from?

Total Income
£415 million

Tuition Fees	Funding Body Grants – HEFCE	Research Grants & Contracts	Other income	
£232.10	£45.80	£76.1	£23.4	£38.1
56%	11%	18%	6%	9%

Residences
Catering
Conferences

Tuition Fees
Undergraduate and postgraduate taught and research courses; Full Time and Part Time courses; Home, EU and International students
Paid directly, through Student Loan Company and from sponsors

Funding Body Grants
Office for Students' (OfS) Teaching support and Research grants
Targeted grants from OfS

Research
UK Research Councils
Charities, Industry
UK and EU Government

Residence Catering Conferences
University owned student accommodation
Catering outlets across all campuses
Reed Hall conferences, weddings, B&B

What other income streams support the University?



Erasmus+

£1.0m
ERASUMS grant



£2.7m
Consulting income



£3.8m
NHS Service Increment For Teaching (SIFT) Funding



£13.8m Service Concession Arrangement with UPP for provision of student residential accommodation services.



£4.2m
Endowments, Donations



£2.4m
Sports Centre and swimming pools



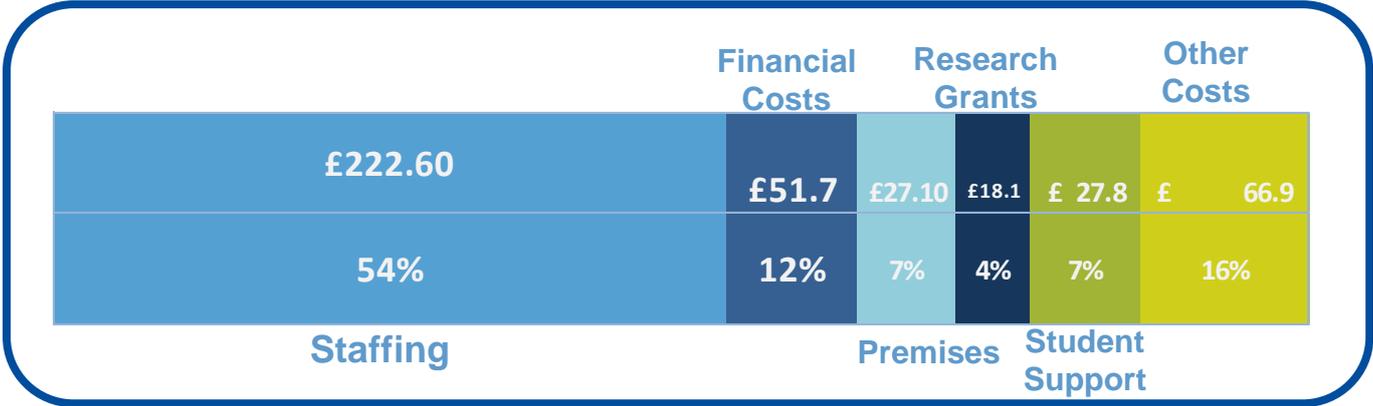
£0.6m
Family Centre, Library, IT





What do we spend our money on?

Total Expenditure
£414 million



Staffing Costs
For teaching, research, support staff and professional services
Includes wages (£177m), pension contributions (£28m) and employer taxes (£17m)

Financial Costs
Depreciation (£41.6m)
Loan interest (£9.4m)
Pension interest (£0.7m)

Premises
The day-to-day cost of running the campuses including:
• residences, catering, conferences
• Rent, rates, utilities
• Repairs and general maintenance

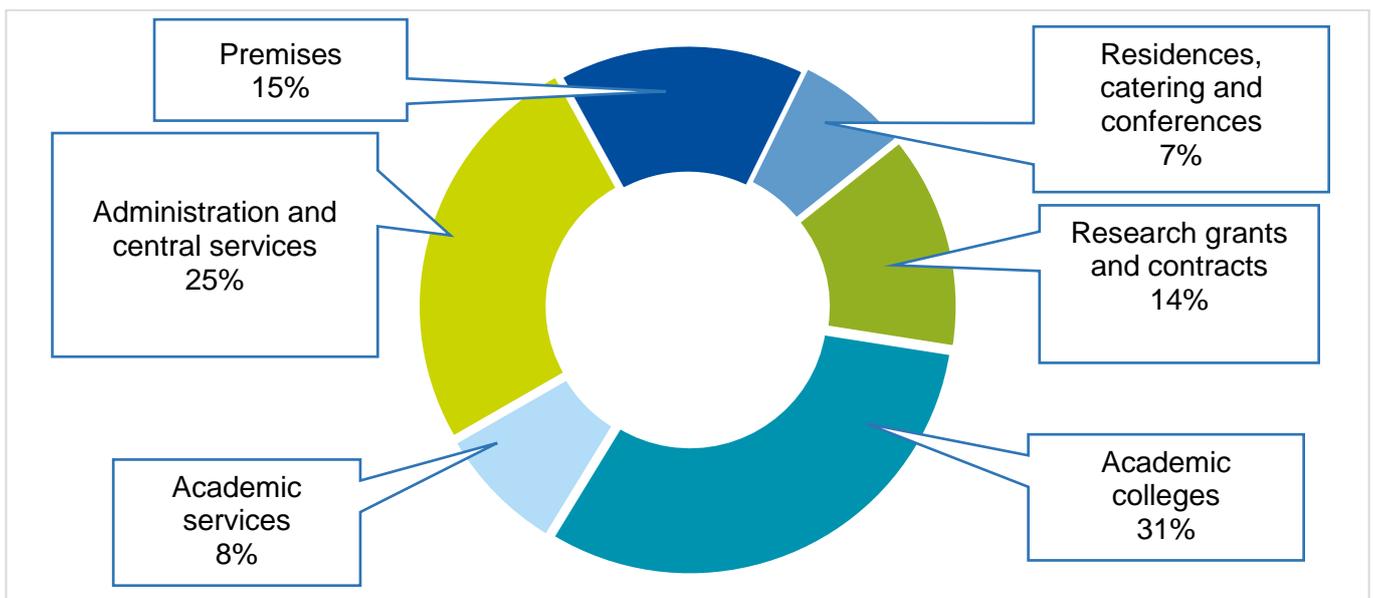
Research
Non-staff spend e.g. equipment and lab consumables

Student support
Scholarships, prizes, widening participation, student support

Other spend includes
Equipment
Sport
Penryn Campus
Books and periodicals

Where does the money get spent?

Analysis of spend as per Higher Education Statistics Agency ([HESA](https://www.hesa.ac.uk)) expenditure categories for 2017/18



Spotlight on staff costs

Why is over 50% of our costs on staffing?

To support over 22,500 students from over 130 countries, studying across 6 Colleges, a university's staff is its most valuable resource.

Data published by HESA shows for Higher Education providers in the UK, 54% of expenditure was spent on staff costs (as per published 2017/18 financial statements), so our staff cost bill is similar to the **national average**.

Staff costs include salaries, the University's national insurance contributions, the University's pension contributions, including those at the nationally agreed rate to the USS pension scheme and the Apprenticeship Levy.



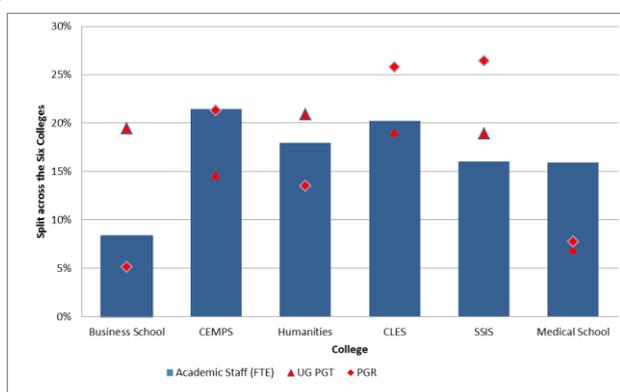
Importance of teaching and research staff

We are fortunate to have a community of passionate and dedicated students, staff and graduates. Our people are fundamental to our success and we continue to work hard to create a diverse and inclusive community. The University employs more than 4,670 full time equivalent staff. In 2017/18 the number of academics and research staff grew by 9%, reflecting continued investment in front-line teaching and research staff and the recruitment of exceptional research leaders to our newly opened Living Systems Institute.



With over £76million of research income this year Exeter is the UK's fastest growing and fastest rising Russell Group University. We are placed amongst the best in the UK according to the Complete University Guide, with 26 subjects ranked in top-ten positions. In October 2017 the Times Higher Education placed us in the top 100 institutions in the world to study a range of Social Sciences subjects, whilst Science and Humanities were recognised as amongst the world's best in the QS World Subject Rankings. In May, we rose to 35th place in the world, and ninth in Europe, in the CWTS Leiden Ranking. We also saw a rise in the QS World Rankings, published in June, up to 154th place overall, and 109th place for

employer reputation. Furthermore, we're recognised as one of the world's most international universities, ranking 48th in the Times Higher Education's table of global 200 international universities.



College Teaching Ratios

This graph shows how Academic and Teaching staff are proportionally split across the Colleges, compared with the split of undergraduates and postgraduates on taught programmes (UG PGT) and postgraduates on research courses (PGR). The differences between Colleges relate to teaching practices and the different subject natures.



Spotlight on financial costs

Depreciation is a **non-cash accounting adjustment** which allocates the cost of an asset, i.e. land and buildings or equipment, over its expected life.

Accounting treatment

Looking at the new LSI as an example:

Living Systems Institute
£52m investment



£52m asset on 'Balance Sheet'
£1.5m depreciation each year.
Building cost spread over 50 years
Fit out spread over 25 years

Why is depreciation so high?

Depreciation is charged on buildings, land and equipment at Streatham and St Luke's campuses in Exeter, Penryn and Truro campuses in Cornwall and the research and education facility (RILD) on the Wonford campus of the Royal Devon and Exeter NHS Foundation Trust in Exeter.

As at 31 July 2018, the University held **£725million** of land and buildings, **£84million** of equipment. Our assets and associated depreciation charge of **£42million** in 2017/18 includes:

The Forum
£48m investment
£1m annual depreciation



Holland Hall
£18m investment
£0.5m annual depreciation



MRI Scanner
£1.1m investment
£300k annual depreciation



Cornwall's ESI
£30m investment
£650k annual depreciation



Loan Interest

The University's borrowings at £209.5m have supported high levels of past and current investment, underpinning the ability to deliver a first-class student experience. The overall interest rate was reduced by 40% compared to an effective all-in fixed interest rate on previous debt, following refinancing in 2017/2018.

Pension charges

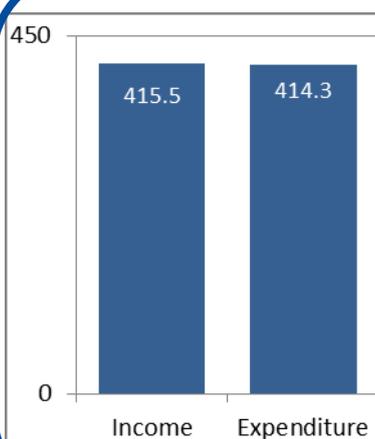
The change in the **pension provision** is an accounting adjustment which shows how the long term expected cost of the pension scheme has changed since last year. The **pension interest** charge in year represents the charge on the liability held on the two main pension schemes run by the University.



Financial performance measures

Financial Performance Measures are vital to running any business. They evaluate how well an organisation is managed and the value it delivers for customers and other interested parties.

As a University our financial measures are monitored internally by Council and senior management, and externally by Office for Students, banks, grant providers and other Universities.



What is our Surplus and why is it important?

➔ **Surplus before share of joint venture: £1.2m**

- To provide a **contingency** against any unexpected occurrences that may cause a significant financial problem.
- For Investment in a range of **capital projects** including a rolling programme of investment in technology, premises and in learning and teaching facilities across all campuses.
- To ensure that the University can maintain its current activities but also **grow and develop** its resources and education.

What is EBITDA and why is it important?

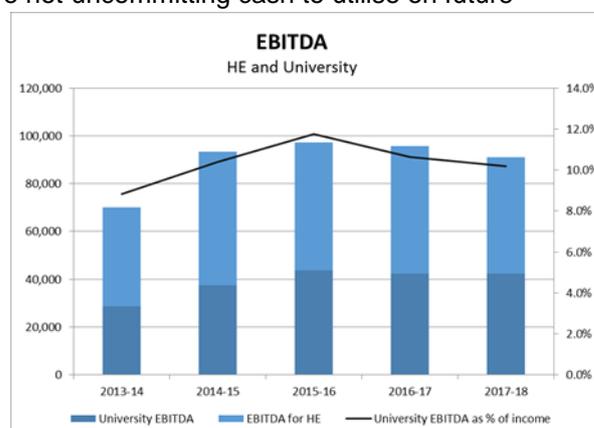
EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortisation. Essentially, it is a way to evaluate a company's performance without having to factor in financing decisions, accounting decisions or tax environments. It is also as a proxy for an organisation's current operating position, as well as providing a proxy for cash flow.

For 2017/18 the EBITDA for Higher Education, as reported to [HEFCE](#), was **£48.8million**.

The University has adopted its own internal EBITDA measure (University EBITDA), based on excluding distorting one off income and expenditure or items that are not uncommitting cash to utilise on future investment. This adjusted EBITDA measure allows the business to better judge the real underlying recurrent performance.

For 2017/18 University EBITDA was **£42.4million**.

The University has set a targeted University EBITDA of £55m per year by 2020/21. This target will enable the University to be **self-sufficient** in terms of **future capital investment** and to comfortably **service existing debt levels** from our own cash generation.



Glossary

CEMPS	College of Engineering, Mathematics and Physical Sciences
CLES	College of Life and Environmental Sciences
FTE	Full time equivalent
HEFCE	The Higher Education Funding Council for England (HEFCE) was a non-departmental public body in the United Kingdom, which was responsible for the distribution of funding for higher education to universities and further education colleges in England since 1992. It ceased to exist as of 1 April 2018, when its duties were divided between the newly created Office for Students and Research England (operating within United Kingdom Research and Innovation)
HESA	The Higher Education Statistics Agency (HESA) is the official agency for the collection, analysis and dissemination of quantitative information about higher education in the United Kingdom
OfS	The Office for Students (OfS) is a non-departmental public body of the Department for Education, acting as the regulator and competition authority for the higher education sector in England
PG	Postgraduate Taught including Ma, Msc and some Diplomas
PGR	Postgraduate Research including PhD
SSIS	College of Social Sciences and International Studies
UG	Undergraduate including Ba, Bsc and some Msci courses

