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24 May 2024

Dear [Accountable Officer]

Deadlines and requirements for Annual Financial Return 2024

I'm writing about the submission of your Annual Financial Return 2024 (AFR24), which relates to your provider's financial year that ends in 2024. This letter explains our requirements and the deadlines that apply to your data return.

We have set out the information we need from you in the Notice attached to this letter.

We have made some changes this year to ensure that the data we collect allows us to understand the financial position for individual providers and the sector as a whole. This is particularly important given the significant risks to financial sustainability that providers are facing. You can see a summary of these changes in the blog¹ we have published today.

The blog explains that we commissioned PwC to provide an independent review of the financial information we collect as part of our annual financial return – PwC's report has informed our approach this year. We discussed our plans with finance directors from across the sector to ensure we are asking for the information we need to properly judge risk, without adding unnecessarily to providers' regulatory burden. We have also discussed the changes with sector representatives and mission groups. We have published PwC's report,² and we hope this will help you to understand why we're asking for some additional information and where we have reduced our requirements.

¹ See www.officeforstudents.org.uk/news-blog-and-events/blog/improving-the-financial-data-we-collect/.

² See www.officeforstudents.org.uk/publications/review-of-office-for-students-annual-financial-return/.

Deadlines for Annual Financial Return 2024

There are three deadlines for submitting your financial information through the OfS portal:

- The first deadline requires you to submit your initial AFR24 workbook four months after the financial year-end for your provider.
- The second deadline requires you to submit your finalised AFR24 workbook, audited financial statements and all other required Annual Financial Return files, five months after the financial year-end for your provider.
- The third deadline for sign-off of your AFR24 is five calendar months and two weeks after the financial year-end for your provider.

Our guidance on preparing and publishing financial statements (Regulatory advice 9)³ also requires you to publish signed and audited financial statements on your website, at the latest five months after the financial year ending in 2024.

Verification process

The process for verifying your AFR24 data runs in parallel with the three deadlines set out above. It will begin after the first deadline, and we expect your finance colleagues to engage with this process. We will identify the checks we need you to complete in the 'verification queries' file, which will be generated automatically when you submit an initial AFR24 workbook file to the OfS portal. We may need you to submit a further version of your AFR24 workbook, which should resolve any issues that we identify when verifying your first submission.

You will not be able to sign off your return until all verification queries are resolved. As our verification process is iterative, we encourage your financial colleagues to keep a close eye on the OfS portal so they can respond to our verification queries as soon as possible to ensure you can meet the final sign-off deadline. We have provided further information about the verification process in Appendix 1 of the Annual Financial Return 2024 submission process guidance.⁴

Guidance documents

In preparing documents for submission for the AFR24, you will need to refer to and comply with:

- Regulatory advice 14: Guidance for providers for the Annual Financial Return⁵
- Regulatory advice 9: Accounts direction⁶

³ See www.officeforstudents.org.uk/publications/regulatory-advice-9-accounts-direction-accounting-periods-beginning-on-or-after-1-august-2019/.

⁴ See www.officeforstudents.org.uk/publications/regulatory-advice-14-guidance-for-annual-financial-returns/.

⁵ See www.officeforstudents.org.uk/publications/regulatory-advice-14-guidance-for-annual-financial-returns/.

⁶ See www.officeforstudents.org.uk/publications/regulatory-advice-9-accounts-direction-accounting-periods-beginning-on-or-after-1-august-2019/.

- The OfS regulatory framework.⁷

We also provide technical guidance and information about the data verification arrangements in Regulatory advice 14: Guidance for providers for the Annual Financial Return to support the preparation of your submission.

We need you to follow these requirements and submit accurate information, including credible forecasting data. Credible forecasting is important to ensure we have a reliable understanding of the financial position of individual providers and the sector as a whole. We also use it to prioritise our engagement with providers effectively.

Please contact Michelle Cronin at regulation@officeforstudents.org.uk or on 0117 931 7305 if you have any questions about this letter, the attached Notice or any of our guidance documents.

Yours sincerely

David Smy
Deputy Director of Enabling Regulation

⁷ See www.officeforstudents.org.uk/publications/regulatory-framework-for-higher-education-in-england/.

Annex A: Information requirements

To: The governing body, xxxxxxxx (the “Provider”)

Notice under general ongoing condition of registration F3: Provision of information to the Office for Students (‘OfS’)

Whereas:

(A) The Provider was registered by the OfS in accordance with section 3 of the Higher Education and Research Act 2017 (HERA) on the Register of English Higher Education Providers.

(B) For the purpose of assisting the OfS in performing any function, or exercising any power, conferred under any legislation, the OfS has the power under general ongoing condition F3(i) (and by virtue of section 8(1)(b) of HERA) to compel the governing body of a registered English higher education provider to provide the OfS, or a person nominated by the OfS, with such information as the OfS specifies at the time manner and form specified.

Therefore:

Pursuant to general ongoing condition of registration F3, the Provider is required to provide the Specified Information at the Specified Time and in the Specified Manner.

Definitions:

“Specified Information” means the information listed in the ‘Specified Information’ column at each row of the table at paragraph 2 of Schedule 1 to this Notice, in the required format, where specified in Schedule 1 of this Notice, which sets out the requirements for the provision of information to the OfS for the Annual Financial Return 2024.

“Specified Manner” means the Specified Information must:

- i. be provided to the OfS via the OfS Portal.
- ii. comply fully with guidance in Regulatory advice 14 and Regulatory advice 9 issued by the OfS for each data return requirement.
- iii. in respect of the Specified Information at each row of the table at paragraph 1 of Schedule 1 of this Notice, be signed off by the individual or body as specified for each row in the column ‘sign-off required by’ in that table.

“Specified Time” means the deadline for provision of the Specified Information as set out in the column ‘deadline’ of each row of the table at paragraph 2 of Schedule 1 of this Notice, which corresponds to the date in the column ‘Specified Time’ in the same row of that table.

Signed on behalf of the OfS and authorised for that purpose:

David Smy

Deputy Director of Enabling Regulation

Date: 24 May 2024

Schedule 1: Annual Financial Return 2024

1. The Annual Financial Return (AFR) 2024 is the data return that a provider must submit to the OfS about condition D: Financial viability and sustainability, to demonstrate compliance with condition D as an ongoing condition of registration and as set out in the specified information column in the table below.
2. [Provider name] is required to submit the following information by the following deadlines for the financial year ending [Year End]:

| Deadline | Specified time | Specified information | Sign-off required by |
|------------|----------------|---|---|
| Deadline 1 | XXXX | <ul style="list-style-type: none"> Initial Annual Financial Return workbook with no validation errors (Submission 1 AFR workbook) as described in paragraph 3a of this schedule. | Not required |
| Deadline 2 | XXXX | <ul style="list-style-type: none"> Finalised Annual Financial Return workbook (Submission 2 AFR workbook) as described in paragraph 6a of this schedule. Audited and signed financial statements as described in paragraph 6b of this schedule. Financial commentary as described in paragraph 6c of this schedule. Management letter from the provider's external auditor as described in paragraph 6d of this schedule. Business plan (where applicable) as described in paragraph 6e of this schedule. If the provider is relying on financial support from another entity: documents proving that it is legally obliged to provide that financial support, as described in paragraph 6f of this schedule; and audited financial statements from the | <ul style="list-style-type: none"> Financial forecasts and commentary (and business plan where applicable) must be considered by the provider's governing body. The governing body must approve these or delegate approval to the accountable officer prior to submission. Audited financial statements must be approved by the accountable officer, and by the chair of the governing body or one other member appointed by that body. Financial |

| Deadline | Specified time | Specified information | Sign-off required by |
|------------|----------------|---|--|
| | | legal entity, as described in paragraph 6f of this schedule. | statements must also include an audit opinion signed by the external auditor. |
| Deadline 3 | XXXX | <ul style="list-style-type: none"> A completed sign-off form for the provider's Annual Financial Return, as set out in paragraph 7 of this schedule. | <ul style="list-style-type: none"> Final sign-off of the return must be completed by the accountable officer. |

Deadline 1

3. The provider is required to submit to the OfS the following information by deadline 1 as part of its Annual Financial Return for the provider's financial year that ends in 2024:

a. Initial completed Annual Financial Return 2024 workbook (Submission 1 AFR workbook), in the template from the OfS.

The provider must submit a completed version of the pre-populated Annual Financial Return 2024 workbook available to download from the OfS portal. An example template workbook is attached in Annex C of this Schedule and detailed guidance explaining how to complete the tables can be found on the webpage for Regulatory Advice 14: Guidance for providers for the Annual Financial Return.⁸

The submission must follow guidance set out in paragraphs 37–42 of Regulatory advice 14. The completed workbook must include financial information for:

- The provider's two most recent audited financial years, to be recorded as year one and year two in the workbook
- The provider's current financial year to be recorded as year three in the workbook
- The provider's four subsequent financial years to be recorded as years four to seven in the workbook.

The workbook must follow the correct technical accounting requirements, according to the convention used in the provider's last audited accounts. This must be either the

⁸ See www.officeforstudents.org.uk/publications/regulatory-advice-14-guidance-for-annual-financial-returns/.

Financial Reporting Standards (FRS102),⁹ or International Financial Reporting Standards (IFRS).¹⁰

4. The figures in the workbook must be consistent with the provider's audited financial statements and agreed forecasts. The forecast data must reflect the provider's agreed strategy and the provider's best estimate of the financial expectations.
5. Where a provider's financial statements are consolidated this must also be reflected in the forecast years. The Annual Financial Return 2024 workbook contains a number of validation checks (errors and warnings) below each table. All validation errors must be resolved before the workbook is submitted.

Deadline 2

6. The provider is required to submit to the OfS the following information by deadline 2 as part of its Annual Financial Return for the provider's financial year that ends in 2024:
 - a. **Finalised completed Annual Financial Return workbook (Submission 2 AFR workbook).**

The provider must submit a final version of its completed Annual Financial Return 2024 workbook which resolves any issues raised by the OfS during the verification of the first workbook submission.

The forecasts included in the workbook (defined as years 4 to 7, with year 3 being the current financial year) must relate to both financial forecasts and student number forecasts and must be considered by the provider's governing body before submission. These must be approved by the governing body or delegated for approval by the accountable officer. Any validation checks must be resolved prior to submission (see paragraph 45 of Regulatory advice 14: Guidance for providers for the Annual Financial Return¹¹ for guidance on data accuracy and validation).

- b. **Signed audited financial statements that are compliant with the OfS's Regulatory advice 9: Accounts direction.**¹²

In preparing the audited financial statements, the provider must follow the correct technical accounting requirements, according to the convention used in its last audited accounts. This must be either the Financial Reporting Standards (FRS102),¹³

⁹ See <https://www.frc.org.uk/library/standards-codes-policy/accounting-and-reporting/uk-accounting-standards/frs-102/>.

¹⁰ See <https://www.ifrs.org/issued-standards/list-of-standards/>.

¹¹ See www.officeforstudents.org.uk/publications/regulatory-advice-14-guidance-for-annual-financial-returns/.

¹² See www.officeforstudents.org.uk/publications/regulatory-advice-9-accounts-direction-accounting-periods-beginning-on-or-after-1-august-2019/.

¹³ See <https://www.frc.org.uk/library/standards-codes-policy/accounting-and-reporting/uk-accounting-standards/frs-102/>.

or International Financial Reporting Standards (IFRS).¹⁴ The financial statements must include all of the following:

- ‘Statement of financial position’ (balance sheet)
- ‘Statement of comprehensive income’ incorporating profit or loss for the period and items of other comprehensive income
- ‘Statement of changes in equity’ or a ‘Statement of income and retained earnings’ or a ‘Statement of changes in reserves’
- ‘Statement of cash flows’
- ‘Statement of principal of accounting policies’
- Notes to the financial statements.

The provider is required to comply with paragraphs 25 to 33 of Regulatory advice 14 when preparing and submitting audited financial statements.

Financial statements must be audited by independent external auditors and must include the external auditor’s report giving an opinion to the provider’s governing body. The external auditor’s report and opinion must cover all components of the audited financial statements and not be limited to a sub-set of the pages included in the audited financial statements. The audited financial statements must be signed by the external auditor and by the provider’s accountable officer and by the chair of the governing body or one other member appointed by that body.

Where the provider has subsidiary companies it must submit consolidated financial statements that combine these entities. For the avoidance of doubt this includes all subsidiaries, whether or not their purpose is related to the provision of higher education.

c. Commentary in the template from the OfS, provided for download from the OfS portal.

The provider must submit financial commentary in the template provided for download from the OfS portal. The provider must complete each field set out in the template. The commentary must be considered by the provider’s governing body before submission. The governing body may choose to delegate approval of the commentary to the accountable officer. A sample template for the financial commentary can be found in Annex D of this schedule.

d. A management letter from the provider’s external auditor.

The provider must submit the external auditor’s management letter, a report issued by the external auditor to those charged with the provider’s governance, which

¹⁴ See <https://www.ifrs.org/issued-standards/list-of-standards/>.

records audit findings from the audits undertaken on the most recent financial statements which the provider is submitting as part of AFR24, including any significant control deficiencies identified during the audit. The management letter must include a report giving an opinion to the provider's governing body.

The external auditor's report and opinion must cover all components of the audited financial statements and not be limited to a sub-set of the pages included in the audited financial statements.

e. Where applicable: A business plan which sets out the provider's plans for the same period as the financial and student number tables in the AFR24 workbook. This is:

- i. **Required** where the provider has delivered higher education for fewer than three years prior to the submission deadline.
- ii. **Optional** where the provider has delivered higher education for at least three years prior to the submission deadline. The provider may choose to use the business plan as part of its demonstration of how it is ensuring its financial viability and sustainability.

The business plan must include robust and well-evidenced assumptions that underpin the financial forecasts in the financial return workbook. The business plan underpinning the forecasts must be credible and show:

- how a provider will ensure it is financially viable and sustainable over the period covered by the forecasts and the actions it will take to achieve this
- how the provider will manage its finances during the period to ensure it is viable and sustainable and any sources of financial support during the period
- how the provider will use its resources over the period to deliver a high quality student experience
- the contingency plans the provider has in place should unexpected financial challenges arise during the period.

The business plan may be submitted in any format as long as it includes the information set out above.

Where submitted, a business plan must be considered by the provider's governing body before the submission. The governing body may choose to delegate approval of the business plan to the accountable officer.

f. Where applicable: Where a legally-binding obligation of financial support is in place, audited financial statements from the entity giving such support to the provider.

These must be for the legal entity's most recent financial reporting period. If such a legal entity has a financial year end that is different from the provider's year end, the audited financial statements for that legal entity's most recent financial reporting period must be submitted within five calendar months of the end of the provider's financial reporting period.

If the provider is relying on a legally binding obligation of financial support from another entity for the first time, it must also submit this agreement. Any legally binding obligation of financial support must meet the OfS's requirements set out in paragraphs 403-407 of the regulatory framework.

Deadline 3

7. The provider is required to submit to the OfS the following information for deadline 3 as part of its Annual Financial Return for the provider's financial year that ends in 2024:

- a. **Sign-off of Annual Financial Return 2024.**

The provider must submit a completed version of the Annual Financial Return 2024 sign-off form in the pre-populated template available for download from the OfS portal. This will be available once all required Annual Financial Return 2024 files have been submitted and the OfS has received responses to all queries raised in the verification process. A generic version of this sign-off form is attached as an Annex. The sign-off form must be signed by the accountable officer confirming the return is accurate.