



UNIVERSITY OF  
LEICESTER

*Celebrating 100 years of change*



# Annual Report and Financial Statements

2021-2022

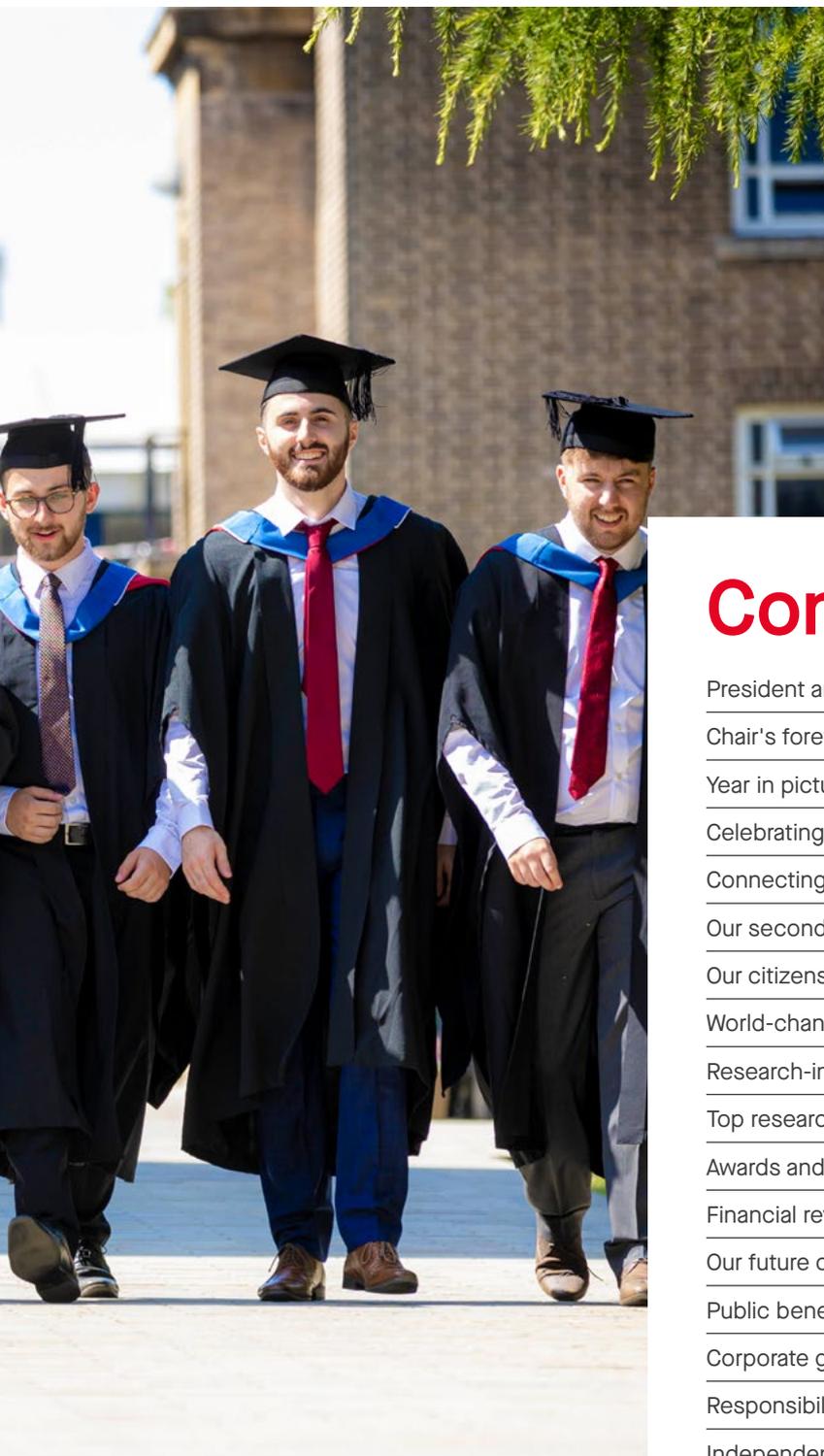


# We are Citizens of Change



LEICESTER STUDENTS CELEBRATING THEIR SUMMER 2022 GRADUATION

FRONT COVER: LEICESTER STUDENTS IN 1927 AWAITING THE ARRIVAL OF THE PRINCE OF WALES (FUTURE KING EDWARD VIII)



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## President and Vice-Chancellor's foreword

“A year of outstanding successes in research and league table performance.”

It has been a momentous year for the University, celebrating our Centenary. A year during which we honoured our past, celebrated our rich history and planned for a new era – the start of our second century.

Remembering the past provided an opportunity to focus on our founding legacy and the sacrifices made in the First World War to establish the University College. That spirit of hope in the power of education to change lives, following the war and Spanish Flu pandemic, had uncanny parallels as we emerged from lockdown and the COVID-19 pandemic. It has proved to be an abiding legacy that shapes the University to this day.

Celebrating our history gave us cause to reflect upon our world-changing research, like the discovery of genetic fingerprinting, our pioneering space research and of course the discovery of King Richard III, the



PRESIDENT AND VICE-CHANCELLOR PROFESSOR NISHAN CANAGARAJAH

10th anniversary of which we mark this year. We also reflected on the many people, events and stories that shaped the narrative of our history and provided us with a rich heritage from which to draw strength for the future. And we face this future with confidence.

It was also a year of outstanding successes in research and league table performance. Our University is now placed consistently amongst the top 30 universities in the country – we were placed 30th in the Guardian Good University Guide. A rise of 11 places in the Complete University Guide means we are now ranked 29th in the league table of Higher Education Institutions in the UK. Research England published the results of REF2021 and the results show that, since the previous REF in 2014, the University has moved up 23 places to rank 30th overall in the Times Higher Education REF rankings. This represents one of the biggest climbs of any university and is an outstanding achievement. This is our best-ever performance in a research assessment exercise and an exceptional testament to the quality and impact of our academics' research and the wider research environment.

I was delighted to launch the University's new Citizens of Change strategy on 4 November 2021, two years to the day since my arrival at the University in 2019. In this, I committed the University to research-inspired education, world-changing research and a focus on people, partnerships and projects. The three new values that run across the heart of our strategy are being inclusive, inspiring and impactful. These values speak to the kind of university we are – and will be in the future.

The centenary saw thousands of people engage with more than 70 different events, with celebrations in the community as well as on campus. We connected with so many people, places and organisations, and I am determined that this momentum should carry on into our new century. The University is not simply in Leicester, Leicestershire and Rutland but a part of it. Indeed, we are the University for Leicester and not simply of Leicester.

As we build for the future, we have made multi-million pound investments in our estate to ensure we have state-of-the-art facilities that are fit for purpose in our new century. During the centenary year, we opened



LEICESTER CITY MAYOR SIR PETER SOULSBY, VICE-CHANCELLOR PROFESSOR NISHAN CANAGARAJAH, PRO VICE-CHANCELLOR AND HEAD OF COLLEGE OF SCIENCE AND ENGINEERING PROFESSOR SARAH DAVIES, UK ASTRONAUT MAJOR TIM PEAKE, EXECUTIVE DIRECTOR OF SPACE PARK PROFESSOR RICHARD AMBROSI, AND RESEARCH AND INNOVATION GEORGE FREEMAN MP AT THE LAUNCH OF SPACE PARK LEICESTER



THE £150 MILLION FREEMAN'S DEVELOPMENT

our dedicated home for the School of Business at Brookfield, which also connected us with the original benefactor of the University, Thomas Fielding Johnson, who resided there. We also celebrated the opening of the refurbished and extended Percy Gee Building, home to the Students' Union, which provided another occasion to celebrate our rich history with the Gee family. And I was proud that astronaut Tim Peake and Science Minister George Freeman (pictured top left) launched Space Park Leicester, the £100 million space research, innovation and industry hub that has been developed by the University with local, national and international partners.

To this end, I was delighted to launch our Civic University Agreement – a commitment between the University of Leicester, Loughborough University and De Montfort University to work with local authorities and partners in our region for the benefit of our local communities. The agreement is a major milestone in the way that universities work together in our region and our hope is that it will provide a framework for the region and partners to secure more opportunities through enhanced collaboration.

In a year of connecting with communities and forging new partnerships, this agreement represents a major milestone and is indicative of the convening power of universities and their ability to effect change in their localities.

This autumn, the opening of our £150 million development of Freeman's provided a poignant and reflective occasion as we remembered and celebrated the extraordinary service and achievements of former Vice-Chancellor Professor Sir Bob Burgess who passed away this year. The naming of our teaching and learning facility after him is a fitting legacy for his peerless contribution to the success of this University.

None of what we have described in this report, and celebrated throughout the year, could have been possible without the dedication, commitment and support of the members of this University – our Citizens of Change. Through their efforts, we have reached new heights and everything that members of our community

do contributes to advancing our mission. It is only through collective effort that we can build a platform to showcase our achievements and I remain indebted to each and every one who works for this University, who attends this University, and who supports this University for helping to make it such an extraordinary and wonderful institution.

Universities, like many other areas of our society, are facing many challenges. However, I am confident our recent achievements, our strategy and our commitment to the future success of this University will ensure we remain committed to our founding ethos of 'Ut vitam habeant' – 'So that they may have life' as we look forward to our second century. We start our new century from a position of strength with the promise of so much more to come.



**PROFESSOR NISHAN CANAGARAJAH,  
PRESIDENT AND VICE-CHANCELLOR**



## Chair's foreword

“Pride in the University’s progress and achievements was heightened during the centenary celebrations.”

It has been an extraordinary year – I have been delighted to see the campus bustling again and to engage with the public at our centenary events.

We were able to hold graduation ceremonies after a two-year hiatus in January and in the summer where cohorts from 2020, 2021 and 2022 celebrated their success. The July ceremonies saw 6,700 students graduate in 18 ceremonies attended by 19,700 guests – an incredible feat in returning to normal after lockdown.

I and all those in our alumni community have an enduring link with Leicester and I am proud that our alumni and supporters helped mark the centenary with a near record year of philanthropy. Since 2018, we have awarded 300 Centenary Scholarships and we have received gifts and pledges totalling more than £11.5 million in support of our students and world-leading research. Our principal philanthropic gift this year came from the Stoneygate Trust to create the Stoneygate Centre for Excellence in Empathic Healthcare. This unique £10m Centre will ensure that medical students and healthcare professionals across the UK are



taught about the vital importance of empathy as an integral part of all aspects of their medical training.

Pride in the University's progress and achievements was heightened during the centenary celebrations by the production of a new Golden Book, 100 years on from the original. The Centenary Golden Book not only recognises the goodwill and generosity of those who have supported the University of Leicester during the centenary period of celebration, but also honours our founding legacy and the sacrifices made by the many.

I am particularly pleased with the outreach programme during our centenary year and seeing members of the public coming to University events. The relaunch of Literary Leicester was a case in point and saw more than 1,700 people register over a four day festival. I personally engaged with many members of the public through a series of public debates that I chaired. Called Difficult Conversations, it is one of the many ways that we address our civic duty for public engagement, by bringing University expertise to bear upon topical issues.

Of course, a world event that put everything we do into perspective was Russia's unprovoked and illegal invasion of Ukraine. I am heartened by the University's response

with colleagues volunteering support, organising fundraisers and demonstrating that our heritage of kindness lives on by taking in refugees. The University has joined a consortium with a number of others to co-ordinate a broader strategic response to the crisis.

Leicester is an incredible university and, as this report reveals, gives us much to be proud of. I look to the future with continued confidence.

**GARY DIXON,**  
**CHAIR OF COUNCIL**

# Year in pictures



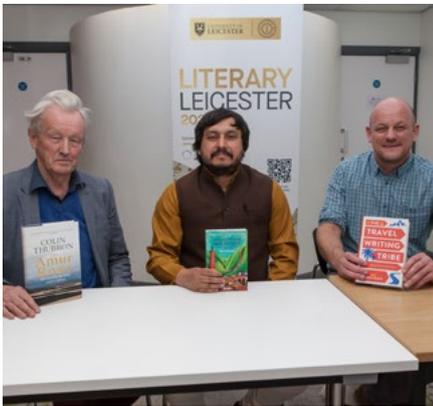
OFFICIAL LAUNCH OF SPACE PARK LEICESTER BY UK ASTRONAUT TIM PEAKE AND LOCAL PRIMARY SCHOOL CHILDREN



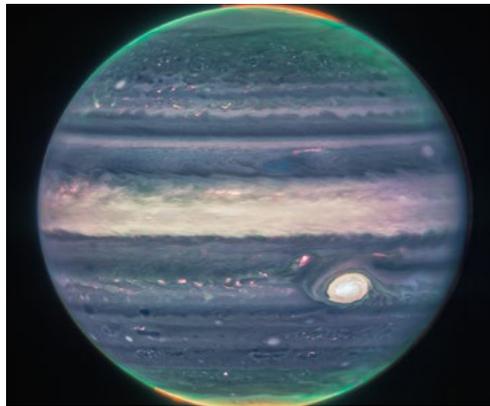
A RECORD-BREAKING NUMBER OF GRADUATION CEREMONIES CELEBRATED



SAM BARNETT, A LEICESTER ALUMNUS AND SUCCESSFUL ENTREPRENEUR OPENS THE NEWLY RENOVATED SCHOOL OF BUSINESS AT BROOKFIELD



THE UNIVERSITY'S ANNUAL FREE LITERARY FESTIVAL, LITERARY LEICESTER, RETURNS TO CAMPUS FOR OUR CENTENARY YEAR



NEW INSIGHTS REVEALED INTO WHAT IS HAPPENING ON JUPITER THANKS TO RESEARCHERS FROM LEICESTER'S SCHOOL OF PHYSICS AND ASTRONOMY (CREDIT: NASA, EUROPEAN SPACE AGENCY, JUPITER EARLY RELEASE SCIENCE TEAM. IMAGE PROCESSING JUDY SCHMIDT)



MOST SUCCESSFUL COVID-19 DIAGNOSTIC TOOL IN THE WORLD CREATED BY OUR RESEARCHERS IN KNOWLEDGE DISCOVERY AND MACHINE LEARNING

## Year in numbers

**6,700**

students graduated across 18 ceremonies in July



**100**

trees planted across our campuses to mark 100 years of change

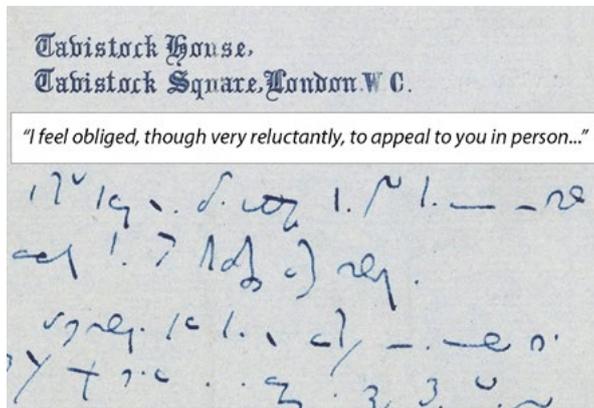




UNIVERSITY OF LEICESTER STUDENTS' UNION REPRESENTATIVES FROM THE LAST EIGHT DECADES CELEBRATE THE LAUNCH OF THE REDEVELOPED PERCY GEE BUILDING



INSPIRATIONAL WOMEN FROM ACROSS THE UNIVERSITY HONoured IN SPECIAL PHOTOGRAPHIC DISPLAY



ENDURING MYSTERY OF CHARLES DICKENS SHORTHAND LETTER SOLVED BY A PROJECT TEAM LED BY DR CLAIRE WOOD AT THE UNIVERSITY OF LEICESTER IN COLLABORATION WITH PROFESSOR HUGO BOWLES AT THE UNIVERSITY OF FOGGIA IN ITALY  
(CREDIT: THE 'TAVISTOCK' LETTER APPEARS COURTESY OF THE MORGAN LIBRARY AND MUSEUM, MA 107.43. PHOTOGRAPHY BY JANNY CHIU)



A TEAM FROM UNIVERSITY OF LEICESTER ARCHAEOLOGICAL SERVICES, WORKING IN PARTNERSHIP WITH HISTORIC ENGLAND AND IN LIAISON WITH RUTLAND COUNTY COUNCIL, UNEARTH A RARE ROMAN MOSAIC AND SURROUNDING VILLA COMPLEX FROM A FARMER'S FIELD IN RUTLAND  
(CREDIT: © HISTORIC ENGLAND ARCHIVE)

**£11.5 million**

pledged in support of our students and world-leading research



**89%**

of our research classed as 'world-leading' (4\*) or 'internationally excellent' (3\*)



**29th**

in the Complete University Guide 2023



**£33 million**

invested in our estate and infrastructure





# Celebrating our centenary

## A year of fitting celebrations to mark our 100-year anniversary.

Founded as Leicester, Leicestershire and Rutland University College in 1921, the University was funded by local people including local businessman Thomas Fielding Johnson, as a living memorial, to honour those who made sacrifices during the First World War.

One hundred years on, we have been delighted to host a plethora of centenary celebrations over the past 12 months, in the presence of students, alumni, staff and guests. Our centenary offered a fantastic opportunity to mark this historic moment, whilst reflecting on our past history and achievements, and looking ahead to the next 100 years.

Launched on Monday 4 October, the year-long celebration programme included more than 70 events at the heart of campus and beyond, with special guests including Centenary Patron and acclaimed theatre director, Michael Attenborough CBE, British astronaut Major Tim Peake, bestselling author and alumna Adele Parks, Paralympic gold medallist and current PhD student Nick Cummins MBE, and many more.

President and Vice-Chancellor, Professor Nishan Canagarajah, said: "I am immensely proud to launch our

centenary celebrations – and at the same time humbled by the significance of this moment.

"We are the custodians of a legacy, and to realise the vision of our motto 'Ut vitam habeant', 'so that they may have life'. In doing this, we pledge to build upon the success of our first century as we look ahead to the next 100 years."

Highlights of the celebrations included:

- **ChangeMakers:** Centenary Festival – a landmark event on main campus with talks, performances and hands-on demonstrations that attracted guests of all ages.
- **Poppy Pilgrimage** – students, staff, local people and both serving and retired members of the Armed Forces, joined together once again to lay more than 50 poppy wreaths across Leicester, Leicestershire and Rutland.
- **Difficult Conversations lecture series** – new public lecture and discussion series launched to celebrate the diversity of 100 years of research at the University, exploring topics as wide-ranging as life on Mars to nuclear war, and the air we breathe to the menopause.
- **The World is a Work in Progress art exhibition** – local communities, contemporary artists and visitors were invited to share their visions for the future at the Attenborough Arts Centre.



- **Centenary Alumni Dinner** – 150 alumni and guests came together to celebrate 100 years of the University and its achievements at the heart of campus in an immersive 1920s experience.
- We planted **100 trees** across our campuses to mark 100 years of change. We invited our partners, alumni and friends to support a tree, as an enduring legacy, with a proportion of the donation going to our Sanctuary Scholars fund.

Our centenary was celebrated locally and globally, with more than 4.5 million views on social media, 5,000 attendees at our events, and more than 15 local sponsorships, which included headline sponsor of the city’s annual Diwali celebrations – believed to be the largest Diwali celebrations outside of India, a year-long partnership with the Leicester Riders – Britain’s oldest professional basketball team, sponsorship of many local awards including Leicestershire Live’s Women in Business Awards, Innovation Awards, Business Executive Awards, Education Awards, and many more.

A total investment of £100,900 in our sponsorships during our centenary year generated a total of 203 media mentions, 777,400 media reach and £297,300 media value.

We also reconnected with our alumni community, with nearly 7,000 completing our Centenary Alumni Census, the results of which will be used to shape our future alumni events programme, communications and more.

Here’s to our next 100 years.





## Connecting across the globe

We have students and staff from more than 100 countries across the world, creating a truly global community. We have continued to strengthen and grow our international activity over the past year through the development of strong collaborative relationships with overseas partners.

Global partnerships not only improve the scale, quality and impact of our research, but encourage our graduates to become global citizens of change by providing them with an education that is bolstered through international perspectives and experiences.

### **Growing global recruitment team**

As well as a UK global recruitment team we also have eight off-shore offices, spanning South Asia and India, Canada, China, East and South East Asia, Middle East and North Africa, and Sub-Saharan Africa and Pakistan. Across these teams we have 16 members of staff who support international students via email and web chat, with our international footprint only set to increase.



## Successful partnerships with China

We continue to develop partnerships with leading institutions through our joint educational programmes and institutes. The Chongqing Medical University (CQMU) and University of Leicester Bachelor's Programme of Clinical Medicine and Clinical Science continues to go from strength to strength. The programme has grown at a fast pace since the partnership was formally agreed in 2019, with an intake of 228 students last year. Our Joint Educational Institute partnership with Dalian University of Technology in China also continues to be a success. An impressive 1,011 students completed the programme – across the three fields of Engineering, Chemistry and Mathematics – during the 2021-22 academic year. Consistent high levels of student satisfaction were recorded, as well as outstanding employment rates, with 91.8% of the 2021-22 cohort having secured job offers or embarked on postgraduate studies.

## Support for Ukraine

Since the crisis in Ukraine started, we have responded swiftly and compassionately to support those affected by the conflict. This has included the provision of eight face-to-face and 30 online English language classes to those affected by the invasion, an English Medium Instruction Programme offered to ten academics across Ukraine, 30 fee waivers offered to students on a range of distance learning programmes whose education has been disrupted, as well as welcoming a CARA fellow through the Researchers at Risk programme. We are also now twinned with two Ukrainian universities – Kremenchuk Mykhailo Otrohradskyi National University and Poltava State Agrarian University – to demonstrate our solidarity

and commitment to them. We have so far registered 17 students onto our credit-bearing programmes and have provided a wide range of practical assistance.

## English Language Teaching Unit developments

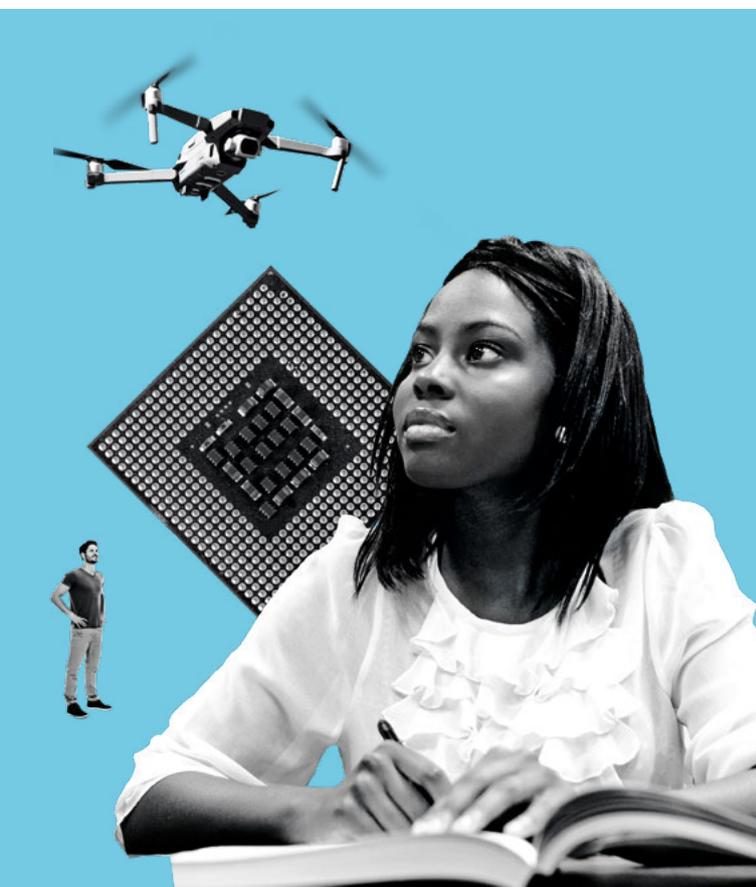
As part of our Pre-sessional English Programme, we offered a mix of face-to-face and online delivery of all of our modules, and welcomed 208 students as part of our summer pre-sessional programme. For our in-sessional programmes, we offered wider provision for distance learning students and successfully collaborated with Geography, Geology, Maths, Computer Science and Engineering, to deliver sessions during induction and at the start of term which are tailored to discipline-specific needs.

## Study Abroad numbers return to pre-pandemic levels

The Study Abroad Unit, which is responsible for student and staff exchanges and study abroad links with universities worldwide, saw the number of incoming students return to pre-Covid levels. We also welcomed 18 students from our Japanese partner, Kwansai Gakuin University, along with a second cohort of ten Indonesian students through the Indonesian International Student Mobility Awards (IISMA) programme.



## Our second century



In November 2021, we unveiled a new ten year strategy, *Citizens of Change: Our second century*. This was developed following consultations with staff, students, alumni and supporters to propel us into our second century.

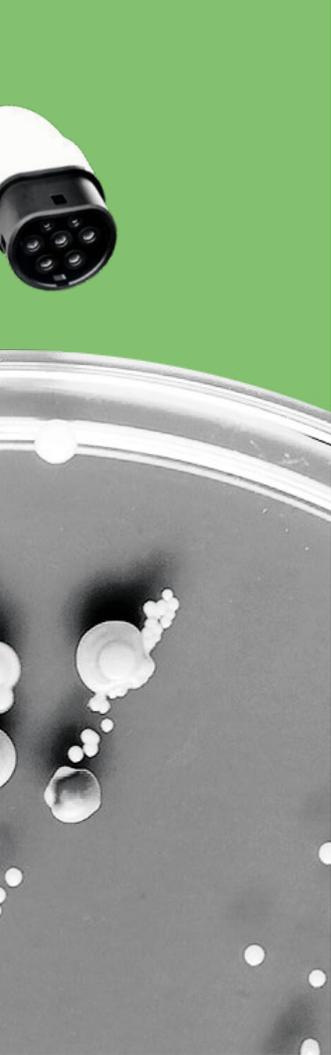
**From research, to education, to people, the University's new mission and vision sum up our ambition for the next 10 years:**

**Mission:** Diverse in our make-up and united in our ambition we change lives through education and research.

**Vision:** We will provide inspiring education and research working in partnership with our communities to become a truly inclusive university.

**At the heart of the strategy, lies the University's three new values:**

**Inclusive:** We are diverse in our makeup and united in ambition. Our diversity is our strength and makes our community stronger.



**Inspiring:** We are passionate about inspiring individuals to succeed and realise their ambitions. We challenge our community to think differently, to get involved, and to constantly embrace new ideas.

**Impactful:** As Citizens of Change we will generate new ideas which deliver impact and empower our community.

**The strategy's three strategic themes set the University's focus for the next decade:**

**Research-inspired education:** We will provide an inspirational and fulfilling education for all, in an empowering, supportive and exciting learning environment.

**World-changing research:** We will create an inclusive and enabling research environment, delivering world-leading research that transforms lives.

**Our citizens:** We will value, nurture and celebrate our people and relationships, ensuring they are inclusive, impactful, sustainable, and influence positive change in our world.

At the launch event, President and Vice-Chancellor, Professor Nishan Canagarajah, said: "Our commitment to levelling-up the academic playing field is demonstrated by our work to tackle the awarding gap, ensuring we make the difference between white students and black

and minority ethnic students being awarded a 1st or 2.1-degree classification more equal. The Government's levelling-up agenda is also being addressed while the Government's levelling-up agenda is being addressed through a tranche of activity, including the development of Space Park Leicester.

"Our inclusion mission is exemplified by the establishment of our Leicester Institute for Inclusivity in Higher Education. This institute will become the flagship leader in transformational higher education with research intended to guide and inform best practice across the sector.

"This University will deliver upon its ambitions as a leading research-intensive university. We will enhance our world-class expertise and be global leaders in all relevant fields of academic endeavour.

"We are committed to being a University for inclusion and, in doing so, honouring our motto, something we have brought to life even more so in our centenary year, so that the transformative power of education can change the world for the better."

For more information about the University's new strategy, visit [le.ac.uk/strategy](https://le.ac.uk/strategy).



THE VICE-CHANCELLORS OF LEICESTERSHIRE'S THREE UNIVERSITIES WITH LEADERS AND MEMBERS FROM LOCAL AUTHORITIES AT THE LAUNCH OF THE UNIVERSITIES PARTNERSHIP

## Our citizens

Leicester is the only university in Europe that was founded by its community as a living legacy to those who made sacrifices in the First World War.

This special heritage and mission to be of benefit to society has been a distinctive part of our ethos and identity ever since.

Over the past year we have made significant progress in influencing local and national policy.

We have hosted visits from government ministers, policymakers, civil servants and influencers, which have enabled the University to position our world-changing research for maximum impact.

Highlights have included visits from:

- Science Minister, George Freeman.
- Health Minister, Ed Argar.
- Policymakers from the Department for Education, Department of Business, Energy and Industrial Strategy, and Ministry of Defence.
- Office for Students Director for Fair Access and Participation, John Blake.
- Director of the Higher Education Policy Institute, Nick Hillman.

“We generate a big impact locally, contributing a total of £1 billion to the Leicester and Leicestershire economy and supporting nearly 17,000 jobs.”

## Coming together to tackle local issues

In June the University of Leicester along with De Montfort and Loughborough University joined forces with Local Authorities across Leicestershire in an historic agreement to work together to drive economic growth and tackle social challenges across the region.

All partners have agreed to combine skills, experience and resources to deliver joint projects supporting the local economy, arts and culture, sports and more.

Called the **Universities Partnership**, the agreement is a collaborative approach which will help direct work carried out into projects which will provide the most benefit to the area.

Sir Peter Soulsby, Leicester City Mayor, said: “We welcome the formal commitment being made by the universities to support local communities, particularly as it comes at a time when residents, businesses and the local economy are facing such significant challenges.

“We look forward to working even more closely with all three universities and the other local councils involved to do all we can to address poverty and inequality in our communities, and to increase prosperity for the city and wider economic area.”

Along with De Montfort and Loughborough we generate a big impact locally, contributing a total of £1 billion to the Leicester and Leicestershire economy and supporting nearly 17,000 jobs.

## Creating a better world for all is high on our agenda

Maximising our impact as Citizens of Change to tackle the big issues of today and tomorrow we are focussed on tackling climate change, inclusion and our wider social impact.

We were one of the first UK universities to sign the UN’s Sustainable Development Goals Accord, and one of the only global universities to be a supporter of the UN Global Compact. All of our undergraduate modules offer teaching related to the UN’s Sustainable Development Goals.

We are ranked:

- 23rd out of 766 universities in the world – and 4th in the UK – in the Times Higher Education (THE) Impact Ranking.

## Celebrating 25 years of making the arts accessible

For 25 years, our Attenborough Arts Centre has been breaking down barriers to the arts. Established by Richard Attenborough, a lifelong champion of arts and social justice, who opened the centre in 1997 along with Diana, Princess of Wales. A quarter of a century on, we continue Lord Attenborough’s mission, recognising the many systemic inequalities which prevent access to culture for so many people and we continue to strive to open opportunities for creativity to the most under-represented people in society.

## Supporting our citizens

The University is committed to supporting students and staff, particularly during these financially difficult times. In light of these challenges we will be introducing a number of initiatives to help support our community. These include a reduction in staff car parking charges, with annual savings of £120, as well as free bus travel during term times on the University shuttle bus. There will also be reductions in accommodation and sports membership fees. Working in collaboration with Leicester Services Partnerships and the Students’ Union on catering provision, we will be reducing prices across food and drinks outlets on campus and providing staff with free breakfasts. Through these small yet steady changes we hope to contribute towards easing the financial burden our citizens face.



MICHAEL ATTENBOROUGH WITH VICE-CHANCELLOR PROFESSOR NISHAN CANAGARAJAH, ATTENBOROUGH ARTS CENTRE DIRECTOR ANDREW FLETCHER AND TUTOR DIANA HALL



## World-changing research

“Just as we are diverse in our makeup, we are equally diverse in our research.”

Our researchers are dedicated to tackling some of today’s most critical issues, from viruses and disease to air quality, preserving our natural world, and ensuring social justice for all.

The results of the Research Excellence Framework 2021 (REF 2021) acknowledged the importance of our research nationally and internationally – with 89% of our research classed as ‘world-leading’ (4\*) or ‘internationally excellent’ (3\*).

- Our research is ranked 30th in the UK – an increase of 23 places in overall rankings, as compiled by Times Higher Education (THE).
- Clinical Medicine, Sports and Exercise Science and History ranked 2nd in the UK, Museum Studies 3rd, Archaeology 5th, Media 7th and English 11th (THE).
- Archaeology and Biological Sciences ranked top in the UK for impact, with Clinical Medicine, Sports Science and Sociology all top for research outputs (THE).
- More than half (52%) of our research assessed as ‘world-leading’ (4\*) for its impact.
- 100% of Chemistry research classed as ‘world-leading’ (4\*) or ‘internationally excellent’ (3\*).

**Our six areas of research strength allow our researchers to significantly improve lives and societies:**

## Human Health

Health touches everyone's lives. Whether a family member who's had COVID-19 or a friend living with cancer, we all know someone who's faced a life-changing medical challenge. With £40 million of funding secured annually for health-related research, we are leading the way in the study of cardiovascular disease, respiratory disease, diabetes, and cancer, and most recently COVID-19.

## Earth and Environment

We know that the decisions we make about our planet today will determine the landscape of tomorrow, which is why environmental health, climate change and sustainability are key focusses for our researchers. We are at the forefront of satellite observations of climate, remote sensing of changing land surface and atmospheric composition, and are ranked first in the world for our research in the 'Life on Land' category of the UN Sustainable Development Goals.

## Space Power and AI

For over 60 years we've pioneered space research, having discovered the first known black hole in our galaxy. Leicester space pioneers have built over 90 instruments launched into space, including six live space missions – more than any other UK university. When it comes to planets, we were there for Europe's first touchdown mission to Mars, and we'll be there at Mercury in another 5 years, when BepiColombo (launched in 2018) arrives in orbit around our solar system's innermost planet.

## Heritage and Culture

We delve into our ancient history to explore and preserve some of our earliest cultural monuments and research right through to the present day to discover how our heritage institutions can meet the changing needs of modern society.

## Social Justice

We are committed to the continued representation of vulnerable groups. This vital work includes investigating hate crime, exploring the risks of gentrification and supporting the victims of domestic abuse and sexual violence. We seek to protect the youngest in society, with world-leading work investigating the outcomes of pre-term babies.

## Molecules and Materials

Our researchers are working together to improve the quality of millions of lives, while protecting our planet. They are using cutting-edge technology to make manufacturing more efficient and to reduce the environmental impact of mining valuable metals.





## Research-inspired education

Education at Leicester is driven by our longstanding excellence in delivering high quality programmes, enhanced by the presence of world-class research on campus.

We work hard to provide an empowering learning environment to ensure our students become positive Citizens of Change.

Over the past year we have made significant changes and improvements to bolster our education programme.

### Embracing the post-pandemic world

As we shift to a post-pandemic world, a key focus has been to encourage students back onto campus. The past year has seen the return of more on-campus teaching

and we have also brought back a range of curriculum enriching activities, including field trips, to once again offer our students a full range of learning experiences.

## Personal tutoring

We create environments where students can develop a sense of belonging. Our personal tutoring system embodies this core value, with each student assigned a dedicated tutor to guide them through their University journey. This year we have improved the system by delivering mental health training to all personal tutors. We recognise now more than ever how crucial this added wellbeing support is – particularly in light of the disruption that students have faced over recent years.

## Working in partnership with students

Education at Leicester is based on the active participation of our schools, staff and students. We have worked closely with student leaders to co-create the Blended Learning Benchmark, enabling us to work collaboratively towards achieving success. Through this we have empowered our student representatives to co-lead the review of several key policies including our mitigating circumstances policy and content notice guidance, among many others.

## Employability

At Leicester, we continuously look to adapt and renew our strategies for the benefit of students. This year, we implemented a new employability strategy. We pride ourselves on offering students a gateway to an exciting and rewarding career, taking away with them a degree from one of the Top 30 universities in the country. According to the latest DLHE survey, we scored 94.4% for employability – a rating we hope to see only increase.

## Wellbeing

We also launched our new wellbeing strategy, paying careful attention to developing a holistic approach in which wellbeing is evident in all aspects of university life and tailored to individuals' needs.



## Student opinions matter

The collective voice of our students deeply matters to us. We are pleased that our overall satisfaction score in the 2022 National Student Service (NSS) survey has remained stable at 75.32%, compared with last year's 75.95%. Two of our subject areas – Medicine and Physics – ranked in the top 5 nationally, and a number of other subjects saw strong improvements in the satisfaction score. We have also made positive improvements in the learning resources and learning communities parts of the survey. These results reflect the high quality of our courses and our unstinting efforts to enhance the student experience against a challenging backdrop.

## Targeted racial inclusion workshops

An inclusive learning environment is something we pride ourselves on delivering and striving to improve upon at Leicester. In July 2022, the University of Leicester Institute for Inclusivity in Higher Education (ULIHE) delivered a series of racial inclusion action planning workshops. We invited colleagues from six of our target schools to attend workshops aimed at guiding them through principles of inclusive teaching practice, and helping them to shape their plans for a more inclusive curriculum. We aim to deliver these workshops to all schools over the next couple of years.

# Top research stories

## Roman mosaic and villa discovered

A team of our archaeologists working in partnership with Historic England and Rutland County Council discovered a rare Roman mosaic and villa complex in Rutland. The remains of the mosaic which measure 11m by almost 7m and depict part of the story of the Greek hero Achilles made headlines across the world.

## Limited recovery for long-COVID

People who were hospitalised with COVID-19 and continued to experience symptoms after five months show limited further recovery one year after leaving hospital, according to a study, led by the Leicester Biomedical Research Centre. The study also confirmed that people who were less likely to make a full recovery from COVID were female, obese, and those who required ventilation during their hospital stay.

## Potential treatment for Alzheimer's

A promising new approach to treat Alzheimer's disease and vaccinate against it has been developed by a team of our researchers working with the University Medical Center Göttingen and the charity LifeArc. Both the antibody-based treatment and the protein-based vaccine developed by the team reduced Alzheimer's symptoms in mouse models of the disease.

## Misogynistic attitudes

Openly misogynistic attitudes towards women's sport may be common amongst male football fans, according to new research. The study surveyed 1,950 male football fans on UK football fan message boards and found openly misogynistic attitudes towards women's sport, regardless of their age.

## Brisk walking may slow ageing

A study of more than 400,000 adults in the UK has shown a clear link between walking pace and a genetic marker of biological age. Our researchers estimate that a lifetime of brisk walking could lead to the equivalent of 16 years younger biological age by midlife.

## The mystery of Dickens shorthand

An international team of volunteers and amateur decoders helped solve the mystery of a letter written by novelist Charles Dickens in his own adapted shorthand. The Dickens Code project – led by Dr Claire Wood called on volunteers from around the world to help decipher

the letter. Volunteers from the UK, Italy, North and South America, Spain, and Australia, helped the experts piece together a unique insight into Dickens's life with more than 60% of the shorthand now 'solved'.

## Distinctive foraging patterns

The first large-scale study of its kind has uncovered more than 4,000 years' worth of distinctive foraging behaviour in a species once driven to the brink of extinction. Our researchers have identified long-term patterns in the behaviour of the short-tailed albatross in the North Pacific Ocean by studying isotopes found in archaeological and museum-archived samples of the bird, dating as far back as 2300 BCE.

## Neptune cooler than we thought

New research led by our space scientists has revealed how temperatures in Neptune's atmosphere have unexpectedly fluctuated over the past two decades. The study, published in Planetary Science Journal, used observations in thermal-infrared wavelengths beyond the visible light spectrum, sensing heat emitted from the planet's atmosphere.

## Genetic defects can impact vision

A ground breaking study has revealed how genetic defects influence the spectrum of vision development and cause problems in developing babies' eyes. A team of our researchers led an international project in the largest study of its kind to date, examining the genes associated with arrested development of the fovea.

## Defining current geological period

A team of our researchers working to formally define humanity's current geological period and acknowledge human impact on our planet have announced a major step in their analysis. Professors Jens Zinke, Mark Williams and Jan Zalasiewicz and PhD researcher Stephen Himson have presented multiple candidates for unique reference points to define the Anthropocene.

## Air quality better for commuters

New research has found that people who commute by car can be subject to higher levels of harmful gases than those who walk or cycle to work. The study, conducted by our researchers in partnership with Leicester City Council, was published in the Journal of Transport and Health.

For more on our research visit [le.ac.uk/research/stories](https://le.ac.uk/research/stories)

# Awards and recognition

Here we celebrate a selection of the achievements of our inspiring students and staff from 2021-22.

## Student achievements

**Maryleen Amaizu**, PhD researcher, School of Computing and Mathematical Sciences, has been presented with a pair of international awards: the Awards Finalist and Excellence Award in Data Protection and Information Privacy at the Young Chief Information Security Officer (CISO) of the Year Awards.

**Katie Baumber**, MA Geology student, is one of five students from around the UK to be honoured by the Institute of Quarrying in recognition of her continuous hard work, commitment to her course and strong potential for a successful career in the sector.

**Renat Bekturov**, School of Business graduate, won the Study UK Alumni Award in the Business and Innovation category in Kazakhstan.

**Cheer and Stunt, Obsidian (stunt team)** achieved first place, securing the national British Cheerleading Association (BCA) title at the BCA University Nationals.

**Cheer and Stunt, Onyx (hip-hop team) and Obsidian (stunt team)** both achieved first place, securing national titles at the Legacy School and University National Championships. This was the first time the Leicester Panthers have ever won a hip-hop title.

**Maryam Durojaiye**, fourth-year student nurse, was shortlisted for the Student Nursing Times Awards Most Inspirational Student of the Year 2022 Award.

**Stephen French**, first-year Clinical Sciences student, won the British Universities and Colleges Sport (BUCS) Snow Board Dome Finals Freestyle competition.

**George Harrington**, MA Media and Public Relations student, won a College and University Business Officers (CUBO) Residence Life Star Award, celebrating an outstanding student working in a residence life role.

**Bethan Jones**, third-year student nurse, was appointed student editor for the Nursing Times in October 2021.

**Lensa Jotte**, PhD researcher, School of Geography, Geology and the Environment, and Dr Nkeiruka Onyia's, PhD graduate, School of Geography, Geology and the

Environment, start-up company LENKÉ: Space and Water Solutions Ltd has been recognised as 2022's Top Space Innovation Company in Leicestershire.

**The Leicester Law School Pro Bono Committee** won Best Society for Pro Bono at the Law Careers Net Awards.

**Prabhleen Mann**, fourth-year student midwife, co-authored a paper published in MIDIRS Midwifery Digest entitled 'The Bangladesh Midwifery Society – celebrating the first ever midwifery awards in Bangladesh'.

**Dr Anna McKay**, PhD graduate, School of History, Politics, and International Relations, was the joint winner of the prestigious RHS Alexander Prize 2022. Dr Jamie Banks, also a PhD graduate, School of History, Politics and International Relations, was shortlisted for this prize.

**The Men's Cricket and Rugby League 1st Teams** were both promoted to BUCS Midlands 1A.

**Fiona Poda, Mohammed Siddiqui and Domen Gostincar**, Physics and Astronomy students, won the UK Space Agency's SatelLife Competition, which called for innovative ideas on how satellites can improve life on Earth.

**Sharda Rozena**, PhD Geography, Geology and the Environment student, chaired an Urban Salon discussion panel on Deregulation, estate regeneration and Grenfell, which was filmed for a documentary called Grenfell: 5 Years On.

**Daniel Serrano**, third-year Journalism student, teamed up with fitness influencer Flexy Nyarko to organise a charity football match at the Roger Bettles Sports Centre in support of Help the Homeless.

**Natalia Stylianou**, fourth-year, Physics and Astronomy student, has authored a peer review paper in the Institute of Physics Journal Publications of the Astronomical Society of the Pacific, 'The sensitivity of GPz estimates of photo-z posterior PDFs to realistically complex training set imperfections'.

**The University of Leicester's Swimming and Water Polo Team** swam the length of Ukraine (557km) in 14 days to raise money for the Red Cross following the outbreak of the Russo-Ukrainian War.

**Lauren Walker**, final-year Biological Sciences student, has won a place on a British Heart Foundation four-year PhD studentship programme at the University.

**Jess Wood**, third-year midwifery student, presented a poster at the British Medical Journal's Faculty of Medical Leadership and Management Leaders in Healthcare Conference.

**Maddy Young**, School of Medicine, beat over 700 riders to become BUCS equestrian show jumping champion.

## Staff achievements

**Professor Clare Anderson**, Director of the Institute for Advanced Studies, has been appointed by the Prime Minister as one of six new Trustees of the Royal Museums Greenwich for a term of four years.

**Professor Natalie Armstrong**, Department of Health Sciences, has been appointed to the UK National Screening Committee (UK NSC) as an Implementation Expert, where she will provide policy advice to government on NHS screening programmes.

**Christopher Bicknell, Tony Crawford, Dr John Pye, Piyal Samara-Ratna, Jonathan Sykes and Dr Tuomo Tikkanen** – from the School of Physics and Astronomy, provided the mechanical engineering leadership for the Mid-Infrared Instrument (MIRI) that is on board the James Webb Space Telescope, which successfully launched in December.

**Professor Emma Bunce**, School of Physics and Astronomy, was awarded the David Bates Medal of the European Geophysical Union (EGU). The Bates medal is awarded to scientists for their exceptional contributions to planetary and solar system sciences.

Professor Bunce has also been appointed to the European Space Agency (ESA) Large Class Mission 4 (L4) Expert Committee.

**Professor Mandy Burton**, School of Law, has been appointed by the Office of the Domestic Abuse Commissioner to design the pilot of the Family Court Monitoring Mechanism, as recommended by the expert Harm Panel (MOJ, 2020).

**Dr Paul Campbell**, School of Media, Communication and Sociology, has been awarded a National Teaching Fellowship.

**Professor Nishan Canagarajah**, President and Vice-Chancellor, has been appointed Chair to the UK Board of Trustees to independent media network The Conversation – an independent source of news, analysis and expert opinion, written by academics and researchers, and delivered direct to the public.

**Professor Neil Chakraborti**, School of Criminology, was elected Fellow of the Academy of Social Sciences and awarded a Leverhulme Fellowship to return to his Harms of Hate project ten years on.

**Dr Alan Desmond**, School of Law, has been appointed editor of the highly-regarded quarterly Journal of Immigration, Asylum and Nationality Law, the only peer-reviewed journal dedicated to the study of British immigration law.

**Dr Ahmed Eliman**, School of Arts, co-authored a book published by Routledge: The Qur'an, Translation and the Media: A Narrative Account.

**Professor David Ekserdjian's**, School of Arts, magisterial book, The Italian Renaissance altarpiece: Between icon and narrative (Yale), was chosen as the Book of the Year 2021 by Il Giornale Dell'Arte. The book was also a Book of the Year in The Critic and the TLS.

**Dr Zalfa Feghali**, School of Arts, was awarded an AHRC Research, Development and Engagement Fellowship: Vulnerability: A research method for literary and cultural studies.

**Dr Leigh Fletcher**, School of Physics and Astronomy, worked with artist Loz Atkinson on her Exhibition 'The Edge of Forever', which ran at the Attenborough Arts Centre earlier this year. Dr Fletcher provided a narrative 'on the need for imagination and inspiration for exploration of the cosmos'.

**Professor Glenn Fulcher**, School of Education, was elected Fellow of the Academy of Social Sciences.

**Professor Sarah Gabbott and Professor Mark Purnell**, School of Geography, Geology and the Environment, were shortlisted for the 2021 Best Paper Prize for their work on 'Systematic analysis of exceptionally preserved fossils: correlated patterns of decay and preservation', at the Palaeontological Association Annual meeting 2021.

**Professor John Goodwin**, Deputy Dean of the College of Social Sciences, Arts and Humanities, was appointed as a Visiting Scholar at the University of Cambridge. John has also been invited by the American Sociological Association to chair the Lifetime Achievement Award committee in the History of Sociology and Social Thought.

John has also been shortlisted as Supervisor of the Year in the 2022 Times Higher Awards.

**Dr Sarah Gretton**, Department of Genetics and Genome Biology, was awarded a National Teaching Fellowship by AdvanceHE.

**Professor Martin Halliwell**, School of Arts, has won the British Association for American Studies Annual Book Prize for his most recent monograph: American health crisis: One hundred years of panic, planning, and politics. He has also co-edited a book published by Edinburgh University Press: Edinburgh companion to the politics of American health.

**Dr Jan Haywood**, School of Archaeology and Ancient History, has launched a website dedicated to the understanding of Herodotus, his work, and the study and wider reception of Herodotus in subsequent centuries: <https://herodotushelpline.org>

**Professor Elizabeth Hurren**, School of History, Politics and International Relations, has been awarded a one-year Leverhulme Trust Fellowship Grant to write her next monograph: *Histories of nobody: The pauper body in England and Wales, 1750-1914* – contracted to Oxford University Press.

**Professor Athina Karatzogianni**, School of Media, Communication and Sociology, was appointed to the College of Experts for the Government's Department for Digital, Culture, Media and Sport.

**Professor Kamlesh Khunti**, Leicester Diabetes Centre, was awarded the Leicestershire Live Innovation Awards Lifetime Achievement Award, in recognition of his dedication to helping people with diabetes and to drive research into the impact of Covid-19 at the start of the pandemic. He was also made a Commander of the Order of the British Empire (CBE) for his services to Health in the New Year's Honours List 2022.

**Dr Katrin Leschke**, School of Computing and Mathematical Sciences, has been awarded a Royal Society Short Industry Fellowship from the Royal Society.

**Dr Fransiska Louwagie**, School of Arts, has been elected Vice Chair (External Engagement and Communications) for the University Council of Modern Languages.

**Dr Kate Loveman**, School of Arts, has been awarded an AHRC Research, Development and Engagement Fellowship for her project: *Reimagining the Restoration: Samuel Pepys's diary and popular history for the 21st century*.

**Dr Michael Magcamit**, School of History, Politics and International Relations, has had his book published by Oxford University Press: *Ethnoreligious otherings and passionate conflicts*.

**Dr Henrik Melin**, School of Physics and Astronomy, has been awarded the third-ever Webb Fellowship, funded by the Science and Technology Facilities Council (STFC), with support from the University, and will study the atmospheres of giant planets using the James Webb Telescope.

**Dr Catherine Morley**, School of Arts, has been elected Fellow of the English Association.

**Dr Frank Neumann**, School of Computing and Mathematical Sciences, was appointed an Associate Member of the Committee for Developing Countries of the European Mathematical Society. He has also been re-elected as Member-at-Large for the Council of the London Mathematical Society (LMS) and became Chair of the Board for the Mentoring African Research in Mathematics (MARM).

**Professor Sue Page**, School of Geography, Geology and the Environment, contributed to a UN Environment Programme report on wildfires, 'Spreading like wildfire – the rising threat of extraordinary landscape fires'.

**Dr Catherine Russell**, School of Geography, Geology and the Environment, has been granted a 12-month Fulbright Lloyd's Scholarship at the University of New Orleans to better understand the long-term effects of human impact on Earth's systems in the Anthropocene.

**Dr Beatriz Sánchez-Cano**, School of Physics and Astronomy, has been awarded the 2022 Royal Astronomical Society Fowler (G) Award for her 'significant contribution' to scientists' understanding of the Martian atmosphere'.

**Professor John Smellie**, School of Geography, Geology and the Environment, was chief editor and principal contributor on a new volume on volcanism in Antarctica that has been published as a memoir by the Geological Society of London. Four years in development, the memoir is the first to review all of Antarctica's volcanism, going back to 200 million years.

**Dr Dan Smith**, School of Geography, Geology and the Environment, completed a Parliamentary Academic Fellowship in the Parliamentary Office of Science and Technology.

**Dr Alice Tilche**, School of Museum Studies, has published a monograph through University of Washington Press: *Adivasi art and activism: Curation in a nationalist age*.

**Dr Wen Wang**, School of Business, gave oral evidence to the Health and Social Care Select Committee on NHS staff shortages with Jeremy Hunt MP.

**Professor Mark Williams and Professor Jan Zalasiewicz**, School of Geography, Geology and the Environment, have published a new book, *The cosmic oasis: The remarkable story of Earth's biosphere*.

**Dr Claire Wood's**, School of Arts, 'Dickens Code' Project has been shortlisted as Arts and Humanities Research Project of the Year in the 2022 Times Higher Awards.

**Professor Jens Zinke**, School of Geography, Geology and the Environment, alongside an international team of environmental scientists, has contributed to a series of published recommendations to protect, conserve and study the world's coral reefs. They presented their white paper on the future of the delicate and crucial habitats at the Our Oceans Conference in Palau in April.

# Financial review:

## Our results for the year

We generated £42.0 million (2020-21: £35.2 million) of operating cash flows in the year, continuing the positive trend in the recent years, despite the challenges of our operating environment. Completion of large capital commitments in the prior year and strengthening our financial resilience, allowed the University to repay the £60m Government Covid Corporate Finance Facility (CCFF) borrowed in 2020-21 without using any of this funding in supporting the University's cash flows. Periodically we have made use of our revolving credit facility (RCF), which is key in providing us with additional liquidity alongside internally generated funds for short term operational purposes. Our year end cash balance was £35.0 million, £3.0 million of which was RCF funding. This is sufficient to meet the current operational cash needs of the University.

With more than adequate access to cash we have not and do not forecast triggering the Office for Students reportable event threshold of falling below the equivalent of 30 days liquidity in the next 12 months.

We achieved a consolidated surplus of £10.0 million (2020-21: £15.4 million) before movement on USS pension provision; the fall largely relating to a reversal of the gains on investments experienced in 2020-21. Excluding this, the results continue to be strong, despite the wider financial challenges facing the sector and economy. Income increased by 7.4% year on year, after a 2.6% fall in the prior year, largely driven by the recovery from the COVID-19 pandemic within our commercial activities, student numbers exceeding targets in some areas, and an increase in research grant funding.

The increase in activity and responses to increased student numbers have inevitably led to increased non-pay operating expenditure, increasing 7.4% before movement on USS pension provision. Careful budgeting continued to manage expenditure levels. These steps contributed to a year on year reduction in staff costs of £2.4 million.

In terms of our statement of financial position, the largest movement has been seen within current assets, which have reduced by £40.6 million. This is largely related to the movement in our cash balance as a result of the repayment of the CCFF as noted above.

	2021/22	2020/21
	£m	£m
Operating cash flows	42.0	35.2
Investing cash flows	(23.5)	(44.1)
Financing cash flows	(59.3)	52.6
<b>Net cash flows</b>	<b>(40.8)</b>	<b>43.7</b>
<b>Cash and cash equivalents</b>	<b>35.0</b>	<b>75.8</b>
Income	340.2	316.7
Expenditure before USS pension movement	(330.0)	(307.2)
<b>Surplus before other gains and USS pension movement</b>	<b>10.2</b>	<b>9.5</b>
Other gains	(0.2)	5.9
<b>Surplus for the year before USS pension movement</b>	<b>10.0</b>	<b>15.4</b>
USS pension movement	(69.7)	(1.8)
<b>(Deficit)/surplus for the year before tax</b>	<b>(59.7)</b>	<b>13.6</b>
Non-current assets	514.2	508.6
Current assets	87.0	127.6
Current liabilities	(193.4)	(180.8)
Non-current liabilities	(197.2)	(249.2)
Provisions	(133.2)	(99.2)
<b>Total net assets</b>	<b>77.4</b>	<b>107.0</b>

## Capital investment

We have invested £37 million (2020-21: £58 million) in our estate and infrastructure. Two major projects completed in the year:

- The second phase of Space Park Leicester, a national hub for space research and industry.
- The development of our Freeman’s Common Village, which provides 1,164 student rooms, a teaching and learning centre, multi-storey car park, café and two public squares.

## Pension schemes

We hold two pension provisions on our Statement of Financial Position in relation to the University of Leicester Pension and Assurance Scheme (PAS) and the Universities Superannuation Scheme (USS). At 31 July 2022 the PAS provision was £22 million, a decrease of £33 million from the prior year, this being the combined effect of gains from discount rate changes and losses from returns on scheme assets. The USS provision was £110 million, an increase of £68 million from the prior year as a result of a new deficit recovery plan coming into place which increased deficit contributions as well as the deficit recovery period. Uncertainty regarding the funding of the USS pension scheme as a sector continues to be one of our key risks. More information can be found in notes 19 and 30.

## Student numbers

In 2021-22 we had 19,975 students studying with us, an increase of 3,061 students (18%) from the prior year driven by larger cohorts with our Dalian and Chongqing partners and an increased postgraduate taught intake. The distribution of students\* in 2021-22 was:

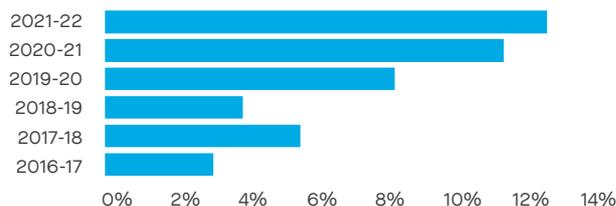


\*Student census data as at 1 December.

Postgraduate registrations in January 2022 resulted in an additional 707 students of which 691 were international students.

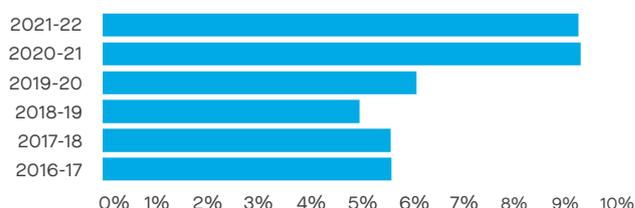
## Our key performance indicators

### Operating cash flow as a percentage of income



There was a net cash inflow of £42 million from operating activities during the year compared to £35 million in the previous year, an increase of £7 million. This was largely due to expenditure management and working capital movements. Operating cash flow as a percentage of income was 12.3% which exceeded our target of 10%.

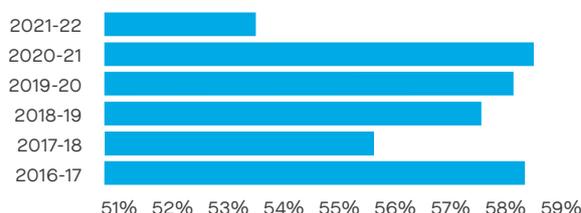
### EBITDA\* as a percentage of income



\*EBITDA is a measure of surplus: earnings before interest, tax, depreciation and amortisation. This has also been adjusted for the release of deferred capital grants and the change in USS pension provision.

EBITDA increased by £1.9 million from the prior year to £31.1 million. EBITDA as a percentage of income was maintained at 9.2%, demonstrating continued careful expenditure management in response to the recovery from the pandemic.

### Staff cost as a percentage of income



Staff costs decreased by £2.4 million (1%) from the prior year to £182 million reflecting a continued reduced use of temporary staff and recruitment to posts required to meet areas of growth. Staff costs as a percentage of income decreased from the prior year 58.3% to 53.6% due to recovering levels of income following the pandemic. This has exceeded our target to move towards the sector average of 55%.

# Our future outlook and going concern

As the University enters its second century, our financial outlook has strengthened from the prior year. Recent experience has demonstrated the University is able to respond to financial risks by adapting to the operational circumstances and prioritising financial resilience to maintain this moving forward. This has been supported by placing staff and students at the heart of decision making and showcasing that our staff and students are citizens of change.

The University's strategy has three strategic aims: Research-Inspired Education, World-Changing Research and Our Citizens. To compete with the best in research, we need to continue to invest in people (staff, early career researchers, PGRs) and infrastructure (equipment, pump-priming funds, matched funding for bids). We also need to invest in our education and student life to enhance the experience we offer to our students. To improve educational outcomes, we need to invest in our teaching staff, manage staff workload and invest in our educational infrastructure (learning platforms, student wellbeing support, employability outcomes).

We enter the 2022-23 financial year with one of the largest student intakes we have achieved in many years. This growth is forecast in the number of both UK and international undergraduate students and significant

growth in international postgraduate students where the demand to study our programmes has remained very strong in line with previous years. Research activity and income is also forecast to grow in the forthcoming year, as the University builds upon research funding awards.

The removal of short-term borrowing underpins our financial plans in the next year. We are forecasting operating cash as a percentage of income in excess of 8% every year whilst also delivering a focused capital expenditure programme building on the recent investment in improving our campus. Cash balances are also forecast to grow to 9.3% of income for 2022-23 rising to 10.9% for 2023-24.

The focus on planning and mitigations has enabled the Council to thoroughly assess our outlook as a going concern. In the 2022-23 financial year income is forecast to be £373 million with operating cash as a percentage of income of 8.4%. This balances resource for expected growth in student numbers against generating the cash we need to support our operations. The most obvious threats to remaining a going concern are breach of lending covenants and/or running out of cash. We are forecasting to be compliant with all lending covenants in 2022-23 and maintain a resilient monthly cash balance to aid the University withstanding unforeseen downsides on performance.

The Council has carefully reviewed these forecasts, particularly the next two years, with thorough downside risk assessments and stress testing, in order to confirm that it has reasonable expectations that the University has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the accounts.

The Council obtains assurance in this area through its regular reviews of the University's performance using a number of key performance indicators in areas that are relevant to the University's sustainability.



## Other risks and opportunities

There are a number of factors impacting on the University's strategic position as noted in our risk register. Our key financial risks and opportunities, aside from those already addressed are:

### RISKS

- Inflation on key cost lines such as electricity and gas.
- International student recruitment relating to the impact of inflation on student fees and immigration risks.
- Changes in the higher education funding landscape and the wider economy.

- The trading environment we experience which is linked to levels of campus activity from students as well as staff. This includes the impact on our commercial subsidiaries and student accommodation demand.

### OPPORTUNITIES

- A number of international and local projects are opportunities for financial growth, particularly through the partnerships developed in China, Space Park Leicester and the Freeman's Common student accommodation development.
- Our centenary celebrations have provided a catalyst for further community engagement and fundraising.





## Public benefit statement

As a University founded by the people of Leicester, Leicestershire and Rutland, our Centenary year provided a golden opportunity to reconnect with our past, to build on our heritage and to connect further with our communities.



VICE-CHANCELLOR PROFESSOR NISHAN CANAGARAJAH WITH LEICESTER CITY MAYOR SIR PETER SOULSBY AT THE LAUNCH OF THE REDEVELOPED PERCY GEE BUILDING

It began with a momentous event – the granting of the Freedom of the Borough by Oadby and Wigston Borough Council. This huge accolade signified so much of what the Centenary was all about, and what our university stands for:

- Connecting with our community and making an impact.
- Working together with partners for the good of all of us.
- Building for the future through an inclusive approach.

More than 70 events saw the University connect with thousands of people on campus and beyond as we showcased the benefits of a world-class university. These events were on top of our existing outreach activity through our public lecture and event programmes, including public activities in our Attenborough Arts Centre and Botanic Garden.

The launch of our strategic plan was done with public benefit in mind and is underpinned by three new values – inclusive, inspiring and impactful – that speak to the kind of university we are, and will be in the future.

As a demonstration of this, we launched a Civic University Agreement with Loughborough University and De Montfort University, committing to working with local authorities and partners in the region for the benefit of its local communities (see page 18). In addition, we continue to live up to our heritage of kindness as a University of Sanctuary – we provided scholarships, free language classes, and resources to refugees from around the world and joined a formal consortium to coordinate a strategic response to the conflict in Ukraine, providing dedicated support for those impacted by the war.

Our multi-million pound investments in our estate ensures we have state-of-the art facilities that are fit for purpose in our new century – and are also of benefit to the public. The opening of Brookfield which houses our School of Business and Percy Gee, housing our Students' Union, helped us to connect with the past and repurpose our

future. The launch of Space Park Leicester, the £100 million space research, innovation and industry hub that has been developed by the University with local, national and international partners, is expected to create 2,500 jobs and boost the regional economy by £750m.

The University launched a series of engagements events, including a series of thought-provoking and informative free public talks, Difficult Conversations – where subject matter specialists sat alongside political and civic leaders in public debate sessions to address topical issues. We continue to engage with schools, business and community groups, sports organisations and societies as we commit to an inclusive approach to transform our community, our world and beyond.

During our Centenary year, we committed to planting 100 trees – putting roots down for future growth and ensuring that future generations benefit from their university. And we committed to nurturing and growing our own community, empowered through education, to become Citizens of Change – individuals who will make a positive impact upon society.



SAM BARNETT, LEICESTER ALUMNUS AND SUCCESSFUL ENTREPRENEUR, AT THE NEWLY RENOVATED SCHOOL OF BUSINESS AT BROOKFIELD

# Corporate governance

For the year ended 31 July 2022

The University conducts its affairs in accordance with the Higher Education Code of Governance and the Higher Education Senior Staff Remuneration Code, both published by the Committee of University Chairs (CUC), and with the seven Principles of Public Life enunciated by the Nolan Committee in 1995.

## Summary of the University's Structure of Corporate Governance

### THE COUNCIL

The Council is the supreme governing body of our University. It has 21 members, comprised of a mixture of ex-officio, appointed and elected persons – the majority of whom are independent lay members appointed by Council itself – and student representation. The lay members must be in a majority at all formal meetings of Council. The role of the Chair of Council is separated from that of our Chief Executive and Accountable Officer, the President and Vice-Chancellor. Council's powers are set out in our Statutes and Ordinances and in Council's Statement of Primary Responsibilities, and are consistent with our accountability obligations to the Office for Students (OfS).

Council is responsible for agreeing the ongoing strategic objectives of our University, and for monitoring our progress against these. It receives regular reports from its committees on the operation and performance of our University and its subsidiary companies, and reviews its own effectiveness every four years. Unreserved minutes from Council meetings are available on our website:

[le.ac.uk/about/governance-and-management/governance/council/minutes](https://le.ac.uk/about/governance-and-management/governance/council/minutes)

In the financial year 2021-22, the standing Committees of Council were as shown in the structure diagram on page 36 and included its four key compliance committees covering Audit and Assurance, Finance and Infrastructure, Nominations and Remuneration matters.

All committees are formally constituted with published terms of reference. All include some members drawn from the lay membership of Council, with the facility for additional external lay members to be appointed if required. In addition to the standing committees, the Council also receives reports as required from the Executive Board, which is the University's senior management team. Council and its committees

undertake regular reviews of their terms of reference and membership, to ensure that they remain relevant and appropriate and that their responsibilities are discharged effectively. As a result of this, the Council's committee structure was adjusted for the 2021/22 year.

### AUDIT AND ASSURANCE COMMITTEE

On behalf of Council, the Audit and Assurance Committee provides oversight of, and advises Council in respect of, the University's entire assurance and control environment, including risk management, control and governance arrangements, and the arrangements to provide economy, efficiency and effectiveness. It also advises Council on the University's internal and external audit arrangements and audit aspects of the financial statements. This includes assessing the effectiveness of internal and external audits and ensuring objectivity and independence are safeguarded. It conducts its affairs in accordance with the Higher Education Audit Committees Code of Practice published by the CUC.

The Audit and Assurance Committee is made up solely of lay members of Council and other external lay members, who are co-opted for their expertise. University officers attend meetings of the Audit and Assurance Committee, where required, but they are not allowed to be members of the Committee. No member of the Audit and Assurance Committee may also be a member of the Finance Committee. At the end of each of its scheduled meetings, the Audit and Assurance Committee holds a private session with the internal and external auditors, for independent discussions, as necessary.

### FINANCE AND INFRASTRUCTURE COMMITTEE

The Finance and Infrastructure Committee is responsible for endorsing to Council the University's annual financial statements, financial forecasts and annual budgets and subsequent budget monitoring in year. The Committee also provides oversight of and advice on matters relating to the financial position of the University including overall financial strategy, and of matters relating to the University's estates and digital infrastructure.

### NOMINATIONS COMMITTEE

On behalf of Council and Court, the Nominations Committee provides oversight and advice on matters relating to the lay membership of Council, the Standing Committees of Council and Senate, and Court, as specified in the University's Statutes and Ordinances. The Committee is also responsible for considering and

making recommendations on any general matters of governance and procedure referred to it by the Council.

The Nominations Committee reflects regularly on the balance of relevant knowledge, experience and skills amongst the membership of Council, and also on matters in relation to ethnicity and gender balance. In 2021/22 the Committee considered a Council Effectiveness Review and agreed actions for improvement to be implemented in 2022/23

## REMUNERATION COMMITTEE

The Remuneration Committee is responsible for considering and reporting annually to the Council on the remuneration (including severance payments, where applicable) of the President and Vice-Chancellor, the Provost and Deputy Vice-Chancellor, the Deputy Vice Chancellor (Professional Services), the Registrar and Secretary, the Chief Operating Officer, the Pro-Vice-Chancellors and Heads of Colleges, and other members of the University's Executive Board.

The membership of the Remuneration Committee is comprised solely of independent lay members, including the Chair of Council and the Treasurer. Senior officers are not and have never been permitted to be present at the Committee for any discussions affecting their own personal position. The Committee is chaired by the Chair of Council, except when it is considering the remuneration of the President and Vice-Chancellor, when the Treasurer takes the chair.

In compliance with the requirements of the CUC Higher Education Senior Staff Remuneration Code an Annual Remuneration Committee Report is presented to Council and published on the University's website.

In addition to the Remuneration Committee there is a completely separate Senior Staff Pay Committee, chaired by the President and Vice-Chancellor. This Committee is responsible for considering and reporting annually to the Council on the remuneration of Grade 10 professional services staff, professorial staff and Heads of School.

## PEOPLE, EDI (EQUALITY, DIVERSITY AND INCLUSION) AND WELLBEING COMMITTEE

The People, EDI and Wellbeing Committee is the prime mechanism through which the Council seeks oversight and assurance that the University has appropriate and effective processes and people in place to deliver the people, equality, diversity and inclusion (EDI) and wellbeing objectives and performance indicators, as set out in its Strategic Plan.

The Committee advises Council on strategic decisions relating to the workforce and, as appropriate; provides assurance to Council on equality, diversity and inclusion

matters (including the Access and Participation Plan), provides assurance to Council on matters relating to staff and student wellbeing and monitors progress against the delivery of the relevant elements of the University's Strategy. The Committee's role includes the consideration of key strategic initiatives, making recommendations to Council as appropriate.

## INTERNAL CONTROL

Council is responsible for maintaining our University's ongoing system of internal control and for reviewing its effectiveness. This is a risk-based system designed to identify and manage, rather than eliminate totally, the risk of failure to achieve financial, business, operational and compliance objectives, and provides reasonable but not absolute assurance against material misstatement or loss.

Council has approved a comprehensive risk management policy and reporting procedure for our University, which is reviewed regularly and updated as required in response to changes in the risk environment. It is underpinned by supporting policies and procedures, contained within our Financial Regulations and Whistleblowing Policy, on the prevention of bribery and corruption, responses to fraud, anti-money laundering, and the acceptance of gifts and hospitality.

The University's Executive Board receives regular reports setting out key performance and risk indicators and considers possible control issues brought to its attention by senior managers in the operational units. The Executive Board and the Audit and Assurance Committee also receive regular reports from the internal auditors (PricewaterhouseCoopers), which include any necessary recommendations for improvement.

## PROFESSIONAL DEVELOPMENT

The Chairs of Council and the Standing Committees of Council are responsible for addressing the development needs of each committee, with a view to enhancing their effectiveness. Resources, including dedicated development sessions, are provided to develop and refresh the knowledge and skills of committee members. An enhanced programme for Council members has been developed this year in line with best practice and in response to member feedback.

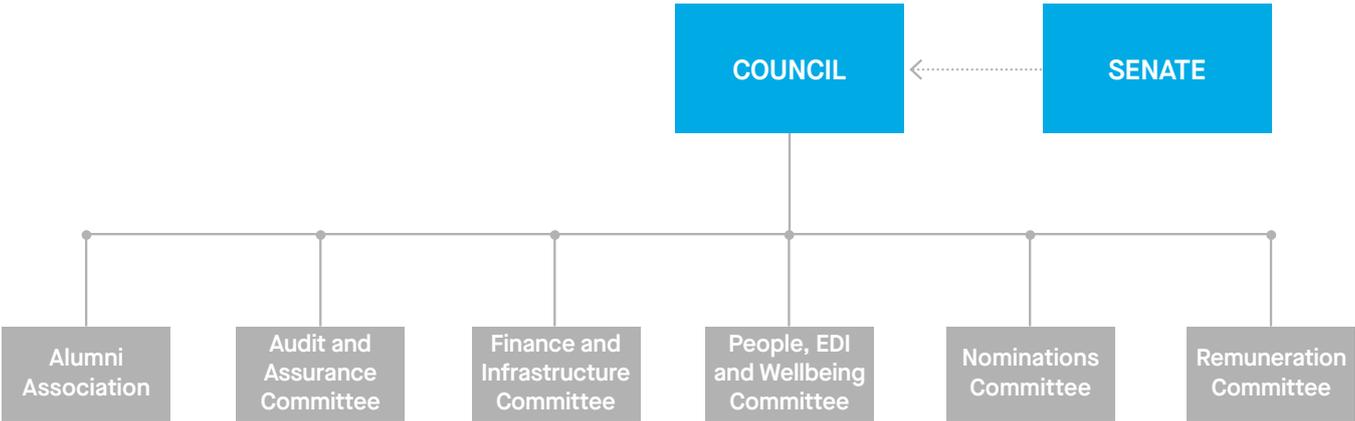
## ATTENDANCE MONITORING

As part of Council's ongoing commitment to the efficiency and transparency of its activities the attendance record of its members at meetings of Council and the Audit and Assurance, Finance and Infrastructure, Nominations and Remuneration committees is published within the University's financial statements. The attendance record for meetings held in 2021-22 is shown in the table on page 37.

# Corporate governance

Continued

## STANDING COMMITTEES OF COUNCIL



## Attendance at key university compliance committees of which they were members during 2021-2022

	Council		Audit and Assurance Committee		Finance and Infrastructure Committee		Nominations Committee		Remuneration Committee	
	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended
George Acquah (Lay) (from 4/10/21)	4	4	3	3						
<b>Janet Arthur (Lay)</b>	<b>5</b>	<b>3</b>					<b>3</b>	<b>3</b>		
Huw Barton (Staff)	5	3								
<b>Craig Brown (Lay)</b>	<b>5</b>	<b>4</b>								
Edmund Burke (Staff)	5	5			6	6	3	2		
<b>Nishan Canagarajah (Staff)</b>	<b>5</b>	<b>5</b>			<b>6</b>	<b>6</b>	<b>3</b>	<b>3</b>		
Martin Cullen (Lay)	5	5	6	5			3	3		
<b>Sophie Dale-Black (Lay)</b>	<b>5</b>	<b>5</b>					<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Gary Dixon (Lay)	5	4			6	6	3	3	3	3
<b>Mehmooda Duke (Lay)</b>	<b>5</b>	<b>1</b>								
Cathy Ellis (Lay)	5	4			6	5				
<b>Stephen Garrett (Staff)</b> (to 30/11/2021)	<b>2</b>	<b>1</b>								
Alison Goodall (Staff) (to 31/10/21)	1	1								
<b>Rhiannon Jenkins (Students' Union)</b>	<b>5</b>	<b>4</b>			<b>6</b>	<b>5</b>				
Ian Johnson (Lay)	5	4			6	6	3	3	3	2
<b>Azam Mamujee (Lay)</b>	<b>5</b>	<b>4</b>			<b>6</b>	<b>5</b>				
Andrew Morgan (Lay)	5	4			6	4				
<b>Catherine Morley (Staff)</b> (from 30/03/22)	<b>2</b>	<b>2</b>								
Mark Purnell (Staff)	5	3								
<b>Vijay Sharma (Lay)</b>	<b>5</b>	<b>4</b>							<b>3</b>	<b>3</b>
Jacqui Shaw (Staff) (from 1/11/21)	4	4								
<b>Richard Tapp (Lay)</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>						
Carole Thorogood (Lay)	5	3					3	3	3	2

**Council:** 29 September 2021, 23 November 2021, 15 March 2022, 11 May 2022, 5 July 2022

**Audit and Assurance:** 10 September 2021 (Extraordinary), 21 September 2021, 9 November 2021, 15 February 2022, 5 April 2022, 14 June 2022

**Nominations:** 16 September 2021, 3 February 2022, 13 June 2022

**Finance and Infrastructure:** 15 September 2021, 4 November 2021, 14 December 2021, 24 February 2022, 3 May 2022, 21 June 2022

**Remuneration:** 7 October 2021, 15 March 2022, 5 April 2022

# Responsibilities of the Council of the University of Leicester

## For the year ended 31 July 2022

The Council of the University of Leicester is responsible for the administration and management of the affairs of the Institution in accordance with its Statutes and Ordinances.

During 2021-22, the primary responsibilities of the Council were as follows:

- To set and agree the mission, strategic vision and values of the University, with the Executive.
- To agree long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders, especially staff, students and alumni.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
- To delegate authority to the President and Vice-Chancellor, as Chief Executive and Accountable Officer, for the academic, corporate, financial, estate and human resource management of the University. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the President and Vice-Chancellor.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangement and procedures for handling internal grievances and for managing conflicts of interest.
- To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
- To conduct its business in accordance with best practice in higher education corporate governance, and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard the good name and values of the University.
- To appoint the President and Vice-Chancellor as Chief Executive and Accountable Officer, on the recommendation of a joint Committee of Council and Senate, and to put in place suitable arrangements for monitoring their performance.
- To appoint the Registrar and Secretary, on the recommendation of a joint Committee of Council and Senate, who will be Secretary to the Council. The Council will ensure that appropriate arrangements are in place to maintain a separation of the Registrar and Secretary's managerial responsibilities in the University, with direct accountability to the President; and Vice-Chancellor, and as Secretary to the Council, with direct accountability to the Chair of Council and Council members.
- To be the employing authority for all staff in the University and to be responsible for ensuring that an appropriate human resources strategy is established.
- To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
- To receive assurance that adequate provision has been made for the general welfare of students.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.
- To promote a culture which supports inclusivity and diversity across the University.

- To maintain and protect the principles of academic freedom and freedom of speech legislation.
- To ensure that students and staff have opportunities to engage with the governance and management of the University.

The Council is required to present audited financial statements for each financial year and is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institution and enable it to ensure that the financial statements are prepared as set out in the Statement of principal accounting policies on page 48 and give a true and fair view of the state of affairs of the Institution.

The Council must ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable UK law and accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Council has reviewed the Institution's financial forecasts for the period to 31 July 2026, prepared under the direction of the OfS and based on assumptions made as to the continuance of government grants to be given by the OfS. On that basis, Council has a reasonable expectation that the Institution has adequate resources for the next 12 months to continue its operations for the foreseeable future. For this reason, the financial statements continue to be prepared on the going concern basis.

The Council has taken reasonable steps to:

- have a robust and comprehensive system of risk management, control and corporate governance. This includes arrangements for the prevention and detection of corruption, fraud, bribery and irregularities;
- plan and manage its activities to remain sustainable and financially viable;
- inform the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institution and the OfS;

- use public funds for proper purposes and seeks to achieve value for money from public funds;
- secure the economical, efficient and effective management of the Institution's resources and expenditure; and
- comply with the mandatory requirements relating to audit and financial reporting, set out in the OfS Audit Code of Practice and in the OfS annual accounts direction (see page 44).
- The key elements of the Institution's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:
  - a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
  - regular reviews of financial results including variance analysis and forecast updates;
  - clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approved levels set by the Council;
  - comprehensive Financial Regulations, detailing financial controls and procedures and the responsibilities of budget holders, approved by the Finance Committee; and
  - a professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by the Council. The internal audit manager provides the Council with an annual report on internal audit activity within the Institution and an opinion on the adequacy and effectiveness of the Institution's system of internal control, including internal financial control.



**SIGNED FOR ON BEHALF OF THE COUNCIL**  
**GARY DIXON, CHAIR OF COUNCIL**  
**14 DECEMBER**

## Members of Council

The Members of Council who served in the 2021-22 financial year, and up to the date of the signing of this report, were as follows:

- Janet Arthur (until 31 July 2022)
- Huw Barton
- Craig Brown
- Edmund Burke (until 31 August 2022)
- Nishan Canagarajah
- Martin Cullen
- Sophie Dale-Black
- Gary Dixon
- Mehmooda Duke
- Cathy Ellis
- Stephen Garrett (until 30 November 2021)
- Alison Goodall (until 30 October 2021)
- Rhiannon Jenkins
- Ian Johnson
- Kerry Law (from 1 December 2022)
- Azam Mamujee
- Andrew Morgan (until 31 July 2022)
- Mark Purnell
- Vijay Sharma
- Jacqui Shaw
- Richard Tapp
- Carole Thorogood (until 31 July 2022)

### New appointment from 1 August 2021:

- George Acquah

### New appointment from 1 March 2022:

- Catherine Morley

### New appointments from 1 August 2022:

- Rishi Madlani
- Kevin Nagle

### Registered Office

The Institution of The University of Leicester is registered with the Office for Students in England. The address of the registered office is:

The University of Leicester  
University Road  
Leicester  
LE1 7RH

Entity number: RC000659



# Independent Auditor's Report

## To the members of the Council of the University of Leicester

### OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Leicester ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise Consolidated and institution Statement of Comprehensive Income, the Consolidated and institution Statement of Changes in Reserves, the Consolidated and University statement of financial position, the Consolidated 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE

We are independent of the Group and the University 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.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

### OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included in the annual 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.

Our responsibility is to read the other information 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.

# Independent Auditor's Report to the members of the Council of the University of Leicester

## Continued

### OPINION ON OTHER MATTERS REQUIRED BY THE OFFICE FOR STUDENTS ("OfS") AND UK RESEARCH AND INNOVATION (INCLUDING RESEARCH ENGLAND)

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in note 3 to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 10B to the accounts, has been materially misstated.

### RESPONSIBILITIES OF COUNCIL

As explained more fully in the responsibilities of the Council statement, the Council are 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 Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group or the University or to cease operations, or have 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.

Extent to which the audit was capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Discussions with management and Audit committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of any investigation into such matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to assumptions applied in calculating the pension liabilities, the recoverability of debtors, useful economic lives of property, plant and equipment and fair value measurements;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and
- Identifying and testing journal entries, in particular journals to cash and revenue codes, material journals, duplicate entries and journals containing specific text.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and UK Research and Innovation (including Research England).

#### USE OF OUR REPORT

This report is made solely to the Council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

*Kyla Bellingall*

**KYLA BELLINGALL (SENIOR STATUTORY AUDITOR)**  
FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR  
BIRMINGHAM, UK

**15 DECEMBER 2022**

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

# Statement of principal accounting policies

For the year ended 31 July 2022

## 1. ACCOUNTING CONVENTION

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition).

They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the OfS and the terms and conditions of Research England Grant.

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

## 2. BASIS OF PREPARATION INCLUDING GOING CONCERN ASSESSMENT

The Consolidated and Institution financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest thousand.

The Institution's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Annual Report. The Annual Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The University Council has a reasonable expectation that the Institution has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

## FINANCIAL PERFORMANCE AND 31 JULY 2022 YEAR END POSITION

In the financial year to 31 July 2022, we achieved a consolidated surplus of £10.0 million (2021: surplus of £15.4 million) before exceptional pension items for the year; the fall largely relating to a reversal of the gains on investments experienced in 2020-21. As at 31 July 2022 we held consolidated net debt of £87.8 million (2021: net debt of £108.4 million), including gross cash of £35.0 million (2021: gross cash of £75.8 million), while net current liabilities were £106.4 million (2021: net current liabilities of £53.1 million). The reduction in cash is largely down to the repayment of the Government CCFF of £60 million, which also feeds into the increase in net current liabilities.

## FORECASTING THROUGH GOING CONCERN PERIOD, INCLUDING PLAUSIBLE WORST-CASE SCENARIO AND REVERSE STRESS TESTING

The Institution has continually reassessed its latest forecast in light of the changing conditions, such as student recruitment, inflation and fiscal impacts.

The latest base case, prepared in October 2022 uses the quarter one forecast position for 2022/23. The Institution has also run a severe but plausible downside scenario. The key variables that are subject to most judgement are UK and international student tuition fees, student accommodation income and commercial revenue streams. The scenarios model the period to July 2024, being the going concern period for the financial statements which is beyond the customary 12 months. The base case, and plausible downside scenario, has been considered by the Council.

It is a reportable event to the OfS if an institution does not have access to a minimum liquidity level equivalent to 30 days operating expenditure, which includes a revolving credit facility (RCF). This equates to a minimum cash balance for the Institution of at least £30 million. Based on the Institution's forecast it is not at risk of breaching this requirement.

The severe but plausible downside scenario assumed further reductions in tuition fees, student accommodation income, commercial revenue, inflationary impacts and property sales. This forecast before any mitigating actions shows a cash low point in December 2022 of £31.3 million.

## **FINANCING ARRANGEMENTS THROUGH GOING CONCERN ASSESSMENT PERIOD**

The Institution had long-term external financing arrangements totaling a balance of £120.5 million at 31 July 2022 (2021: £118.9 million). This comprised debt with European Investment Bank (EIB), private placement noteholders (Lincoln National Life and Pacific Life) and Barclays.

Since the Institution repaid its £60m CCFF debt in March 2022 it has been using an RCF with Barclays, providing additional access to liquidity of £40 million. This is an arrangement in place through to February 2024 with the balance utilised as at July 2022 being £3 million. Based on current forecasts, the RCF funding will only be needed for any unforeseen short term operational and covenant headroom requirements.

At 31 July 2022 the University was in breach of one of its borrowing covenants with EIB. This was a technical issue associated with the COVID pandemic, which was identified late in the financial year, and a covenant amendment was agreed after 31 July 2022 to address this. As a result of the amendment being agreed, it is reasonable that the financial statements are prepared on a going concern basis. The Institution has forecast its position against all existing covenants through its going concern assessment period, in particular at the year-end measurement date of 31 July 2023, 31 July 2024 and a minimum monthly cash requirement. Based on its forecast scenarios outlined above the Institution calculates minimum headroom against its most stringent covenant of £6.6 million in 2022/23 and £12.9 million in 2023/24.

## **FURTHER MITIGATING ACTIONS**

The Institution will continue to maintain tight control over its expenditure and monitoring of its activities in relation to teaching and research to identify potential slippage in forecast income.

In the event of downside risks materialising, there are additional mitigations within its control that the Institution can implement, including recruitment freezes and further reductions in discretionary expenditure through the going concern period, in particular planned capital expenditure currently forecast at £28.1 million in 2022/23.

The Institution now also has access to the £40 million RCF

referenced above, allowing time to plan and action these mitigations and others that it identifies, in order that the delivery of the strategic objectives can be prioritised.

## **CONCLUSION**

The Institution has carefully considered the financial forecasting outlined above, available financing and the assessment of the reverse stress tests and forecast covenant compliance. The Council has concluded that there is reasonable expectation that the Institution and Group has adequate resources to continue in operational existence for the going concern period. Therefore, the Council continue to adopt the going concern basis of accounting in preparing the financial statements.

## **3. EXEMPTIONS UNDER FRS 102**

The Institution has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

## **4. BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Institution and all its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2022.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the Institution and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

The consolidated financial statements do not include the Students' Union as the Institution does not exert control or dominant influence over decisions.

# Statement of principal accounting policies

## Continued

Associated companies and joint ventures are accounted for using the equity method where they are deemed to be material.

### 5. INCOME RECOGNITION

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract, including any staged payments due at contract milestones, have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount.

Bursaries and scholarships are accounted for gross, with amounts recognised as expenditure and not deducted from income. Education contracts are recognised when the Institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

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

Funds the Institution 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 the Institution recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the Institution 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 in the Statement of Financial Position and released to income as the conditions are met.

### DONATIONS AND ENDOWMENTS

Non-exchange transactions without performance related conditions are donations and endowments.

Donations and endowments with donor imposed restrictions are recognised in income when the Institution 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 the Institution is entitled to the funds.

Investment income and gains on restricted expendable endowments are recognised in the year in which they arise. Investment income and gains on permanent endowments are accounted for on a total returns basis.

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 the Institution.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible assets, and the Institution 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.

Donations of tangible assets are included within income. Paragraph PBE34.73(b) of IFRS 102 requires income from donations of fixed assets to be measured at the fair value of the fixed asset. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category when the Institution is entitled to receive the asset.

## **CAPITAL GRANTS**

Government capital grants are recognised in income over the expected useful life of the asset to which the grant relates.

Other capital grants are recognised in income when the Institution is entitled to the funds subject to any performance related conditions being met.

## **6. ACCOUNTING FOR RETIREMENT BENEFITS**

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the University of Leicester Stakeholder Scheme. A small number of staff are members of other pension schemes.

The USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to Institution members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The University of Leicester Stakeholder Scheme is a defined contribution pension scheme.

## **DEFINED CONTRIBUTION PLANS**

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

## **MULTI-EMPLOYER SCHEMES**

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme.

Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognises a liability for the contributions payable that arise from the agreement, to the extent that

they relate to the deficit, and the resulting expense is recognised in expenditure.

## **DEFINED BENEFIT PLANS**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Under defined benefit plans the Institution's obligation is to provide the agreed benefits to current and former employees, any actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the Institution.

The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

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

Annually the Institution engages independent actuaries to calculate the obligation for each scheme.

The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Institution's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

# Statement of principal accounting policies

## Continued

These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 30 to the accounts.

### 7. EMPLOYMENT BENEFITS

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

### 8. FINANCE LEASES

Leases in which the Institution 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.

### 9. SERVICE CONCESSION ARRANGEMENTS

Fixed assets held under service concession arrangements are recognised in the Statement of Financial Position at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the

financial liability to nil over the life of the arrangement. See note 17 for further detail.

### 10. OPERATING LEASES

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

### 11. FOREIGN CURRENCY

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised as 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.

### 12. PROPERTY, PLANT AND EQUIPMENT

#### LAND AND BUILDINGS

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Institution.

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

depreciated on a straight line basis over their expected useful lives as follows:

New build	50 years
Refurbishments	15 years
Fixtures and fittings	5-10 years

Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

It is the Institution's policy to depreciate a full year in the year of acquisition or completion and nothing in the year of disposal.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

#### **EQUIPMENT**

Equipment is capitalised at cost on initial recognition and then subsequently at cost less accumulated depreciation and accumulated impairment losses.

Equipment costing less than £25,000 per individual item (or group of related items) is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer equipment	4 years
Motor vehicles	4 years
Equipment acquired for specific research projects	3 years
Other equipment	4 years

It is the Institution's policy to depreciate a full year in the year of acquisition and nothing in the year of disposal.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

#### **IMPAIRMENT**

A review for potential indicators of impairment of property, plant and equipment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, an assessment is completed and any impairment charge arising is recognised against the asset and in the Statement of Comprehensive Income.

#### **BORROWING COSTS**

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

#### **13. HERITAGE ASSETS**

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

The Institution holds a number of collections, exhibits and artefacts, most of which have been donated to the Institution. These assets have not been capitalised, since reliable estimates of cost or value are not available at a cost that is commensurate with the benefits to the users of the financial statements.

#### **14. INTANGIBLE ASSETS**

Intangible assets purchased separately are initially recognised at cost.

Intangible assets, excluding development costs, created within the business are not capitalised and charged to expenditure in the year incurred. Website development costs are expensed as incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The useful economic

# Statement of principal accounting policies

## Continued

lives of each intangible asset will be determined at the time it is brought into use. If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected changes in fair value recognised immediately in the surplus or deficit for the year.

### 15. INVESTMENTS

Investments in securities are held at fair value with movements recognised in surplus or deficit.

Investments in subsidiaries are carried at cost less impairment in the Institution's separate financial statements.

Investments in joint ventures and associates are accounted for using the equity method where they are deemed to be material.

Initial investments in spinout companies are written off.

Short-term cash deposits, with a maturity date of more than three months from the placement date, are recognised at amortised cost.

### 16. STOCK

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

### 17. 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 24 hours without penalty. Cash includes GBP and foreign currency balances (see note 24).

Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

- the Institution has a present obligation (legal or constructive) as a result of a past event;

- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- 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 the Institution a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

### 19. TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax assets and liabilities are not discounted.

The Institution 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, the Institution 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.

The Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The Institution's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

## 20. FINANCIAL INSTRUMENTS

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments.

Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### FINANCIAL ASSETS

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

### FINANCIAL LIABILITIES

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are complex financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the

# Statement of principal accounting policies

## Continued

reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate.

To the extent that the Institution enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Institution does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

### 21. RESERVES

Reserves are classified as restricted or unrestricted.

Restricted endowment reserves include balances which, through endowment to the Institution, are held as a permanently restricted fund which the Institution must hold in perpetuity.

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

### 22. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Institution's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### CRITICAL ACCOUNTING ESTIMATES

##### Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts.

Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due. Carrying values are disclosed in note 15.

##### Retirement benefit obligations

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

Further details are given in note 30.

#### USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment represent a significant proportion of the Institution's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the Institution's reported performance.

Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness.

The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 13.

#### FAIR VALUE MEASUREMENT

The Institution recognises the following items at fair value:

- derivative financial instruments (note 18)
- endowment investments (notes 14 and 16)
- investments in listed shares (note 14)

The fair value measurement of these assets and liabilities utilises market observable inputs and data as far as possible.

#### CRITICAL ACCOUNTING JUDGEMENTS

In the process of applying the Institution's accounting policies, management have made the following critical judgements:

## **INCOME RECOGNITION**

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

New endowments and donations are recognised on an entitlement basis. Where income has been pledged in the year but cash will be received over a number of years, an analysis of the performance conditions attached to the income is undertaken. If there are no performance conditions attached to the pledged gift, and the University is in receipt of a signed gift agreement, then the total amount is recognised in the year of the pledge, along with a corresponding debtor.

Details of the amounts recognised in respect of pledged endowments are included in note 22.

## **UNIVERSITIES SUPERANNUATION SCHEME (USS)**

Judgement is applied in determining the value and FRS 102 makes the distinction between a group plan and a multi-employer scheme.

Management 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.

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. These contributions will be reassessed within each triennial valuation of the scheme.

The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 19 and note 30.

## **TANGIBLE ASSETS: PERCY GEE**

An extension to the Percy Gee building was completed in the prior year and, due to a dispute between the

university and the main contractor, judgement was applied in the value recognised in tangible assets at 31 July 2021 and a contingent asset was disclosed in relation to a potential settlement following completion of an adjudication process.

The adjudication process concluded during the year in favour of the Institution receiving a settlement receipt, however as at 31 July 2022 no legal documents had been signed relating to this and, as such, a contingent asset continues to be disclosed in relation to this.

Management have determined that the tangible asset is correctly recorded at cost in the financial statements and is not impaired as result of the potential settlement.

The legal documents were subsequently signed following the year-end, and the receipt has been recognised in income in the 22/23 financial year.

# Consolidated and institution statement of comprehensive income

Year ended 31 July 2022

Income	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Tuition fees and education contracts	1	176,752	176,752	166,510	166,510
Funding body grants	2	48,210	48,210	47,566	47,566
Research grants and contracts	4	64,043	64,043	61,592	61,592
Other income	5	48,460	47,397	37,446	36,761
Investment income	6	19	273	5	211
Donations and endowments	7	2,742	2,742	3,565	3,565
<b>Total income</b>		<b>340,226</b>	<b>339,417</b>	<b>316,684</b>	<b>316,205</b>
<b>Expenditure</b>					
Staff costs	8	182,334	180,190	184,773	182,582
Exceptional staff costs	8	69,662	69,662	1,833	1,833
Other operating expenses		117,785	118,323	93,101	93,307
Depreciation	13	28,209	28,194	25,827	25,530
Amortisation	12	503	503	448	448
Interest and other finance costs	9	1,299	1,299	3,073	3,073
<b>Total expenditure</b>	10a	<b>399,792</b>	<b>398,171</b>	<b>309,055</b>	<b>306,773</b>
<b>(Deficit)/surplus before other gains</b>		<b>(59,566)</b>	<b>(58,754)</b>	<b>7,629</b>	<b>9,432</b>
Gain on disposal of fixed assets		468	468	611	611
(Loss)/gain on investments		(625)	(625)	5,297	5,297
<b>(Deficit)/surplus before tax</b>		<b>(59,723)</b>	<b>(58,911)</b>	<b>13,537</b>	<b>15,340</b>
Taxation		(239)	(239)	(157)	(157)
<b>(Deficit)/surplus for the year</b>		<b>(59,962)</b>	<b>(59,150)</b>	<b>13,380</b>	<b>15,183</b>
<b>Other comprehensive income</b>					
Actuarial gain in respect of pension schemes	30	30,308	30,308	15,715	15,715
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(29,654)</b>	<b>(28,842)</b>	<b>29,095</b>	<b>30,898</b>
Represented by:					
Endowment comprehensive income for the year		(272)	(272)	4,573	4,573
Restricted comprehensive income(expenditure) for the year		240	240	(400)	(400)
Unrestricted comprehensive (expenditure)/income for the year		(29,622)	(28,810)	24,922	26,725
		<b>(29,654)</b>	<b>(28,842)</b>	<b>29,095</b>	<b>30,898</b>
Attributable to:					
Non-controlling interest		(56)	-	(381)	-
Institution		(29,598)	(28,842)	29,476	30,898
		<b>(29,654)</b>	<b>(28,842)</b>	<b>29,095</b>	<b>30,898</b>
<b>(Deficit)/surplus for the year attributable to:</b>					
Non-controlling interest		(56)	-	(381)	-
Institution		(59,906)	(59,150)	13,761	15,183
		<b>(59,962)</b>	<b>(59,150)</b>	<b>13,380</b>	<b>15,183</b>

All items of income and expenditure relate to continuing activities. The notes on pages 58-91 form part of these financial statements.

## Consolidated and institution statement of changes in reserves

Year ended 31 July 2022

### Consolidated

	Income and Expenditure Account				
	Endowment £'000	Restricted £'000	Unrestricted £'000	Non Controlling Interest £'000	Total £'000
<b>Balance at 1 August 2020</b>	<b>19,961</b>	<b>2,504</b>	<b>56,504</b>	<b>(1,038)</b>	<b>77,931</b>
Surplus/(deficit) for the year	6,505	1,394	5,862	(381)	13,380
Other comprehensive income	-	-	15,715	-	15,715
Release of endowment and restricted funds spent in year	(1,932)	(1,794)	3,726	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>4,573</b>	<b>(400)</b>	<b>25,303</b>	<b>(381)</b>	<b>29,095</b>
<b>Balance at 1 August 2021</b>	<b>24,534</b>	<b>2,104</b>	<b>81,807</b>	<b>(1,419)</b>	<b>107,026</b>
Surplus/(deficit) for the year	933	1,154	(61,993)	(56)	(59,962)
Other comprehensive income	-	-	30,308	-	30,308
Release of endowment and restricted funds spent in year	(1,205)	(914)	2,119	-	-
Transactions with non-controlling interests	-	-	(1,475)	1,475	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(272)</b>	<b>240</b>	<b>(31,041)</b>	<b>1,419</b>	<b>(29,654)</b>
<b>Balance at 31 July 2022</b>	<b>24,262</b>	<b>2,344</b>	<b>50,766</b>	<b>-</b>	<b>77,372</b>

### Institution

	Income and Expenditure Account				
	Endowment £'000	Restricted £'000	Unrestricted £'000	Non Controlling Interest £'000	Total £'000
<b>Balance at 1 August 2020</b>	<b>19,961</b>	<b>2,504</b>	<b>61,397</b>	<b>-</b>	<b>83,862</b>
Surplus for the year	6,505	1,394	7,284	-	15,183
Other comprehensive income	-	-	15,715	-	15,715
Release of endowment and restricted funds spent in year	(1,932)	(1,794)	3,726	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>4,573</b>	<b>(400)</b>	<b>26,725</b>	<b>-</b>	<b>30,898</b>
<b>Balance at 1 August 2021</b>	<b>24,534</b>	<b>2,104</b>	<b>88,122</b>	<b>-</b>	<b>114,760</b>
Surplus/(deficit) for the year	933	1,154	(61,237)	-	(59,150)
Other comprehensive income	-	-	30,308	-	30,308
Release of endowment and restricted funds spent in year	(1,205)	(914)	2,119	-	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(272)</b>	<b>240</b>	<b>(28,810)</b>	<b>-</b>	<b>(28,842)</b>
<b>Balance at 31 July 2022</b>	<b>24,262</b>	<b>2,344</b>	<b>59,312</b>	<b>-</b>	<b>85,918</b>

The notes on pages 58-91 form part of these financial statements.

# Consolidated and institution statement of financial position

Year ended 31 July 2022

	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>Non-current assets</b>					
Intangible asset	12	1,532	1,532	1,380	1,380
Tangible assets	13	503,682	503,650	496,851	496,805
Investments	14	8,940	7,735	10,362	9,157
		<b>514,154</b>	<b>512,917</b>	<b>508,593</b>	<b>507,342</b>
<b>Current assets</b>					
Stock		303	303	326	316
Trade and other receivables	15	38,181	47,423	33,777	42,249
Investments	16	13,574	13,574	17,777	17,777
Cash and cash equivalents	24	34,956	34,936	75,764	75,753
		<b>87,014</b>	<b>96,236</b>	<b>127,644</b>	<b>136,095</b>
Less: Creditors: amounts falling due within one year	17	(193,364)	(192,851)	(180,787)	(180,317)
<b>Net current liabilities</b>		<b>(106,350)</b>	<b>(96,615)</b>	<b>(53,143)</b>	<b>(44,222)</b>
<b>Total assets less current liabilities</b>		<b>407,804</b>	<b>416,302</b>	<b>455,450</b>	<b>463,120</b>
Creditors: amounts falling due after more than one year	18	(197,255)	(197,207)	(249,216)	(249,152)
<b>Provisions</b>					
Pension provisions	19	(132,702)	(132,702)	(98,401)	(98,401)
Other provisions	19	(475)	(475)	(807)	(807)
<b>Total net assets</b>		<b>77,372</b>	<b>85,918</b>	<b>107,026</b>	<b>114,760</b>
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	22	24,262	24,262	24,534	24,534
Income and expenditure reserve – restricted reserve	23	2,344	2,344	2,104	2,104
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		50,766	59,312	81,807	88,122
		<b>77,372</b>	<b>85,918</b>	<b>108,445</b>	<b>114,760</b>
Non-controlling interest		-	-	(1,419)	-
<b>Total reserves</b>		<b>77,372</b>	<b>85,918</b>	<b>107,026</b>	<b>114,760</b>

The notes on pages 58–91 form part of these financial statements.

The financial statements were approved by Council on 14 December 2022 and were signed on its behalf on that date by:

Gary Dixon, Chair of Council

Professor Nishan Canagarajah, President and Vice-Chancellor

Paul Gowdridge, Chief Financial Officer





# Consolidated statement of cash flows

Year ended 31 July 2022

Cash flow from operating activities	Notes	July 2022 £'000	July 2021 £'000
(Deficit)/surplus before tax for the year		(59,723)	13,537
<b>Adjustment for non-cash items:</b>			
Depreciation	13	28,209	25,827
Amortisation	12	503	448
Loss/(gain) on investments		625	(5,297)
Decrease in stock		23	132
(Increase) in debtors	15	(5,448)	(5,968)
Increase in creditors	17	24,352	20,146
Increase/(decrease) in pension provision	19	63,415	(3,873)
(Decrease) in other provisions	19	(332)	(448)
<b>Adjustment for investing or financing activities:</b>			
Investment income	6	(19)	(5)
Interest payable	9	1,299	3,073
Endowment income	22	(1,523)	(2,217)
Gain on the sale of fixed assets		(468)	(611)
Capital grant income		(8,941)	(9,524)
<b>Net cash inflow from operating activities</b>		<b>41,972</b>	<b>35,220</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		1,980	1,324
Capital grant receipts		5,144	17,729
Withdrawal of deposits		5,000	-
Investment income		19	5
Payments made to acquire fixed assets		(34,990)	(57,457)
Payments made to acquire intangible assets		(655)	(715)
New investments		-	(5,000)
		<b>(23,502)</b>	<b>(44,114)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,944)	(4,364)
New endowments		2,567	1,819
Endowment payments		(882)	(1,901)
New unsecured loans		3,000	60,000
Repayments of amounts borrowed		(62,019)	(2,943)
		<b>(59,278)</b>	<b>52,611</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(40,808)</b>	<b>43,717</b>
Cash and cash equivalents at beginning of the year	24	75,764	32,047
Cash and cash equivalents at end of the year	24	34,956	75,764

The notes on pages 58-91 form part of these financial statements.

## Notes to the accounts

Year ended 31 July 2022

1	Tuition fees and education contracts	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
	Full-time home and EU students	89,133	89,133	93,421	93,421
	Full-time international students	71,757	71,757	56,635	56,635
	Part-time students	12,016	12,016	12,687	12,687
	Research training support grant	3,846	3,846	3,767	3,767
		<b>176,752</b>	<b>176,752</b>	<b>166,510</b>	<b>166,510</b>

## 2 Funding body grants

### Recurrent grant

Office for Students	14,606	14,606	12,865	12,865
Research England	19,389	19,389	20,290	20,290

### Specific grants

Higher Education Innovation Fund	5,490	5,490	6,624	6,624
Capital grant	4,998	4,998	4,561	4,561
Other	3,727	3,727	3,226	3,226
	<b>48,210</b>	<b>48,210</b>	<b>47,566</b>	<b>47,566</b>

Capital grant comprises amounts received from the above bodies for the purposes of capital development and expenditure. Funds are held within creditors and released to income over the useful life of the asset. Of the amounts disclosed **£3.2 million (2021: £3.1 million)** relates to buildings and **£1.8 million (2021: £1.5 million)** relates to equipment.

## 3 Sources of grant and fee income

Grant income from OfS	15,508	15,508	14,022	14,022
Grant income from other bodies	32,703	32,703	33,544	33,544
Fee income for taught awards	163,943	163,943	154,419	154,419
Fee income for research awards	6,516	6,516	6,519	6,519
Fee income from non-qualifying courses	6,293	6,293	5,572	5,572
<b>Total grant and fee income (notes 1 and 2)</b>	<b>224,962</b>	<b>224,962</b>	<b>214,076</b>	<b>214,076</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

4	Research grants and contracts	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
	Research councils	17,640	17,640	16,816	16,816
	Research charities	8,072	8,072	9,744	9,744
	Government (UK and overseas)	22,186	22,186	19,587	19,587
	Industry and commerce	6,229	6,229	5,176	5,176
	Research capital grants	2,926	2,926	3,602	3,602
	Other	6,990	6,990	6,667	6,667
		<b>64,043</b>	<b>64,043</b>	<b>61,592</b>	<b>61,592</b>

Of the amounts disclosed as research capital grants **£2,378,966 (2021: £2,931,261)** is funded by research councils, **£nil (2021: £115,587)** is funded by research charities, **£535,858 (2021: £289,242)** is funded by other government sources and **£10,854 (2021: £265,797)** is funded by other sources.

## 5 Other income

Residences, catering and conferences	19,286	18,084	13,148	12,936
NHS funded posts	13,556	13,556	11,804	11,804
Other services rendered	4,831	4,831	4,412	4,412
Retail	33	33	39	39
Other capital grants	1,017	1,017	1,361	1,361
Job retention scheme grant	48	23	2,558	1,872
Other income	9,689	9,853	4,124	4,337
	<b>48,460</b>	<b>47,397</b>	<b>37,446</b>	<b>36,761</b>

**24 people (2021: 741)** were furloughed by the Institution under the government's coronavirus job retention scheme during the period 1 August 2021 to 31 July 2022. The value of furlough claimed by the Institution was **£23,000 (2021: £1,872,000)**. The consolidated group number for the same period was **62 (2021: 856)**.

## 6 Investment income

Investment income on endowments	22	-	-	-	-
Other investment income		19	19	5	5
Interest receivable on intercompany loans		-	254	-	206
		<b>19</b>	<b>273</b>	<b>5</b>	<b>211</b>

## 7 Donations and endowments

New endowments	22	1,523	1,523	2,217	2,217
Donations with restrictions	23	461	461	1,135	1,135
Unrestricted donations		758	758	213	213
		<b>2,742</b>	<b>2,742</b>	<b>3,565</b>	<b>3,565</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

8 Staff costs	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Salaries	142,162	140,258	143,544	141,801
Social security costs	14,778	14,656	14,418	14,283
Pension costs	24,744	24,656	24,589	24,478
Severance costs	650	620	2,222	2,020
	<b>182,334</b>	<b>180,190</b>	<b>184,773</b>	<b>182,582</b>
Exceptional item: Movement on USS provision	69,662	69,662	1,833	1,833
<b>Total</b>	<b>251,996</b>	<b>249,852</b>	<b>186,606</b>	<b>184,415</b>

A further breakdown of pension costs is included in note 30.

Total remuneration of the President and Vice-Chancellor	Year ended 31 July 2022		Year ended 31 July 2021	
	Professor Nishan Canagarajah £'000		Professor Nishan Canagarajah £'000	
Basic salary	254		250	
Performance related pay and other bonuses	-		-	
Taxable benefits:				
Subsidised accommodation	-		-	
Pension contributions to USS	51		53	
	<b>305</b>		<b>303</b>	
Non-taxable benefits	-		-	
	<b>305</b>		<b>303</b>	

## Notes to the accounts (continued)

Year ended 31 July 2022

### 8 Staff costs (continued)

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The President and Vice-Chancellor's basic salary is **6.9 times (2021: 6.7)** the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Institution to its staff.

The President and Vice-Chancellor's total remuneration is **7.1 times (2021: 6.9)** the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Institution of its staff.

The median salary and remuneration figures used in the above calculations include all staff that are included in real-time reporting to HMRC.

The emoluments of the President and Vice-Chancellor are determined by Council on the recommendation of the Remuneration Committee. The President and Vice-Chancellor is not in attendance for, or plays any part in the discussions over their own emoluments.

Remuneration Committee consider two key factors in order to determine any increase to salary, bonus payments or benefits. The first is the comparative position compared to a benchmark group of other similar sized research-intensive UK universities. The second is the achievements and contributions made during the year which are assessed through the appraisal process. This process includes an assessment of the success and progress achieved against a set of agreed performance objectives. The Committee rewards strong performance and delivery of the Institution's strategic plan.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 8 Staff costs (continued)

#### OTHER HIGHER PAID STAFF

The number of staff with a basic salary of over **£100,000 per annum, including the President and Vice-Chancellor**, has been included below. Where a proportion of the salary is reimbursed by another body, such as the NHS, only the portion paid by the Institution is disclosed.

Basic salary per annum	2021-22 No.	2020-21 No.
£100,000 - £104,999	21	20
£105,000 - £109,999	8	4
£110,000 - £114,999	15	12
£115,000 - £119,999	4	5
£120,000 - £124,999	1	2
£125,000 - £129,999	3	4
£130,000 - £134,999	1	4
£135,000 - £139,999	3	1
£140,000 - £144,999	-	3
£145,000 - £149,999	2	3
£150,000 - £154,999	3	3
£155,000 - £159,999	-	-
£160,000 - £164,999	1	-
£165,000 - £169,999	-	-
£170,000 - £174,999	-	-
£175,000 - £179,999	-	-
£180,000 - £184,999	-	-
£185,000 - £189,999	-	-
£190,000 - £194,999	-	1
£195,000 - £199,999	2	1
£200,000 - £204,999	1	1
£205,000 - £209,999	-	-
£210,000 - £214,999	-	-
£215,000 - £219,999	-	-
£220,000 - £224,999	-	-
£225,000 - £229,999	-	-
£230,000 - £234,999	-	-
£235,000 - £239,999	-	-
£240,000 - £244,999	-	-
£245,000 - £249,999	-	-
£250,000 - £254,999	1	1
	<b>66</b>	<b>65</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

### 8 Staff costs (continued)

#### Average staff numbers by major category

	2021-22		2020-21	
	Consolidated	Institution	Consolidated	Institution
Academic and clinical	920	920	908	908
Research	442	442	456	456
Administration, library, computer and other related	875	863	874	860
Technical	280	280	297	297
Clerical, manual and ancillary	930	871	887	814
	<b>3,447</b>	<b>3,376</b>	<b>3,422</b>	<b>3,335</b>

The total compensation for loss of office paid to **96 (2021: 168)** people during the year was **£620,289 (2021: £2,019,784)**.

All severance payments including compensation for loss of office in respect of higher paid staff are approved by the Institution's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by management in accordance with delegated authority.

#### KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. Staff costs includes compensation paid to key management personnel. The Institution considers its key management personnel to be those individuals who serve the Executive Board. Current membership of the Executive Board is detailed on our website: [le.ac.uk/about/who-we-are/senior-management/executive-board](https://le.ac.uk/about/who-we-are/senior-management/executive-board)

Compensation consists of salary and benefits including any employer's pension contribution.

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Key management personnel compensation	2,018	1,911
FTEs for key management	11	11

## Notes to the accounts (continued)

Year ended 31 July 2022

9 Interest and other finance costs	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Loan interest		2,665	2,665	2,754	2,754
Exchange differences		(124)	(124)	425	425
Change in fair value of derivatives		(2,436)	(2,436)	(1,419)	(1,419)
Unwind of discount on USS pension provision	19	372	372	312	312
Net charge on PAS pension scheme	30	822	822	1,001	1,001
		<b>1,299</b>	<b>1,299</b>	<b>3,073</b>	<b>3,073</b>

### 10a Analysis of total expenditure by activity

Academic and related expenditure		149,168	149,168	145,253	145,253
Administration and central services		67,643	67,643	56,415	56,415
Premises		41,942	41,942	35,568	35,568
Residences, catering and conferences		23,368	21,747	18,651	16,369
Research grants and contracts		50,005	50,005	47,764	47,764
Other expenses including USS provision movement	8	67,666	67,666	5,404	5,404
		<b>399,792</b>	<b>398,171</b>	<b>309,055</b>	<b>306,773</b>

Other operating expenses include:

External auditors remuneration in respect of audit services (exc. VAT)		155	110	135	95
External auditors remuneration in respect of non-audit services (exc. VAT)		32	32	12	12
Operating lease rentals:					
Land and buildings		151	151	264	264
Other		441	441	354	354

### 10b Access and participation

Access investment (i)		2,242	2,242	1,598	1,598
Financial support		3,568	3,568	2,889	2,889
Disability support (ii)		488	488	509	509
Research and Evaluation (iii)		-	-	55	55
		<b>6,298</b>	<b>6,298</b>	<b>5,051</b>	<b>5,051</b>

(i) £1,777,146 (2021: £1,228,302), (ii) £520,300 (2021: £481,386) and (iii) £nil (2021: £19,323) of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

Our Access and Participation Plan is available on our website: [le.ac.uk/about/making-a-difference/equality](https://le.ac.uk/about/making-a-difference/equality) or the Office for Students website: [officeforstudents.org.uk/the-register](https://officeforstudents.org.uk/the-register)

## Notes to the accounts (continued)

Year ended 31 July 2022

11 Taxation	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Foreign tax	239	239	157	157
<b>Current tax expense</b>	<b>239</b>	<b>239</b>	157	157
<b>Deferred tax expense</b>	-	-	-	-
<b>Total tax expense</b>	<b>239</b>	<b>239</b>	157	157
<b>Factors affecting the tax charge</b>				
<b>(Deficit)/surplus before taxation</b>	<b>(59,723)</b>	<b>(58,911)</b>	13,537	15,340
UK corporation tax at 19% (2021: 19%)	(11,347)	(11,193)	2,572	2,915
Effect of:				
Deficit/(surplus) falling within charitable exemption	11,586	11,432	(2,415)	(2,758)
<b>Total tax expense</b>	<b>239</b>	<b>239</b>	157	157

## 12 Intangible assets

Consolidated and Institution	31 July 2022	31 July 2021
Software	£'000	£'000
Opening balance	1,380	1,113
Additions in the year	655	715
Amortisation charge for the year	(503)	(448)
<b>Closing balance</b>	<b>1,532</b>	<b>1,380</b>

Additions during the year relate to the purchase and development of software intangible assets. The amortisation period is between 3 and 6 years.

## Notes to the accounts (continued)

Year ended 31 July 2022

13 Tangible assets	Freehold land and buildings £'000	Leasehold land and buildings £'000	Equipment £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Right of use asset £'000	Total £'000
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### Consolidated

<b>Cost</b>	At 1 August 2021	522,948	27,917	41,753	12,060	65,417	2,904	672,999
	Additions	15,203	1	4,753	335	8,879	7,415	36,586
	Transfers	48,099	-	673	912	(49,684)	-	-
	Disposals	(2,044)	-	(2,766)	-	(935)	-	(5,745)
	<b>At 31 July 2022</b>	<b>584,206</b>	<b>27,918</b>	<b>44,413</b>	<b>13,307</b>	<b>23,677</b>	<b>10,319</b>	<b>703,840</b>

### Depreciation

	At 1 August 2021	129,898	9,071	30,027	7,152	-	-	176,148
	Charge for the year	15,364	716	7,788	1,437	-	2,904	28,209
	Disposals	(1,458)	-	(2,741)	-	-	-	(4,199)
	<b>At 31 July 2022</b>	<b>143,804</b>	<b>9,787</b>	<b>35,074</b>	<b>8,589</b>	<b>-</b>	<b>2,904</b>	<b>200,158</b>

### Net book value

	<b>At 31 July 2022</b>	<b>440,402</b>	<b>18,131</b>	<b>9,339</b>	<b>4,718</b>	<b>23,677</b>	<b>7,415</b>	<b>503,682</b>
	At 31 July 2021	393,050	18,846	11,726	4,908	65,417	2,904	496,851

### Institution

#### Cost

	At 1 August 2021	522,948	27,917	41,753	9,297	65,417	2,904	670,236
	Additions	15,203	1	4,753	335	8,879	7,415	36,586
	Transfers	48,099	-	673	912	(49,684)	-	-
	Disposals	(2,044)	-	(2,766)	-	(935)	-	(5,745)
	<b>At 31 July 2022</b>	<b>584,206</b>	<b>27,918</b>	<b>44,413</b>	<b>10,544</b>	<b>23,677</b>	<b>10,319</b>	<b>701,077</b>

#### Depreciation

	At 1 August 2021	129,898	9,071	30,027	4,435	-	-	173,431
	Charge for the year	15,364	716	7,788	1,423	-	2,904	28,195
	Disposals	(1,458)	-	(2,741)	-	-	-	(4,199)
	<b>At 31 July 2022</b>	<b>143,804</b>	<b>9,787</b>	<b>35,074</b>	<b>5,857</b>	<b>-</b>	<b>2,904</b>	<b>197,427</b>

#### Net book value

	<b>At 31 July 2022</b>	<b>440,402</b>	<b>18,131</b>	<b>9,339</b>	<b>4,686</b>	<b>23,677</b>	<b>7,415</b>	<b>503,650</b>
	At 31 July 2021	393,050	18,846	11,726	4,862	65,417	2,904	496,805

At 31 July 2022, freehold land and buildings includes £75,038,668 (2021 : £75,238,818) in respect of freehold land which is not depreciated. Leasehold land and buildings includes £830,000 (2021 : £830,000) in respect of long leasehold land which is not depreciated where the long leasehold interest is deemed to be equivalent to a freehold interest.

#### Leasehold land and buildings includes:

	Net book value £'000
Michael Atiyah building (125 year lease commencing 1996 from Wyggeston and Queen Elizabeth I College)	4,037
Main campus sports centre (99 year lease commencing 2000 from Wyggeston and Queen Elizabeth I College)	5,281
Various NHS sites	8,694
Other sites and leasehold improvements	119
<b>At 31 July 2022</b>	<b>18,131</b>
At 31 July 2021	18,846

## Notes to the accounts (continued)

Year ended 31 July 2022

### 13 Tangible assets (continued)

Included in assets under construction at 31 July 2022 is **£14.3 million (2021: £36.9 million)** in relation to the Freeman's Common project. The Freeman's Common project is a £150 million scheme to provide modern en-suite accommodation for 1,164 students plus a multi-storey car park, teaching and learning centre, social space including a café / meeting areas, an energy centre and accompanying landscaping.

The building work commenced in September 2019 and has taken three years to complete. The project has two elements:

- The student accommodation which is being constructed under a 'Design, Build, Operate, Maintain' (DBMO) model whereby Freeman's Common Village LLP, of which the Group has a 10% share, will design, build, fund, manage and operate the new residences under a 50 year lease. At the end of the lease ownership of the property will revert to the Institution. Further information about the financing of the student accommodation element can be found in note 14. At 31 July 2022 a right of use asset of **£7.4 million (2021: £2.9 million)** has been recognised reflecting rooms the Institution has nominated for the following financial year, along with a corresponding nominations liability in creditors (note 17).
- The non-student accommodation, which is formed of the multi-storey car park, teaching and learning centre, social space, energy centre and landscaping and will remain under the ownership of the Institution.

14 Non-current investments	Investment in subsidiaries £'000	Investment in associates £'000	Other investments £'000	Total £'000
<b>Consolidated</b>				
At 1 August 2021	-	1,505	8,857	10,362
Reclassifications	-	-	(1,805)	(1,805)
Change in fair value	-	-	383	383
<b>At 31 July 2022</b>	<b>-</b>	<b>1,505</b>	<b>7,435</b>	<b>8,940</b>
<b>Institution</b>				
At 1 August 2021	300	-	8,857	9,157
Reclassifications	-	-	(1,805)	(1,805)
Change in fair value	-	-	383	383
<b>At 31 July 2022</b>	<b>300</b>	<b>-</b>	<b>7,435</b>	<b>7,735</b>

The investment in subsidiary companies relates to the share capital of the subsidiary companies detailed in note 28.

#### Investment in associates

The Group has a 10% shareholding in Freeman's Common Village LLP. On 2 August 2019 the Group entered into a 50 year agreement with a consortium including Equitix (an investment company) and Engie (a constructor). The consortium will design, build, fund, manage and operate new residences built on the Freeman's Common site. Building work commenced in September 2019 and has taken three years to complete. Freeman's Common Village LLP is funding the project via a mixture of debt and equity.

The investment is accounted for on an equity basis. During the construction phase of the project the Group impact is immaterial.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 14 Non-current investments (continued)

#### Other investments

Other investments consist of:	Consolidated and Institution	
	31 July 2022	31 July 2021
	£'000	£'000
At fair value:		
Permanent endowments invested in market securities	7,435	7,016
Investment in listed shares	0	1,841
	<u>7,435</u>	<u>8,857</u>

#### Investment in spinouts

The Institution holds the following shares in spinout companies:

Name	Shareholding at 31 July 2022	Principal Activity
<a href="#">Earthsense Systems Limited</a>	27%	A joint venture company owned equally by the Institution, Bluesky International Limited and Professor Roland Leigh. Its principal activity is the development and commercialisation of products and services for monitoring of air quality.
<a href="#">OCB Media Limited</a>	24%	Development and pursuit of electronically distributed high level e-learning material and multimedia products
<a href="#">MIP Diagnostics Limited</a>	3%	Commercialisation of Molecular imprinted Polymers (MIPs)
<a href="#">Midlands Investment Vehicle Limited</a>	7%	A convertible loan investment in a funding vehicle for university spinouts alongside a number of partner universities in the Midlands

These entities are not accounted for on an equity basis on the grounds of materiality. It is the Institution's policy to write off the initial investment in spinout companies.

## Notes to the accounts (continued)

Year ended 31 July 2022

15 Trade and other receivables	Year ended 31 July 2022		Year ending 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>Amounts falling due within one year</b>				
Research grants receivables	17,043	17,043	14,554	14,554
Other trade receivables	13,473	13,373	10,236	10,235
Other receivables	161	159	149	146
Prepayments and accrued income	7,504	7,432	8,838	8,717
Amounts due from subsidiary companies	-	8,300	-	7,258
<b>Amounts falling due after more than one year</b>				
Amounts due from subsidiary companies	-	1,116	-	1,339
	<b>38,181</b>	<b>47,423</b>	<b>33,777</b>	<b>42,249</b>

Other trade receivables includes a bad debt provision of **£5,527,575 (2021: £3,137,533)**.

16 Current investments	Other investments £'000	Total £'000
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### Consolidation and Institution

<b>At 1 August 2021</b>	<b>17,777</b>	<b>17,777</b>
Additions	-	-
Change in fair value	(1,008)	(1,008)
Reclassifications	1,805	1,805
Disposals	(5,000)	(5,000)
<b>At 31 July 2022</b>	<b>13,574</b>	<b>13,574</b>

Other investments consist of:	31 July 2022 £'000	31 July 2021 £'000
At fair value:		
Expendable endowments invested in market securities	11,769	12,749
Investments in market securities	1,805	28
Amortised cost:		
Short term deposits	-	5,000
	<b>13,574</b>	<b>17,777</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>17 Creditors: Amounts falling due within one year</b>				
Unsecured loans	49,525	49,525	63,045	63,045
Trade payables	28,457	28,414	15,800	15,783
Social security and other taxation payable	4,430	4,400	4,076	4,050
Other payables	10,642	10,630	6,033	6,019
Accruals and deferred income	100,310	99,882	91,833	91,420
	<b>193,364</b>	<b>192,851</b>	<b>180,787</b>	<b>180,317</b>

Other payables includes a **£7.4 million (2021: £2.9 million)** nominations liability in respect of the Freeman's Common development detailed in note 13.

At 31 July 2022 the Institution's outstanding unsecured loans balance classified as falling due within one year includes £42.3m for which the scheduled repayments under the facility agreement are to be made after more than one year. The reason for this accounting treatment are explained in note 18 below.

### Deferred income

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

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Research grants received on account	48,561	48,561	50,184	50,184
Grant income	2,300	2,300	2,152	2,152
Capital grant income	6,973	6,973	7,234	7,234
Other income	11,897	11,881	9,410	9,392
	<b>69,731</b>	<b>69,715</b>	<b>68,980</b>	<b>68,962</b>

## Notes to the accounts (continued)

Year ended 31 July 2021

18 Creditors: Amounts falling due after more than one year	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Deferred income	124,074	124,026	128,100	128,036
Derivatives	2,250	2,250	4,686	4,686
Unsecured loans	70,931	70,931	116,430	116,430
	<b>197,255</b>	<b>197,207</b>	<b>249,216</b>	<b>249,152</b>
Analysis of unsecured loans:				
<b>Due within one year or on demand (note 17)</b>	<b>49,525</b>	<b>49,525</b>	63,045	63,045
Due between one and two years	1,105	1,105	3,157	3,157
Due between two and five years	3,621	3,621	10,184	10,184
Due in five years or more	66,205	66,205	103,089	103,089
<b>Due after more than one year</b>	<b>70,931</b>	<b>70,931</b>	116,430	116,430
<b>Total secured and unsecured loans</b>	<b>120,456</b>	<b>120,456</b>	<b>179,475</b>	<b>179,475</b>

At 31 July 2022 the Institution was in breach of one of its borrowing covenants to EIB as explained in the Statement of Accounting Policies on page 45. EIB have subsequently agreed an amendment to the breached covenant but the position at year end was one of technical breach which was at that point un-remedied. Accordingly the loans outstanding with EIB have been classified as repayable on demand at 31 July 2022 and are included within creditors due in less than one year. If the borrowing were reclassified on the basis of the subsequently received amendment then the position would be as follows:

	Year ended 31 July 2022	
	Consolidated £'000	Institution £'000
Analysis of unsecured loans:		
<b>Due within one year or on demand (note 17)</b>	<b>7,182</b>	<b>7,182</b>
Due between one and two years	3,274	3,274
Due between two and five years	10,558	10,558
Due in five years or more	99,442	99,442
<b>Due after more than one year</b>	<b>113,274</b>	<b>113,274</b>
<b>Total secured and unsecured loans</b>	<b>120,456</b>	<b>120,456</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

### 18 Creditors: Amounts falling due after more than one year (continued)

Included in loans are the following:

Lender	£'000	Term	Secured Unsecured	Interest Rate %	Borrower
Salix	800	n/a	Unsecured	-	Institution
Barclays	3,000	Sep-22	Unsecured	1.94	Institution
Barclays	6,074	2031	Unsecured	6.17	Institution
Barclays	10,302	2037	Unsecured	5.67	Institution
European Investment Bank	23,920	2038	Unsecured	3.47	Institution
European Investment Bank	21,549	2040	Unsecured	2.90	Institution
Private Placement - Lincoln National Life Insurance	20,000	2044	Unsecured	3.18	Institution
Private Placement - Lincoln National Life Insurance	10,000	2049	Unsecured	3.25	Institution
Private Placement - Pacific Life Insurance	25,000	2049	Unsecured	3.25	Institution
Private Placement - transaction costs	(189)				
<b>Total</b>	<b>120,456</b>				

#### Deferred income

Deferred income due after more than one year represents balances on capital grants from government sources, from non-government sources where the grant stipulates performance conditions and contracted income received in advance.

Deferred income	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Capital grant income	97,003	97,003	100,539	100,539
Other income	27,071	27,023	27,561	27,497
	<b>124,074</b>	<b>124,026</b>	<b>128,100</b>	<b>128,036</b>

#### Derivative financial instruments

Interest rate swaps and caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

#### Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average contract fixed interest rate		Notional principal value		Fair value	
	2022	2021	2022	2021	2022	2021
	%	%	£'000	£'000	£'000	£'000
Five years or more	5.86	5.86	16,376	17,392	2,250	4,686

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The Institution will settle the difference between the fixed and floating interest rate on a net basis.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 19 Provisions for liabilities

#### Pension provisions

	Obligation to fund deficit on USS pension	Defined benefit obligations (note 30)	Total pensions provisions
Consolidated and Institution	£'000	£'000	£'000
At 1 August 2021	42,761	55,640	98,401
Utilised in year	(2,489)	(4,333)	(6,822)
Additions in the year	70,034	-	70,034
Released in the year	-	(28,911)	(28,911)
<b>At 31 July 2022</b>	<b>110,306</b>	<b>22,396</b>	<b>132,702</b>

#### Other provisions

	Decommissioning costs	Clawback of government grant	Severance costs	Tuition fee refunds	Total other provisions
Consolidated and Institution	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	260	431	-	116	807
Utilised in year	-	(216)	-	(16)	(232)
Additions in the year	-	-	-	-	-
Released in the year	-	-	-	(100)	(100)
<b>At 31 July 2022</b>	<b>260</b>	<b>215</b>	<b>-</b>	<b>-</b>	<b>475</b>

#### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Additions in the year reflect these assumptions (£69,662,401) and the unwinding of the discount on the provision (£372,020).

The key assumptions are set out below and further information is provided in note 30.

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 30. This new plan requires deficit payments of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%, in place until 30 April 2038.

The major assumptions used in calculating the provision are:

	2022	2021
	%	%
Discount rate	<b>3.31</b>	0.87
Inflation	<b>2.0 to 3.2</b>	1.5 to 2.0

## Notes to the accounts (continued)

Year ended 31 July 2022

### 19 Provisions for liabilities (continued)

#### Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision under the new deficit recovery plan are set out below:

Change in assumption at 31 July 2022	Approximate impact
0.5% pa decrease in discount rate	£4.52m
0.5% pa increase in salary inflation over duration	£4.55m
0.5% pa increase in salary inflation year 1 only	£0.53m
0.5% increase in staff changes over duration	£4.55m
0.5% increase in staff changes year 1 only	£0.51m
1% increase in deficit contributions	£17.54m

#### Defined benefit obligations

This provision relates to the University of Leicester Pension and Assurance Scheme (PAS) which arises from the contractual obligation with the pension scheme for a net defined benefit liability.

This is the present value of obligations under the defined benefit plans at the reporting date. Management have engaged Aon Hewitt to determine the value of this obligation.

Further information is available in note 30.

#### Other provisions

##### Decommissioning costs

This provision relates to the expected costs of decommissioning certain scientific facilities within the Institution. Based upon knowledge at the date of signing the financial statements it is expected that the decommissioning will take place in 2027.

##### Clawback of government grant

This provision relates to government grant repayable to the Regional Growth Fund, under the terms and conditions of the grant, following the closure of the Institution's ASDEC facility in 2018.

##### Tuition fee refunds

This provision relates to tuition fee refunds payable in respect of teaching hours lost due to trade union action and, in certain circumstances, Covid-19. A provision is recorded when the Institution has a constructive obligation to make the payment following the resolution of a complaint.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 20 Contingent assets and liabilities

An extension to the Percy Gee building was completed during the 20/21 financial year. There was a contractual dispute between the Institution and the main contractor, and the matter was referred to adjudication. The adjudication concluded in May 2022, in favour of the Institution receiving a settlement receipt, however as at 31 July 2022 no legal documents had been signed relating to this. As such, a receivable has not been recognised at 31 July 2022 as any receipt is dependent on the legal paperwork being completed. The legal documents were subsequently signed following the year-end, and the receipt has been recognised in income in the 22/23 financial year.

There are contingent liabilities relating to potential tax liabilities for overseas employees and overseas sales for which the outcomes are uncertain and where the potential outflows are not material to the University and Consolidation.

21 Financial instruments	31 July 2022		31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
The carrying values of the Institution's financial assets and liabilities are as follows:				
<b>Financial assets</b>				
<b>Measured at fair value through Statement of Comprehensive Income</b>				
Other investments	21,009	21,009	21,634	21,634
<b>Debt instruments measured at amortised cost</b>				
Cash and cash equivalents	34,956	34,936	75,764	75,753
Other investments	-	-	5,000	5,000
Loans receivable	-	2,844	-	3,067
Trade and other receivables	30,677	37,147	24,939	30,465
<b>Equity instruments measured at cost less impairment</b>				
Investments in associates	1,505	-	1,505	-
Investments in subsidiaries	-	300	-	300
	<b>88,147</b>	<b>96,236</b>	<b>128,842</b>	<b>136,219</b>
<b>Financial liabilities</b>				
<b>Measured at fair value through Statement of Comprehensive Income</b>				
Derivative financial instruments	2,250	2,250	4,686	4,686
<b>Measured at amortised cost</b>				
Loans payable	120,456	120,456	179,475	179,475
Trade and other payables	43,529	43,444	25,909	25,852
	<b>166,235</b>	<b>166,150</b>	<b>210,070</b>	<b>210,013</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

### 22 Endowment reserves

Restricted permanent endowment	Unrestricted permanent endowment	Total	Total
2022	2022	2022	2021
£'000	£'000	£'000	£'000

#### Consolidated and Institution

##### Permanent endowments

##### Balances at 1 August

Capital	3,450	1,109	4,559	4,325
Unapplied return	2,441	743	3,184	2,061
	<b>5,891</b>	<b>1,852</b>	<b>7,743</b>	<b>6,386</b>

New endowments	10	-	10	232
Investment income	-	-	-	-
Expenditure	(51)	-	(51)	(35)
(Decrease)/increase in market value of investments	(159)	(59)	(218)	1,160
Total endowment comprehensive income for the year	<b>(200)</b>	<b>(59)</b>	<b>(259)</b>	<b>1,357</b>

<b>At 31 July</b>	<b>5,691</b>	<b>1,793</b>	<b>7,484</b>	<b>7,743</b>
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##### Represented by:

Capital	3,360	1,202	4,562	4,559
Unapplied return	2,331	591	2,922	3,184
	<b>5,691</b>	<b>1,793</b>	<b>7,484</b>	<b>7,743</b>

##### Analysis by type of purpose:

Lectureships			483	466
Scholarships and business			3,232	3,114
Research support			139	441
Prize funds			1,107	1,042
General			2,523	2,680
			<b>7,484</b>	<b>7,743</b>

##### Analysis by asset:

Non-current asset investments			7,435	7,016
Cash and cash equivalents			49	727
			<b>7,484</b>	<b>7,743</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

	Total 2022 £'000	Total 2021 £'000	
<b>22 Endowment reserves (continued)</b>			
<b>Restricted expendable endowments</b>			
<b>Balance at 1 August</b>			
Capital	12,749	9,731	
Accumulated income	4,042	3,844	
	<u>16,791</u>	<u>13,575</u>	
New endowments	1,513	1,985	
Investment income	-	-	
Expenditure	(1,154)	(1,897)	
(Decrease)/increase in market value of investments	(372)	3,128	
<b>Total endowment comprehensive income for the year</b>	<u>(13)</u>	<u>3,216</u>	
<b>At 31 July</b>	<u>16,778</u>	<u>16,791</u>	
<b>Represented by:</b>			
Capital	9,674	12,749	
Accumulated income	7,104	4,042	
	<u>16,778</u>	<u>16,791</u>	
<b>Analysis by type of purpose:</b>			
Lectureships	1,812	2,078	
Scholarships and bursaries	2,169	2,206	
Research support	11,422	11,022	
Prize funds	37	57	
General	1,338	1,428	
	<u>16,778</u>	<u>16,791</u>	
<b>Analysis by asset:</b>			
Current asset investments	11,769	12,749	
Cash and cash equivalents	5,009	2,623	
Pledged endowments debtor	-	1,419	
	<u>16,778</u>	<u>16,791</u>	
<b>Analysis of major endowments:</b>	<b>Capital £'000</b>	<b>Income £'000</b>	<b>Total £'000</b>
<b>van Geest Foundation Heart and Cardiovascular Disease Research Fund</b>			
<b>Balance at 1 August 2021</b>	6,901	-	6,901
Investment income	(25)	25	-
Expenditure	-	(25)	(25)
Decrease in market value of investments	(41)	-	(41)
<b>Balance at 31 July 2022</b>	<u>6,835</u>	<u>-</u>	<u>6,835</u>

## Notes to the accounts (continued)

Year ended 31 July 2022

23 Restricted reserves	Donations £'000	Other restricted funds £'000	Total 2022 £'000	Total 2021 £'000
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### Consolidated and Institution

<b>Balances at 1 August</b>	691	1,413	2,104	2,504
New donations	461	-	461	1,135
New other restricted funds	-	693	693	259
Expenditure	(726)	(188)	(914)	(1,794)
	(265)	505	240	(400)
<b>At 31 July</b>	<b>426</b>	<b>1,918</b>	<b>2,344</b>	<b>2,104</b>

Analysis of restricted funds by type of purpose:	Total 2022 £'000	Total 2021 £'000
Scholarships and bursaries	230	517
Research support	1,663	1,393
General	451	194
	<b>2,344</b>	<b>2,104</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

24 Cash and cash equivalents	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
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### Consolidated

Cash and cash equivalents			
Endowed cash and cash equivalents	3,350	1,708	5,058
Non-endowed cash and cash equivalents	72,414	(42,516)	29,898
	<u>75,764</u>	<u>(40,808)</u>	<u>34,956</u>

Institution	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
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Cash and cash equivalents			
Endowed cash and cash equivalents	3,350	1,708	5,058
Non-endowed cash and cash equivalents	72,403	(42,525)	29,878
	<u>75,753</u>	<u>(40,817)</u>	<u>34,936</u>

Non-endowed cash and cash equivalents includes **£273,000 (2021: £18,296,000)** of term deposits and notice accounts with a maturity of 3 months or less from the date of placement. At 31 July 2022 the weighted average interest rate of these fixed rate deposits was 0.55% per annum and the weighted average period for which the interest rate is fixed on these deposits was 30 days.

25 Consolidated net debt reconciliation	At 1 August 2021 £'000	Cash flows £'000	Changes in market value and exchange rates £'000	Other non- cash changes £'000	At 31 July 2022 £'000
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<b>Cash and cash equivalents</b>	75,764	(40,808)	-	-	34,956
<b>Borrowings due within one year</b>					
Unsecured loans	(63,045)	59,019	-	(45,499)	(49,525)
<b>Borrowings due after more than one year</b>					
Unsecured loans	(116,430)	-	-	45,499	(70,931)
Derivatives	(4,686)	-	2,436	-	(2,250)
	<u>(121,116)</u>	<u>-</u>	<u>2,436</u>	<u>45,499</u>	<u>(73,181)</u>
<b>Net debt</b>	<u>(108,397)</u>	<u>18,211</u>	<u>2,436</u>	<u>-</u>	<u>(87,750)</u>

## Notes to the accounts (continued)

Year ended 31 July 2022

### 26 Capital commitments

Provision has not been made for the following capital commitments at 31 July:

	31 July 2022		31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Commitments contracted for	2,525	2,525	3,586	3,586

### 27 Lease obligations

Total rentals payable under operating leases are as follows:

Consolidated and Institution	Land and buildings £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
<b>Future minimum lease payments due:</b>				
Not later than one year	137	202	339	456
Later than one year and not later than five years	428	312	740	704
Later than five years	-	-	-	27
Total lease payments due	565	514	1,079	1,187

### 28 Subsidiary undertakings

The subsidiary companies (all of which are registered in England) wholly-owned or effectively controlled by the Institution are as follows:

Company	Principal activity	Status	Note
College Court Conference Centre Limited	Operation of a conferencing facility	100% owned	14
The Leicester Services Partnership Limited	Operation of catering facilities	100% owned	14
UOL Investments Limited	Investment holdings	100% owned	14
UOL FC Limited	Investment holdings	100% owned	14
Leicester Academic Library Services Limited	Not trading	100% owned	14

The Leicester Services Partnership Limited was previously a joint arrangement between the Institution and University of Leicester Students' Union. It was accounted for as a subsidiary of the Institution on the basis that the Institution can exercise a majority of voting rights. On 28 January 2022 Leicester Students' Union transferred its 50% holding to the Institution making it a fully owned subsidiary.

The registered address for all the subsidiary companies is: University Road, Leicester, LE1 7RH.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 29 Related party transactions

Due to the nature of the Institution's operations and the composition of its Council (being drawn from local public and private sector organisations) and Senior Leadership Team, it is inevitable that transactions will take place with organisations in which a member of Council or the Senior Leadership Team may have an interest. All such transactions are conducted at arm's length and in accordance with the Institution's financial regulations and normal procurement procedures. The Institution has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned group entities.

	Income transaction £'000	Expenditure transactions £'000	Balance due from the related party £'000	Balance due to the related party £'000
DeMontfort University	-	170	-	-
Engineering and Physical Sciences Research Council (EPSRC)	4,560	-	-	-
Kettering General Hospital	46	-	34	-
Leicestershire Partnership NHS Trust	535	64	266	-
National Space Centre	-	115	-	-
Rockstar Marketing Group Ltd	-	53	-	-
University Hospitals of Leicester NHS Trust	10,844	4,119	38	1
University of Leicester Students' Union	-	124	-	-
University of Nottingham	174	842	29	1
	<b>16,159</b>	<b>5,487</b>	<b>367</b>	<b>2</b>

#### DeMontfort University

The majority of expenditure with DeMontfort University relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

#### Engineering and Physical Sciences Research Council (EPSRC)

The majority of income from EPSRC relates to research grant income.

#### Kettering General Hospital

The majority of income from Kettering General Hospital relates to salary recharges.

#### Leicestershire Partnership NHS Trust

The majority of income from Leicestershire Partnership NHS Trust relates to staff recharges. Expenditure relates to salaries and use of facilities by staff and students.

#### National Space Centre

The majority of expenditure with National Space Centre relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

#### Rockstar Marketing Group Ltd

The majority of expenditure with Rockstar Marketing Group Ltd relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

#### University Hospitals of Leicester NHS Trust

The majority of income from University Hospitals of Leicester NHS Trust relates to staff recharges and research funding. Expenditure relates to salaries and use of facilities by staff and students.

#### University of Leicester Students' Union

The majority of expenditure with University of Leicester Students' Union relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

#### University of Nottingham

The majority of income from University of Nottingham relates to projects. Expenditure relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

No information has been listed above for organisations where income and expenditure is less than £25,000 in the year.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 29 Related party transactions (continued)

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#### Council members

The Institution's Council members are the trustees for charitable law purposes. Due to the nature of the Institution's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified above, are conducted at arms length and in accordance with the Institution's Financial Regulations and procurement procedures.

No Council member has received any remuneration or waived payments from the Institution during the year (2021: none).

The total expenses paid to or on behalf of 2 council members was £312 (2021: nil). The amounts paid represent travel and subsistence costs incurred in attending Council, committee meetings and charity events in their official capacity. Where Council members are also employees of the Institution, expenses claimed in their capacity as an employee are not included.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 30 Pension schemes

Different categories of staff are eligible to join one of the following schemes:

- Universities' Superannuation Scheme (USS).
- The University of Leicester Stakeholder Scheme.
- The College Court Stakeholder Scheme.
- The Leicester Services Partnership Stakeholder Scheme.
- National Health Service Pension Scheme (NHS).

The USS has two sections which work alongside each other: the Retirement Income Builder which is a defined benefit section where benefits are based on length of service and salary up to a threshold; and the Investment Builder a defined contribution section for earnings above the salary threshold and any additional contributions members choose to make.

The three stakeholder schemes are defined contribution schemes.

The NHS scheme is a defined benefit scheme.

The Institution also continues to administer two previous pension schemes: the University of Leicester Pension and Assurance Scheme (PAS), a defined benefit scheme, and the Federated Superannuation System for Universities (FSSU), a defined contribution scheme. Both schemes are now closed to new entrants.

The amounts charged to staff costs in respect of the schemes is as follows:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Universities' Superannuation Scheme	21,941	21,956
University of Leicester Stakeholder Scheme	1,436	1,419
University of Leicester Pension and Assurance Scheme (PAS)	-	-
NHS Pension Scheme	1,279	1,103
College Court Stakeholder Scheme	3	20
Leicester Services Partnership Stakeholder Scheme	85	91
	<b>24,744</b>	<b>24,589</b>

#### (i) The Universities' Superannuation Scheme

As at 31 July 2022 there are **2,251 (2022: 2,184)** active members of USS. Deficit recovery contributions due within one year for the Institution are **£7,072,826 (2021: £5,335,074)**. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method. Since the Institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 30 Pension schemes (continued)

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles [uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](https://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2017 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.

The current life expectancies on retirement at age 65 are:	2020 valuation	2018 valuation
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022 %	2021 %
Discount rate	3.31	0.87
Pensionable salary growth	2.0 to 3.2	1.5 to 2.0

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

## Notes to the accounts (continued)

Year ended 31 July 2022

### 30 Pension schemes (continued)

#### (ii) University of Leicester Pension and Assurance Scheme (PAS)

The PAS is a defined benefit scheme and a registered pension scheme for tax purposes (reference number 100222535).

The scheme closed to new members in July 2003 and then on 31 March 2016 to future benefit accrual. The scheme was contracted out of the State Second Pension Scheme until its closure. Active members of the scheme at the closure date were enrolled into The University of Leicester Stakeholder Plan or, if eligible, the Universities Superannuation Scheme (USS). As at 31 July 2022, there are **987 (2021: 987)** deferred members of the scheme.

The Trustees of the scheme have the responsibility for its management. The scheme administrators are Aon who also act as consultant and actuary to the scheme.

The last actuarial valuation was held on 31 July 2019 and this reported a past service deficit of £57.5 million, which represented a funding ratio of 73%. A recovery plan has been agreed with the Institution which provides for repayment of this deficit by 28 February 2030. The next actuarial valuation is due on 31 July 2022.

#### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	At 31 July 2022 %pa	At 31 July 2021 %pa
Discount rate for scheme liabilities	3.35	1.55
Price inflation (RPI)	3.25	3.30
Price inflation (CPI)	2.90	2.90
Rate of increase in salaries	3.50%, and then 2.00% thereafter	2.00%, and then 1.50% thereafter
<b>Pension increases</b>	<b>%pa</b>	<b>%pa</b>
Pre 06.04.1988 GMP	0.00	0.00
Post 05.04.1988 GMP	2.45	2.40
Pre 06.04.1997 Non-GMPs	3.15	3.20
Post 05.04.1997	3.15	3.20
Post 01.08.2012	2.90	2.85

#### Demographic assumptions

The main demographic assumption used relates to mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigations (CMI) tables. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Male (currently aged 65)	Male (currently aged 45)	Female (currently aged 65)	Female (currently aged 45)	Female (currently employed deferred member aged 45)
At 31 July 2021 (S3PMA/S3PFA)	20.7	21.9	23.0	24.2	24.2
At 31 July 2022 (S3PMA/S3PFA)	20.5	21.7	22.9	24.1	24.1

## Notes to the accounts (continued)

Year ended 31 July 2022

	31 July 2022	Fair value as at 31 July 2021
	£'000	£'000
<b>30 Pension schemes (continued)</b>		
<b>Scheme assets</b>		
Equities	24,027	41,387
Bonds	82,782	99,867
Gifts	-	-
Property	10,512	9,886
Diversified growth funds	22,841	30,221
Cash	7,054	1,320
Other	-	-
<b>Total</b>	<b>147,216</b>	<b>182,681</b>

None of the Scheme assets are invested in the Institution's financial instruments or in property occupied by, or other assets used by, the Institution.

### Analysis of the amount shown in the balance sheet for PAS:

	31 July 2022	31 July 2021
	£'000	£'000
Scheme assets	147,216	182,681
Scheme liabilities	(169,612)	(238,321)
<b>Deficit in the scheme – net pension liability recorded within pensions provision (note 19)</b>	<b>(22,396)</b>	<b>(55,640)</b>

### Analysis of the amount charged to expenditure for PAS:

	31 July 2022	31 July 2021
	£'000	£'000
Current service cost	-	-
Past service cost	-	-
Admin expenses	575	578
<b>Total operating charge</b>	<b>575</b>	<b>578</b>

### Analysis of the amount charged to interest payable for PAS:

Interest on net defined benefit liability	822	1,001
<b>Total expenditure charge</b>	<b>1,397</b>	<b>1,579</b>

### Analysis of other comprehensive income for PAS:

(Loss)/gain on assets	(35,662)	19,152
Experience gain/(loss) on liabilities	65,970	(3,437)
<b>Total other comprehensive income</b>	<b>30,308</b>	<b>15,715</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

Year ended 31 July 2022	Year to 31 July 2022	Year to 31 July 2021
30 Pension schemes (continued)	£'000	£'000
<b>Changes in value of defined benefit obligation</b>		
<b>Present value of PAS liabilities at the start of the year</b>	<b>238,322</b>	237,818
Past service cost	-	-
Interest expense on defined benefit obligation	<b>3,647</b>	3,290
Actuarial (gain)/loss	<b>(65,970)</b>	3,437
Actual benefit payments	<b>(6,387)</b>	(6,223)
<b>Present value of PAS liabilities at the end of the year</b>	<b>169,612</b>	<b>238,322</b>
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>182,681</b>	163,839
Interest income on assets	<b>2,826</b>	2,289
(Loss)/gain on assets	<b>(35,662)</b>	19,152
Actual contributions paid by Institution	<b>4,333</b>	4,202
Actual benefit payments	<b>(6,387)</b>	(6,223)
Admin costs incurred	<b>(575)</b>	(578)
<b>Fair value of scheme assets at the end of the year</b>	<b>147,216</b>	<b>182,681</b>
<b>Actual return on scheme assets</b>		
Interest income on scheme assets	<b>2,826</b>	2,289
(Loss)/gain on scheme assets	<b>(35,662)</b>	19,152
<b>Fair value of scheme assets at the end of the year</b>	<b>(32,836)</b>	<b>21,441</b>

## Notes to the accounts (continued)

Year ended 31 July 2022

### 30 Pension Schemes (continued)

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#### (iii) NHS Pension Scheme

The NHS Pension Scheme is a multi-employer defined benefit scheme that is treated as a defined contribution scheme as it is not possible to identify the Institution's share of the underlying assets and liabilities. As at 31 July 2022, the Institution has **112 (2021: 109)** employees who are members of the Scheme. The Institution allows continued membership of the Scheme for new employees who are already members of the Scheme. Employees contribute between 5% and 14.5% of pensionable earnings to the scheme, whilst the Institution contributes a standard 20.68% including an 0.08% scheme administration levy (**2021: 20.68%**) of the employees' pensionable earnings. The employee % rate is based on their earnings in a year.

#### (iv) The University of Leicester Stakeholder Scheme

##### The College Court Stakeholder Scheme

##### The Leicester Services Partnership Scheme

All three Schemes are defined contribution pension schemes offered through and administered by Aviva. They are open to the Institution's support staff in salary grade level 5 and below, all employees of the Institution's trading subsidiaries and are also available to casual workers.

As at 31 July 2022, each scheme had active members as follows:

	2022 No.	2021 No.
The University of Leicester Stakeholder Scheme	<b>1,083</b>	1,049
The College Court Stakeholder Scheme	-	16
The Leicester Services Partnership Scheme	<b>63</b>	66

## Notes to the accounts (continued)

Year ended 31 July 2022

### 30 Pension Schemes (continued)

Each scheme employer contributes to the scheme in proportion to that of member contribution rate as a percentage of pensionable pay, according to the table below.

	Employee's contribution	Employer's contribution
Tier 1	3%	5%
Tier 2	4%	7%
Tier 3	5%	9%
Tier 4	6%	11%
	7% or more	11%

The scheme(s) operate a salary sacrifice arrangement for pension deductions.

As of 1 January 2016, all new scheme members are enrolled in the Aviva My Future Fund default investment fund. The Aviva default investment fund incorporates a lifestyle strategy which changes the mix of default investments as the member nears their chosen retirement age from growth investments to lower risk funds.

The Aviva My Future Fund carries a management charge of **0.43%** (2021: **0.43%**) of fund value.

The Institution maintains an Advisory Group, which has employee representation, and supports the governance of the scheme(s) and provides advice on the scheme(s) to the Institution's Finance Committee. The scheme(s) retains Isio as independent pension advisers.

## Notes to the accounts (continued)

Year ended 31 July 2022

### 31 US Department of Education: Financial Responsibility Supplemental Schedule

We have an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184 /Monday, September 23, 2019 /Rules and Regulations

The below data is prepared using UK GAAP and does not include any adjustments to comply with US GAAP.

Reference	Expendable Net Assets	Year ended 31 July 2022		Year ended 31 July 2021	
		£'000	£'000	£'000	£'000
Statement of Changes in Reserves: unrestricted	Net assets without donor restrictions		<b>50,766</b>		81,807
Statement of Changes in Reserves: restricted + endowment + NCI	Net assets with donor restrictions		<b>26,606</b>		25,219
	Secured and Unsecured related party receivable	-		-	
	Unsecured related party receivable		-		-
Note 13 exc. right of use asset	Property, plant and equipment, net (includes Construction in progress)	<b>496,267</b>		493,947	
Note 13 exc. right of use asset and additions	Property, plant and equipment - pre-implementation		<b>344,722</b>		346,031
	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-		-
Note 13 exc. right of use asset: additions	Property, plant and equipment - post-implementation without outstanding debt for original purchase		<b>133,633</b>		128,917
Note 13	Construction in progress		<b>17,912</b>		18,999
Note 13	Lease right-of-use asset, net	<b>7,415</b>		2,904	
	Lease right-of-use asset pre-implementation		-		-
	Lease right-of-use asset post-implementation		<b>7,415</b>		2,904
Note 12	Intangible assets		<b>1,532</b>		1,380
Note 19	Post-employment and pension liabilities		<b>132,702</b>		98,401
Note 18	Long-term debt - for long term purposes	<b>120,456</b>		119,475	
Note 18 less new loans in year	Long-term debt - for long term purposes pre-implementation		<b>117,456</b>		119,475
	Long-term debt - for long term purposes post-implementation		-		-
	Line of Credit for Construction in process		-		-
Note 17	Lease right-of-use asset liability	<b>7,415</b>		2,904	
	Pre-implementation right-of-use leases		-		-
Note 17	Post-implementation right-of-use leases		<b>7,415</b>		2,904
	Annuities with donor restrictions		-		-
	Term endowments with donor restrictions		-		-
	Life income funds with donor restrictions		-		-
Note 22 + 23	Net assets with donor restrictions: restricted in perpetuity		<b>26,606</b>		26,638

## Notes to the accounts (continued)

Year ended 31 July 2022

### 31 US Department of Education: Financial Responsibility Supplemental Schedule (continued)

Reference	Total Expenses and Losses	Year ended 31 July 2022		Year ended 31 July 2021	
		£'000	£'000	£'000	£'000
Note 10a	Total expenses without donor restrictions - taken directly from Statement of Comprehensive Income		399,792		309,055
Statement of Comprehensive Income: (investment income + other gains + actuarial gain/(loss))	Non-Operating and Net Investment (gain)		(29,702)		(21,017)
Statement of Comprehensive Income: investment income + other gains	Net investment losses/(gains)		606		(5,302)
	Pension-related changes other than net periodic costs		-		-
<b>Modified Net Assets</b>					
Statement of Changes in Reserves: unrestricted	Net assets without donor restrictions		50,766		81,807
Statement of Changes in Reserves: restricted + endowment + NCI	Net assets with donor restrictions		26,606		25,219
Note 12	Intangible assets		1,532		1,380
	Secured and Unsecured related party receivable	-		-	
	Unsecured related party receivable		-		-
<b>Modified Assets</b>					
Statement of Financial Position: total assets	Total Assets		601,168		636,237
	Lease right-of-use asset pre-implementation		-		-
	Pre-implementation right-of-use leases		-		-
Note 12	Intangible assets		1,532		1,380
	Secured and Unsecured related party receivable	-		-	
	Unsecured related party receivable		-		-
<b>Net Income Ratio</b>					
Statement of Changes in Reserves: unrestricted	Change in Net Assets Without Donor Restrictions		(31,041)		25,303
Statement of Comprehensive Income: total income - investment income + gain on disposal of fixed assets	Total Revenue and Gains		340,675		317,290



UNIVERSITY OF  
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