

**Leeds Arts University**

**Annual report and financial statements**

For the year ended 31 July 2021

## **Members' report and financial statements**

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## Strategic Report

### NATURE, OBJECTIVES AND STRATEGIES

The Governors present their annual report and the audited financial statements for the year ended 31 July 2021.

#### Legal Status

Leeds Arts University is an independent specialist arts institution established as a Higher Education Corporation. The University is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The University has been a specialist provider of arts education in the north of England for over 170 years and has roots dating back to 1846 and the original Leeds School of Art. In 1842, the Leeds Mechanics Institute merged with the Literary Society, which led to the formation of The Leeds Government School of Art and Design four years later. In the late 1920s, the art school became known as Leeds College of Art and the College was established as a Further Education Corporation, under the Further and Higher Education Act 1992, on 1 April 1993. On 1 August 2011, the Secretary of State for Business, Innovation and Skills, in exercise of powers conferred under the Education Reform Act 1988, transferred the College to the higher education sector. On 15 August 2017, the Privy Council approved the modifications to the Instrument of Government of Leeds College of Art to include a change of title to Leeds Arts University.

The University's mission as approved by the Board of Governors is as follows:

#### Mission Statement

We are an influential, world-facing, creatively driven specialist arts University where professional educators, practitioners and researchers collaborate to develop and enable excellence. We promote distinctive, critically informed and relevant practice in order to support the economic growth and cultural advancement of individuals and society.

#### Value Statement

Our values define us and guide decision-making and behaviour.

We are:

- Student-centred  
*maximising potential, nurturing talent, respecting individuality, holistic*
- Focussed on specialist creative communities  
*collaborative, interactive, multi-disciplinary, studio-focussed, externally engaged*
- Critical in our thinking  
*aspirational, challenging, researching, questioning, analytical, innovative, independent thinking*
- Professional  
*relevant, contemporary, ambitious, achieving, international, employable, entrepreneurial, networked with industry*
- Progressive  
*beautiful, unconventional, risk-taking, experimental, radical, responsive*

#### Implementation of Strategic Plan

In June 2017, the Board of Governors approved a new strategic plan for the period to 2023. The Board of Governors monitors the performance of the University against these aims.

## **Strategic Report (continued)**

The University's strategic aims are set out below:

1. To provide student-centred teaching and learning in a studio and practice based environment which nurtures excellence, leads to graduate success, and supports economic growth and artistic enrichment.
2. To develop and progress relevant research practice which enhances teaching and learning, is globally significant and contributes positively to society.
3. To consolidate our reputation as an influential specialist arts University, collaborating with external partners to support student success and cultural advancement.

### **Appointment of Chancellor**

In January 2021, the University announced Skin as its first Chancellor. The Chancellor is the ceremonial head of the University and plays an important ambassadorial role, one who students and staff can look to for inspiration and who can speak on behalf of the University and the creative sector.

Skin is one of Britain's leading multi-talented artists. Born and brought up in Brixton, South London, she rejected the safe haven of soul and R&B session singing by literally diving headlong into hardcore rock. Since she emerged in the mid '90s with Skunk Anansie, Skin has been a groundbreaking presence, recently hosting her own radio show and publishing her memoir 'It takes blood and guts'. Skin's creative background spans many areas of the creative industries including music, fashion and art, and makes her very well qualified to undertake the role of Chancellor.

## **PUBLIC BENEFIT STATEMENT**

### **Charitable Objects**

The University is a Higher Education Corporation and, as such, is an exempt charity. The members of the Board of Governors are the trustees of the charity.

The Charities Act 2006 amended the Charities Act 1993 and made a number of important changes to the general law that applies to all charities, including exempt charities. The 1993 and 2006 Acts were consolidated in the Charities Act 2011, which came into effect on 14 March 2012. Under this legislation, the University as an exempt charity is required to demonstrate how its work is of public benefit. The Governors have taken into account the Charity Commission's guidance on public benefit in determining the University's charitable objectives including its Mission and Strategy.

The University's charitable purpose as set out in the Education Reform Act 1988 is:

- a) to provide higher education;
- b) to provide further education;
- c) to carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the Corporation sees fit.

### **Beneficiaries**

The main beneficiaries of Leeds Arts University are the current, prospective and graduating students. The University is one of only a few institutions to provide opportunity to progress from age 16 to postgraduate level. Students study in a thriving community of creatives, equipping them with the skills, expertise and capability to succeed. In 2020/21, the University offered 15 degree level courses and 3 further education courses at level 3. The University offered 11 postgraduate taught degrees. The University enrolled 443 FE students, 2,041 full-time undergraduate students and 46 part-time and 51 full-time postgraduate students. The University also had 160 overseas students. The University offered a number of online creative courses for young people aged between 7-18 years old.

## **Removing barriers**

The University supports students in a wide range of ways; from pastoral and learning support, to support for students with learning difficulties and students with other disabilities. Identification of the most appropriate strategies for students with disabilities is informed through diagnostic processes and reports for students receiving the Disabled Student Allowance (DSA), whilst students not on DSA are offered screening on their literacy skills in the first year of their courses. This helps identify those who may benefit from additional learning support. At the point of application students who declare a disability are interviewed to determine the support and adjustments that may be required to assist their learning.

The University is keen to raise the aspirations of under-represented groups within the University and has a successful outreach and widening participation programme to engage with under-represented groups. The University continues to be a member of Go-Higher West Yorkshire. It is also part of the National Collaborative Outreach Programme. During 2020/21, the University ran a number of online taster days and activities for students and adults from under-represented groups and these are augmented through targeted mentoring by students as appropriate.

The cost of higher education can be a barrier to potential students and the Covid pandemic has caused financial hardship to many students and their families. In 2020/21 the University received £120,547 from the Office for Students (OfS) to distribute to those students who were facing hardship, particularly those who needed support to continue their study and achieve successful outcomes.

In addition to the OfS funding which was allocated to students based on their individual circumstances, the University gave each undergraduate student £405 and each postgraduate student £400 in recognition of the additional material costs that students may have faced during the pandemic. Final year undergraduate students also received an additional £75. The total cost of this support was over £886,000.

The University also funded bursaries, progression awards and hardship payments (on top of the OfS funding). The total amount distributed for these schemes was over £478,000 provided to eligible students, who were struggling financially, to assist with the costs of their studies.

## **Community**

The University engages with the wider community in a number of different ways. The University's exhibition gallery organises a number of exhibitions each year that are open to the public.

Normally in May and June the University's end of year shows are open to the public, enabling the community, prospective students and the public to have an opportunity to view the work of our students. The continued pandemic meant that for the second year running the shows were digital, which gave the public and prospective students the opportunity to view the students' work and bring the work to a wider audience. Students have been engaged within the city as lockdown has eased.

One example of this was final year BA (Hons) Illustration student Ekaterina Sheath who created a series of colourful artworks to help brighten up the city centre as Leeds began to welcome back shoppers as lockdown restrictions eased. This work was commissioned by Leeds City Council together with Leeds BID, the management team at Victoria Gate & Victoria Quarter and Trinity Shopping Centre, to create the designs which have been installed on vinyl in empty units on Briggate.

The University runs the successful Creative Networks events which is the biggest networking group of creative professionals in Yorkshire and has been developed to nurture creative talent and to foster partnerships and collaboration.

One of the most successful events during the year was a talk by Russell T Davies speaking about his life in the screen industry.

## **Strategic Report (continued)**

### **Mental Health**

The University aims to support students' wellbeing from initial transition into University right through until graduation. A whole University approach to students' mental health and wellbeing is promoted with student counsellors, a dedicated mental health advisor and welfare advisors who offer a range of support methods. A triage approach means all students who needed support were able to receive an initial assessment and support immediately. Teaching staff with pastoral responsibility are provided with mental health training and the welfare team run mental health awareness training for all student-facing staff. During the year a series of resilience building workshops were included as part of the wider employability program for second year undergraduate students. Student engagement in exercise and wellbeing focussed clubs and societies, to foster community building and support teamwork and further strengthen resilience, was sustained through the year. Access to 24/7 online mental health support through the 'Togetherall' service was sustained.

Throughout the year, support staff were equipped to work from home, and counselling, mental health and pastoral support were offered through video conferencing. Further counselling was also offered through a third party agency to cater for increased demand and so that students did not have to be placed on a waiting list. Not all of this increased capacity was taken up.

### **REVIEW OF PERFORMANCE**

#### **Coronavirus Pandemic**

The continuing coronavirus pandemic has required significant changes during the 2020/21 academic year. In summer of 2020, work was undertaken to ensure that the buildings were Covid secure for the return of students in September 2020.

The academic year commenced with students having a blend of face-to face teaching both within the buildings and online through video conferencing. Access to buildings and in-person contact was managed in line with Government guidance. On 31 December 2020, the University received a letter from the Universities Minister explaining that the approach to students returning after the Christmas break had changed and that students were to receive all teaching online on their return after the break. Our buildings remained open for those students who did not have suitable facilities or space to study in where they lived. Students were reminded that work would not be assessed on the basis of resources students had access to, but on creative thinking and responses to the briefs set. Amendments were made to the Academic Regulations to recognise the extraordinary disruption that the January 2021 announcement brought.

In February 2021 it was announced that our students could return from 8 March 2021. All students were therefore able to have access to the University's facilities and resources from that date.

Throughout the year course teams and staff across the University have been on hand to help students - Student Welfare, Academic Support, English Language Support, Academic Computing, the IT Support Team, HE Administration, Workshop Staff, Library and Careers were all able to give advice, guidance and support.

The End of Year shows were presented digitally and showcased all of the students' creative talent online. Students were reminded on a regular basis of the availability of hardship funds and additional monies were paid to all students as explained above.

## Strategic Report (continued)

### Financial results

	2021 £'000	2020 £'000
Income	25,023	23,796
Expenditure	21,911	20,708
	<hr/>	<hr/>
Surplus before other gains and losses	3,112	3,088
	<hr/>	<hr/>

The University continues to expand its provision and grow student numbers. The 5% increase in income is mainly as a result of the new Postgraduate courses that commenced in September 2020 which have resulted in an increase in home, EU and overseas students. The ratio of staff costs to income is 56%, in line with sector averages, despite an increase in the pension service cost. Other operating costs are in line with the prior year, there has been savings in administration costs and academic services and this has been offset by additional sums paid to students as a contribution to costs and costs of providing software to students free of charge.

### Progress against the Strategic Plan

Progress against the Strategic Plan is measured against a set of key performance indicators and milestones and monitored by the Board of Governors at each meeting. The University continues to expand; new postgraduate courses in Animation, Illustration, Creature Design, Worldbuilding, Graphic Novel and Digital Fashion commenced in September 2020. The REF 2021 process was paused due to coronavirus and the submission was finally made in March 2021.

Undergraduate recruitment in 2020/21 was strong across all courses.

### Key Performance Indicators - 2020-2021

	Performance	Benchmark
Overall Satisfaction (National Student Survey)	64%	69%
Non-continuation rate (HESA, Young FT first degree)	4%	7%
Highly Skilled Graduate Employability - Graduate Outcomes Undergraduates	53%	NA
FE Achievement Rates	91.8%	91.5%
Carbon Emissions	676 tonnes	893 tonnes

Overall satisfaction in the 2021 National Student Survey (NSS) was 64% compared to a benchmark of 69%. 72% were satisfied with the teaching on the course, 77% were satisfied with the learning opportunities and 73% were satisfied with learning resources. The disruption caused by the Coronavirus pandemic has impacted students' satisfaction. Historically the University has performed well in the NSS and the result from this year's survey is disappointing. Actions are being taken across the institution to address lower than expected scores in assessment and teaching.

The results from the 2018/19 Graduate Outcomes survey were published in summer 2021. These are experimental statistics. 53% of first-degree graduates were employed in highly skilled work. The University has a wide range of support available to help students in finding employment, starting businesses and working freelance. Investment in this area will increase in 2021/22.

Our Further Education provision continues to produce excellent results and the FE achievement rates for 2020/21 are significantly higher than benchmark.

The University takes its environmental responsibilities very seriously. A Sustainability Committee has oversight of projects to reduce carbon emissions, which have again reduced and are below target.

### Student achievements

Ofunne Azinge, a recent BA (Hons) Fine Art graduate, was selected to show in this year's Summer Exhibition at the Royal Academy of Arts, London, and a BBC2 documentary followed their progress towards the exhibition.

## **Strategic Report (continued)**

### **Student achievements (continued)**

BA (Hons) Comic & Concept Art student, Lorna Dinning, won a bronze award in ClipStudio.net's International Comic/Manga School Contest 2020 (Comic Category) for Mourning Crow.

Three BA (Hons) Fashion students, Alarna Barry, Elisabet Bender and Emily Fraser, were chosen to design for TikTok's first range of merchandise in Europe as part of a new partnership between Graduate Fashion Foundation (GFF).

MA Creative Practice graduate Kate Abbey was announced as one of the winners of Portrait of Britain 2020 for their portrait of 'David, Bradford, West Yorkshire'.

Laurie Powell, a BA (Hons) Fine Art student, was the winner of this year's Gillian Dickinson North East Young Sculptor Award and received a £6,500 commission.

Graduating students Rosie Rackham, BA (Hons) Textile Design, and Lydia Claxton, BA (Hons) Fashion, were shortlisted for the first online Global Design Graduate Show, organised by ARTSTHREAD and i-D in collaboration with Gucci.

BA (Hons) Visual Communications student, Kirsty Ramsay-Hogan, won a Silver Creative Conscience Award for a film that raises awareness of the needs of D/deaf students.

BA (Hons) Textile Design student, Jess Dryden, won a brief set by Asda and Hallmark with Izzy McFarlane awarded runner-up.

BA (Hons) Fashion student, Daisie Jacobs, won the Graduate Fashion Foundation's Fashion Styling & Creative Direction Award 2020.

Second year BA (Hons) Graphic Design student, Kael Crozier was a winner in this year's Penguin Random House Student Design Award 2020 with fellow graphic design student, Max Basey, shortlisted.

Final year BA (Hons) Textile Design student, Elizabeth Forbes, won the opportunity to take part in Mentoring Matters, a new mentoring scheme established by and for the fashion industry to encourage greater racial diversity within the sector.

Final year BA (Hons) Fashion Photography student, Morgan Roberts, had work featured in the November issue of L'Officiel Singapore magazine.

BA (Hons) Photography student, Martine Lund, won third prize in the Art category in the Wex Student Photography Awards 2020.

Two BA (Hons) Textile Design students, Martha Walmsley and Ellen Forsyth, were selected as winners by online global market place for textile design, Patternbank, for a brief to design fashion prints for their Spring/Summer 2021 collection.

More than eighty students showcased work at Kirkstall Forge in Leeds after a commission to produce artwork for property group CEG's prototype homes.

Three final year BA (Hons) Creative Advertising students, Grace Raji, Betty Meakin and Fe Sasson De Campos, had their articles published on global advertising agency BBH's BBH Labs in a partnership with the University.

Students from BA (Hons) Creative Writing, Anna Hopkins, Alex Callaghan and Ruby Dearing, Beth Harrison, Joe Hunter, Jasmine Disdale, Jesse Brunswick, Hanna Prince and Lizzie Mitchell all took part in a live streamed event as a part of Leeds Lit Fest.

MA Creative Practice student Midge Ryall was selected to take part in the New Creatives North, a talent development scheme supported by Arts Council England and BBC Arts, and delivered by Tyneside Cinema.



## **Strategic Report (continued)**

### **Student achievements (continued)**

Final year BA (Hons) Illustration student, Ekaterina Sheath, created a series of colourful artworks to help brighten up the city centre. Kat was commissioned by Leeds City Council together with Leeds BID, the management team at Victoria Gate & Victoria Quarter and Trinity Shopping Centre.

The work of second year BA (Hons) Visual Communication student, Molly Launchbury, was the first to be showcased in 'The Artist's Window' at Wellington Place in Leeds, established by MEPC to promote creative talent.

BA (Hons) Textile Design student, Molly Marnoch, won The Harlequin Award at this year's New Designers Awards for her collection Overlooked Sublime. Corinne Snell was also shortlisted for a Colour in Design Award and selected as a One to Watch.

Students from BA (Hons) Creative Advertising were shortlisted for the prestigious Cannes Future Lions competition. They included Jasmine Pears and Issy Meir, Emma Wakely and Lily Shackleton, Fe De Campos and Kiara Hambali, Jessica Watson and Eliza Rymer and Hannah Hargreaves.

Students studying MA Graphic Novel, Gavin Pollock, Kit Malone, Nicholas Kok, Raya Konyarska and Srijith Panicker, were commissioned by Brighton entertainment and lifestyle magazine BN1 to produce a new comic for their latest edition.

Designs created by final year BA (Hons) Visual Communication student, Jonathan Whittingham, were selected to be used in the promotion of Northern Opera Group's annual Leeds Opera Festival.

Kiara Hambali and Fe De Campos, BA (Hons) Creative Advertising students, won coveted D&AD New Blood Pencils for their 'Girls Night, Refreshed' response to an advertising brief for Coors Light.

Inés Lacruz, a final year BA (Hons) Fashion Design student, had their collection featured in Drapers magazine as one of the year's most promising students at Graduate Fashion Week 2021.

Final Year BA (Hons) Textile Design student, Niamh Bell, became the latest Leeds Arts University student to secure a position as graduate trainee designer at Alexander McQueen, London.

BA (Hons) Creative Advertising students, Fe Sasson De Campos and Kiara Hambali, were nominated for the creative industry 'Chip Shop Awards' held annually by The Drum magazine.

Second year BA (Hons) Textile Design student, Amy Middlemiss, was announced as the winner of a competition to design a yoga mat for eco-friendly brand With Every Atom.

Final year BA (Hons) Fashion Design students were invited to Coal Drops Yard, London for the annual Graduate Fashion Week (GFW). Catie MacGregor and Chloe Johnson were finalists for a brief to celebrate 30 years of GFW.

A body of work by final year BA (Hons) Fashion Photography student Jordan Lambert was featured in renowned style magazine The Face.

For the very first time this year BA (Hons) Fashion Photography course students were nominated for awards at Graduate Fashion Week, Emily Bloomer was nominated for the Fashion Communication Portfolio Award, and Morgan Roberts was an award nominee in the Fashion Photography Award.

The talented work of final year BA (Hons) Photography student, Charlotte Dobson, was selected for the cover of renowned industry magazine: Fresh Eyes.

Students on the University's BA (Hons) Animation course won two awards at the annual Kodak NAHEMI Student Commercial competition. The Craft Award for Animation was presented to a team of second year students, Faye Craig, Emma Drake and Bethan Reast, directed by Harry Richards, for McVitie's Meet.

MA Curation Practices student Natasha Clarke was recruited by the MA Education Consultancy to co-curate the project 'Black Leadership & Representation' which looked at barriers preventing young people of colour from progressing in their chosen profession.

## **Strategic Report (continued)**

### **Treasury policies and objectives**

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The University has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Vice-Chancellor.

### **Cash flows**

The University had cash balances of £12.2 million at 31 July 2021 and a further £12million on short term deposit.

### **Liquidity**

The University had a current ratio of 9.8 at 31 July 2021 (2019/20: 10.9) representing a clear ability to meet liabilities as they fall due. A revolving credit facility with HSBC Bank plc for £8million was agreed in January 2017. This facility was termed out in March 2021, and at the year end the amount outstanding was £7.4million.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires universities, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 31 July 2021, the University paid all approved and authorised invoices within 30 days. The University incurred no interest charges in respect of late payment for this period.

### **Future developments**

#### **Outlook**

#### **Coronavirus**

Despite the impact of the coronavirus, the University recruited solidly in September 2021. The postgraduate cohort continued to grow and overseas recruitment, particularly, on the postgraduate courses was stronger than expected.

Over the last 18 months, the University has adapted to some new ways of working and whilst the national lockdowns brought difficulties, our staff responded through innovations in teaching and learning. We will continue to develop some of these new practices alongside the traditions on which our University was founded and which have grown and developed over our history.

Our buildings opened in September for on campus teaching which is important to us - one-to-one contact with staff and opportunities to work in small groups, with and without staff - are central to our teaching and learning. The University recognises that there are times when this can work best inside the buildings and times when it can work best outside through video-conferencing where this can intensify staff and student contact, for instance, tutorials have been shown to work well in this mode. Staff have been working hard to ensure that all students have the ability to achieve the required learning outcomes next year and are able to progress towards their qualification and have a high quality academic experience.

The University's biggest single cost is staffing and this cost is likely to increase due to inflationary pressures, national insurance increases and increases in pension contributions. The University is forecasting a small surplus for 2021/22 whilst increasing investment in the infrastructure, digital technology, research, and employability.

## **RESOURCES**

The University has various resources that it can deploy in pursuit of its strategic objectives, these include:

### **Financial**

The University has £29.8 million of net assets (net of a £13.4 million pension liability).

### **Reputation**

The University has a good reputation, locally, nationally and internationally, winning a number of sector awards over the years. Maintaining a quality brand is essential. In line with many institutions, student satisfaction has fallen in 2021, partly due to the impact of Coronavirus on the student experience. The University is taking steps to address satisfaction and return to the high levels of student satisfaction it has historically experienced. Recruitment in September 2021 was solid.

### **People**

Academic staffing increased in line with the growth in student numbers. Higher Education Academic staff are required to acquire professional recognition for their teaching by attaining fellowship status of Advance HE. There is a staff development budget to support staff with gaining qualifications and other continuing professional development requirements.

The University has undertaken further work during the year to develop and embed the system of internal control; including financial, operational and risk management, which is designed to protect the University's assets and reputation.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Senior Management Team undertakes a comprehensive review of the risks to which the University is exposed. They identify systems and procedures, including specific actions which should mitigate any potential impact on the University. The internal controls are then implemented and the subsequent years appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the University.

A risk register is maintained by the Senior Management Team. This is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the University both before and after the application of controls and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the University. Not all the factors are within the University's control. Other factors besides those listed below may also adversely affect the University.

### **1. Undergraduate student recruitment**

The University's main income stream is from home undergraduate tuition fees funded by student loans. The removal of the student number control for undergraduate students provided the University more opportunities to grow. There has been speculation that a student number control may return in some format.

Leeds Arts University is addressing the issues arising from these changes in a number of ways:

- By increasing its postgraduate provision with the approval of new specialist postgraduate courses;
- Reviewing its academic portfolio on a regular basis;
- By ensuring the University is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- By investing in the student experience;
- By seeking to exceed students' expectations and preparing them for successful futures; and
- Continuing to develop its international work by building relationships in key markets;

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

#### 2. The need to maintain adequate funding of pension liabilities -

The financial statements report the share of the West Yorkshire Pension Fund deficit on the University's balance sheet in line with the requirements of FRS 102. The University's Local Government Pension scheme deficit at 31 July 2021 remains significant at £13.4 million. The Government introduced new benefit changes to all Local Government Pension Schemes from April 2014. The Teachers' Pension Scheme is unfunded and in September 2019 the contribution rate increased from 16.48% to 23.68% resulting in an additional annual cost of over £320,000. The employer contribution rate for the Local Government Pension Scheme increased in April 2021 from 15.8% to 16.4% and the rate will increase again in April 2022 to 17%.

The University has a strong financial position and will continue to tightly manage the overall staffing budget whilst recognising aspects of this cost are outside its control.

#### 3. Financial sustainability -

The future funding environment remains uncertain and the longer term impact of the current coronavirus pandemic on the HE sector is difficult to assess.

The development of additional postgraduate courses enables the University to diversify its income stream. Recruitment in September 2021 was strong and it is encouraging to see that, despite the challenges of coronavirus, students are still enrolling on all courses provided by the University, but student retention remains a risk throughout 2021-22 given the impact that measures introduced to control the virus may have on the teaching environment. The University has a strong financial base from which to manage any short to medium term challenges arising from the pandemic and the University will continue to manage all costs very carefully.

## STAKEHOLDER RELATIONSHIPS

In common with other universities, Leeds Arts University has many stakeholders. These include:

- Students and Staff;
- Education Sector Funding Bodies;
- Regulatory Bodies;
- Awarding Bodies;
- Employers;
- Leeds City Region;
- The local community;
- Other FE and HE institutions;
- Trades unions;
- Professional bodies.

The University recognises the importance of these relationships and engages in regular communication with them through the University's website and by meetings.

### Equality, Diversity and Inclusion

The University is committed to ensuring all those who can benefit from studying, working or visiting here are not disadvantaged, and we strive to remove physical and non-physical barriers that may prevent prospective students, students, staff and visitors from fully engaging in the University. The Equality, Diversity and Inclusion Policy will be resourced, implemented and monitored on a planned basis and published on the University's website.

The University considers all applications from people with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee develops a disability, every effort is made to ensure that employment with the University continues. The University's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities and inclusion report is published each year and scrutinised by managers and governors.

## **Strategic Report (continued)**

### **Disability statement**

The University seeks to achieve the objectives set out in the Equality Act 2010:

- As part of its accommodation strategy the University updated its access audit;
- The University's Student Support department (liaising with Estates department where necessary) provide information, advice and arrange support where necessary for students with disabilities;
- There is a list of specialist equipment, such as dyslexia software, which the University can make available for use by students and a range of assistive technology is available;
- There is an admissions policy for all students;
- The University has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist courses are described in University prospectuses, and achievements and destinations are recorded and published in the standard University format;
- Counselling and welfare services are described in the Student Handbook, which is issued to students.

### **Disclosure of Information to Auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Approved by order of the Board of Governors on 24 November 2021 and signed on its behalf by:



**Mr J H Finnigan**

**Chair**

## **Professional Advisers and Key Management Personnel**

Financial statements and regulatory:	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Internal auditors:	HW Controls and Assurance Ltd 30 Camp Road Farnborough Hampshire GU14 6EW
Bankers:	Lloyds TSB Bank Plc 65-68 Briggate Leeds LS1 6LH
Solicitors:	Walker Morris LLP 33 Wellington Place Leeds LS1 4JP  Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW

## **Key Management Personnel:**

Vice-Chancellor and Accountable Officer	Professor Simone Wonnacott
Pro-Vice-Chancellor Assurance & Director of Finance	Sharon Bailey
Pro-Vice-Chancellor Academic	Professor Randall Whittaker
Pro-Vice-Chancellor Student Experience & Resources	Professor Dave Russell

## Statement of Corporate Governance and Internal Control

The University is committed to exhibiting best practice in all aspects of corporate governance. The Board of Governors adopted the Committee of University Chairs' *Higher Education Code of Governance* (2014, revised 2018) from 1 August 2015, adopting the revised version of the code issued in September 2020 effective with reference to the 2020/21 financial year. In addition, the summary below describes the manner in which the University has applied the principles set out in the *UK Corporate Governance Code* issued by the Financial Reporting Council in July 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied. In the opinion of the governors, the University complies with the provisions of the *UK Corporate Governance Code*, in so far as they can be considered to apply to the higher education sector, throughout the year ended 31 July 2021. Where governance practices are not consistent with these documents, this is stated below.

### The Board of Governors

The members who served on the Board of Governors to 31 July 2021 and up to the date of this report were as follows:

Name	Date of appointment	Term of office ends	Date of resignation/retirement	Status of appointment	Committees served
Mr D Bagley	13.04.16 03.06.20 (r)	12.04.20 02.06.24		Independent	Audit (Vice-Chair)
Ms P Belcham	01.09.20	31.08.21	07.07.21	Students' Union President (term of office ended 07.07.21)	
Prof. P Cullen	28.11.17 09.10.19 (r) 28.11.21	08.10.19 27.11.21 21.11.25	08.10.19	Co-opted (Education) (to 08.10.19), Independent (from 09.10.19). Deputy Chair of Board of Governors	Audit, Remun. (Vice-Chair)
Mr R Dawson	27.01.21	26.01.25		Independent	Audit (from 27.01.21)
Mr J Finnigan	17.09.14 17.09.18 (r)	16.09.18 16.09.22		Independent Chair of Board of Governors	Remun., Search
Ms A Handa	22.01.14 22.01.18 (r)	21.01.18 22.01.22		Independent	Search (Chair), Remun.
Mr J Hart	01.09.20	31.08.21		Elected Student	
Prof. C Pickles	21.03.18	20.03.22		Independent	Search (Vice-Chair)
Mr N Ramshaw	16.10.13 16.10.17 (r)	15.10.17 15.10.21		Independent	
Dr D Reid	17.09.14 17.09.18 (r)	16.09.18 16.09.22		Independent	Audit (Chair), Remun. (Chair)
Mr M Riley	14.10.20	13.10.24		Independent	Search (from 25.11.20)
Ms N Rumball	14.10.20	13.10.24		Independent	Audit (from 11.11.20)
Dr S Taylor	03.06.20	02.06.24		Academic Board nominee	
Mr B Warden	25.11.20	24.11.24		Elected & Co-opted Staff	
Mr D Whitehead	21.03.18	20.03.22		Independent	
Prof. S Wonnacott	01.06.09	<i>Ex officio</i>		Principal (to 15.08.17) Vice-Chancellor (from 16.08.17)	Search
External co-opted committee members: Mr L Fox (external co-opted Audit Committee member, appointed for 4 years from 25 <sup>th</sup> Apr.2018); Ms S Heidinger (external co-opted Remuneration Committee member, appointed for 4 years from 1 <sup>st</sup> May 2019).					

**KEY:** (r) = date of re-appointment. Audit = Audit Committee. Search = Search & Nominations Committee. Remun. = Remuneration Committee

## Statement of Corporate Governance and Internal Control (continued)

### Appointments to the Board of Governors

The University was transferred from the Further Education (FE) to the Higher Education (HE) sector on 1 August 2011 by the Secretary of State for Business, Innovation and Skills. 10 Independent members of the Board of Governors were appointed by the Secretary of State from 1 August 2011. Appointments and re-appointments since 1 August 2011 have been made by the Board of Governors or by the Independent members of the Board of Governors, as required by the Instrument of Government.

The Vice-Chancellor, Professor S Wonnacott, and the nominated and elected Students' Union President are *ex officio* members of the Board of Governors. Members of the Board of Governors, other than the Vice-Chancellor, are appointed for a term of office not exceeding 4 years and normally serve for a maximum of 2 terms. The Instrument of Government permits an extended period of office where an Independent Governor is appointed to a new and more senior role e.g. as Chair of the Board of Governors.

The Chair and Deputy Chair of the Board of Governors are elected for 4 years, renewed annually. During the period under review, Mr John Finnigan served as Chair of the Board of Governors and Professor Patricia Cullen served as Deputy Chair of the Board of Governors.

### Corporate Governance Statement

The University's governance framework is established in the Instrument and Articles of Government, which are available on the University's website. <https://www.leeds-art.ac.uk/about-us/governance/charitable-status/> Amendments to these documents required the approval of both the Board of Governors and the Privy Council until 6 January 2020, when the requirement for Privy Council approval was removed with the consent of the Privy Council. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors is provided with regular and timely information on the overall financial performance of the University, including reports against funding targets and proposed capital expenditure. Regular reports are received on performance against key financial and academic performance indicators and at least annual reports are received on the following areas; equality and diversity; health and safety; human resources; safeguarding children and vulnerable adults and the Prevent Duty. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board of Governors' meetings.

The Board of Governors has appointed Ms F Bagchi as the Clerk to the Board of Governors. In this capacity, she provides independent advice to the Board of Governors on matters of governance. She holds no other managerial responsibilities within the University.

The Board of Governors operates a Carver-style governance model. Key features and aims of the model adopted by the Board include: retention of key decision making at full Board level; governing through clear written governance policies and instructions; ensuring clear delegation; governing through the setting and monitoring of clear performance criteria; holding the Vice-Chancellor and CEO accountable for carrying out the Board's instructions and achieving its approved key performance indicators; removing duplication of discussion through reduction in the number of Board committees.

During 2020/21, the Board of Governors held six formal Board meetings and one Governor training/development session. Due to the Covid-19 pandemic, meetings of the Board of Governors and its committees were held online. The Board of Governors also conducted its business through three committees: the Audit Committee, the Search and Nominations Committee and the Remuneration Committee. Each committee had terms of reference, which had been approved by the Board of Governors. Membership of these committees during the year to 31 July 2021 and to the date of signing of the accounts is as shown in the table above.

Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are available on the University website or from the Clerk to the Board of Governors at:



## Statement of Corporate Governance and Internal Control (continued)

Leeds Arts University  
Blenheim Walk  
Leeds  
LS2 9AQ

The Clerk to the Board of Governors maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk, who is responsible to the Board of Governors for ensuring compliance with all applicable procedures and regulations. The appointment, grading, suspension, dismissal and determination of pay and removal of the Clerk are matters for the Board of Governors as a whole.

The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Governors and University Vice-Chancellor are separate.

The Board of Governors uses a variety of methods to monitor and evaluate its own performance including: a periodic governance self-assessment survey based on a model produced by the Leadership Foundation for Higher Education; a biennial review of individual governor performance; an annual performance review of the committees of the Board of Governors; an annual review of governance practice against the Board of Governors' approved code of governance and statement of primary responsibilities; a review of University performance against Strategic Plan objectives and key performance indicators at each Board of Governors' meeting.

In 2020/21, the Audit Committee reviewed, in particular, governance practice with reference to the 6 primary elements of the *Higher Education Code of Governance (2020)* and has concluded that they are appropriate (unless otherwise indicated below) and have been applied i.e. that:

- 1 **Accountability.** The Board of Governors is collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit.
- 2 **Sustainability.** Working with the Executive, the governing body sets the mission, strategic direction, overall aims and values of the institution. In ensuring the sustainability of the institution, the Board of Governors actively seeks and receives assurance that delivery of the strategic plan is in line with legislative and regulatory requirements, institutional values, policies and procedures, and that there are effective systems of control and risk management in place.
- 3 **Reputation.** The Board of Governors safeguards and promotes institutional reputation and autonomy by operating in accordance with the values that underpin this Code, its various elements and the principles of public life.
- 4 **Equality, inclusivity and diversity.** The Board of Governors promotes a positive culture which supports ethical behaviour, equality, inclusivity and diversity across the institution, including in the Board of Governors' own operation and composition. This includes ensuring under-representation and differences in outcomes are challenged and, where practicable, corrective action is taken to ensure fair outcomes for all.
- 5 **Effectiveness.** The Board of Governors ensures that governance structures and processes are robust, effective and agile by scrutinising and evaluating governance performance against this Code, and recognised standards of good practice.
- 6 **Engagement.** The Board of Governors understands the various stakeholders of the institution (globally, nationally and locally) and is assured that appropriate and meaningful engagement takes place to allow stakeholder views to be considered and reflected in relevant decision-making processes.

## Statement of Corporate Governance and Internal Control (continued)

A table detailing the results of the review undertaken against the *Higher Education Code of Governance* (2020) and the *Statement of Primary Responsibilities* is published on the University's [website](#).

### **Search and Nominations Committee**

Under the Instrument of Government, any new appointments to the Board of Governors are a matter for the consideration of the Board of Governors as a whole or, in certain circumstances, the Independent members. The Board of Governors has a Search and Nominations Committee, comprised of five members of the Board of Governors, which is responsible for the selection of new members (other than the Vice-Chancellor and the nominated/elected staff and student members) for recommendation to the Board of Governors. Candidates for appointment to the Board of Governors are sought through election, nomination or targeted advertising, dependent on the type of vacancy.

The Board of Governors' approved Recruitment and Appointment Procedure states that, in identifying candidates for recommendation to the Board, the Search and Nominations Committee will: take into account the need to establish and maintain an appropriate balance of membership among the Board; so far as is possible, ensure that the Board is representative of the community which it serves, having regard to the University's equality and diversity policies; seek to ensure that the Board maintains a balance of skills, knowledge, and experience among its membership which enables it to carry out its responsibilities as set out in the Articles of Government. The Committee discharges these responsibilities by reviewing at each of its scheduled meetings the Board's skills audit and data relating to gender and Black, Asian and Minority Ethnic (BAME) representation on the Board.

The *2018 WomenCount: Leaders in Higher Education* survey recorded that women made up 40% of HE governing bodies overall, with 55% of governing bodies recorded as gender balanced (defined as having between 40-60% female representation).

During 2020/21, the Search & Nominations Committee sought to ensure that there was equal gender representation on the Board of Governors, with female representation on the Board of Governors varying between 44% and 50% during the year, which was lower than the percentages recorded for students and staff in the University's Equality, Diversity & Inclusion Report 2019/20. Black, Asian & Minority Ethnic (BAME) representation on the Board of Governors varied between 8% and 14% in 2020/21 during the year, which was similar to the equivalent percentage for students and higher than the equivalent percentage for staff shown in the University's 2019/20 Equality, Diversity & Inclusion Report. The University's Equality, Diversity & Inclusion Report 2019/20 was presented to the March 2021 Board of Governors' meeting and is available on the University's website. <https://www.leeds-art.ac.uk/about-us/governance/equality-and-diversity/>

### **Audit Committee**

The Audit Committee has an approved membership of six members. During 2020/21, the Committee had five members who were also members of the Board of Governors and one external co-opted member. In order to ensure the independence and objectivity of the Audit Committee, the following may not be members of the Committee: the Chair of Governors and those with significant interests in or executive responsibility for the management of the University e.g. the Vice-Chancellor.

The Committee operates in accordance with written terms of reference approved by the Board of Governors. Its purpose is to advise the Board of Governors on the adequacy and effectiveness of the University's system of internal control and its arrangements for risk management, control, governance and arrangements for promoting economy, efficiency and effectiveness (value for money) and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students (OfS) and other bodies.

In January 2021, the Audit Committee reviewed the Statement of Requirements, the tests of reasonableness and the Transparent Approach to Costing (TRAC) return and TRAC (T) return 2019-20 and approved them for submission to the Office for Students.

## **Statement of Corporate Governance and Internal Control (continued)**

### ***Audit Committee (continued)***

The Audit Committee meets at least on a termly basis and provides a forum for reporting by the University's internal and external auditors, who have access to the Committee for independent discussion without the presence of University management. The Committee receives and considers reports from the OfS as they affect the University's business.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes and arrangements for promoting value for money and the management and quality assurance of data submitted to the Higher Education Statistics Agency, OfS and other funding or regulatory bodies in accordance with an agreed plan, and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented. Implementation is monitored by the Audit Committee. The Audit Committee also advises the Board of Governors on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

### ***Remuneration Committee***

The Board of Governors agreed terms of reference for a Remuneration Committee in November 2013, with delegated power to determine the remuneration of the Vice-Chancellor and other designated senior post-holders. Before November 2013, senior post-holder remuneration was determined by the Board of Governors. The Remuneration Committee's terms of reference are reviewed annually by the Remuneration Committee, with any revisions recommended to the Board of Governors for approval.

The Remuneration Committee has an approved membership of five members. During 2020/21, the Committee had four members who were also members of the Board of Governors and one external co-opted member. Student and Staff Governors, including the Vice-Chancellor, may not be members of the Remuneration Committee. The Vice-Chancellor is however permitted to attend meetings of the Remuneration Committee, by invitation of the Committee, to present reports and provide advice but, in line with the Board of Governors' standing orders (including its policy on conflicts of interest), may not remain in attendance at any part of a Remuneration Committee meeting at which her own pay or conditions are under discussion or at which the pay and conditions of any related party are under discussion.

The members of the Board of Governors (other than the Vice-Chancellor, the staff members and, the sabbatical Students' Union President) did not receive any payment in 2020/21 from the University other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The student governor received funds that they were entitled to as a student. Details of payments made for the year ended 31 July 2021 to designated senior post-holders and members of the Board of Governors are set out in note 8 to the financial statements.

Remuneration reporting arrangements include: confidential Remuneration Committee minutes presented to the Board of Governors, excluding staff and student members; a report on Remuneration Committee membership and operation included in the corporate governance report; a report on senior post-holder remuneration (aggregating senior post-holder remuneration other than the Vice-Chancellor's remuneration) included as a note to the annual financial statements. In addition, in line with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, the Remuneration Committee produces an annual report to the full Board of Governors (i.e. including staff and student members), which is published on the University's [website](#).

### ***Internal Control***

The statement of internal control relates to the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities.

## Statement of Corporate Governance and Internal Control (continued)

### *Scope of responsibility*

The Board of Governors is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Vice-Chancellor, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the terms and conditions of funding between the University and its funding bodies. The Vice-Chancellor is also responsible for reporting to the Board of Governors any material weaknesses or break-downs in internal control.

### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of University policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Review procedures cover financial, business, operational and compliance risk. The system of internal control has been in place in Leeds Arts University for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

### *The risk and control framework*

The system of internal control is based on a framework of regular management information, administration procedures, including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board Governors;
- Regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- The adoption of formal project management disciplines, where appropriate.

The University has an internal audit service, which operates in accordance with requirements of the Audit Code of Practice of the OfS. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee.

As a minimum, the internal auditors annually provide the Board of Governors with a report on internal audit activity in the University. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of risk management, controls, governance processes and arrangements for promoting value for money and the management and quality assurance of data submitted to the Higher Education Statistics Agency, OfS and other funding bodies.

### *Review of effectiveness*

As Accountable Officer, the Vice-Chancellor has responsibility for reviewing the effectiveness of the system of internal control. The Vice-Chancellor's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the University who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the University's external auditors.

## Statement of Corporate Governance and Internal Control (continued)

### *Review of effectiveness (continued)*

The Vice-Chancellor has considered any implications arising from their review of the effectiveness of the system of internal control. Reports and recommendations arising from the annual internal audit plan have been discussed in the presence of the Vice-Chancellor by the Audit Committee, which oversees the work of the internal auditors. A University plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and Audit Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for and effectiveness of internal control. The Board of Governors' Audit Committee agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team, reporting to the Board of Governors through its minutes, its annual report and the annual presentation of the University's risk register. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2021 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Management Team and the internal auditors, and taking account of events since 31 July 2021.

### *Capacity to handle risk*

The Board of Governors has reviewed the key risks to which the University is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

### **Going Concern**

A detailed going concern review has been undertaken which has considered:

- The University's Strategic Plan and the risk factors as described in the Strategic Report;
- Performance against KPIs and recruitment in September 2021;
- The University's cash position;
- Compliance with covenants associated with the term loan;
- The capital investment requirements for the next twelve months;
- The potential impact of coronavirus.

After making appropriate enquiries, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Board of Governors on 24 November 2021 and signed on its behalf by:



**Mr J H Finnigan**  
Chair of Board of Governors



**Professor S Wonnacott**  
Vice-Chancellor

## STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

They are required to prepare the University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing the University financial statements, the Board of Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

- 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 Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Mr J H Finnigan**  
**Chair of Board of Governors**

# INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Leeds Arts University ("the University") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position as at 31 July 2021, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2021, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not intend to liquidate the University or to cease their operations, and as they have concluded that the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors conclusions, we considered the inherent risks to the University's business model and analysed how those risks might affect the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Governors assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the University will continue in operation.

**Fraud and breaches of laws and regulations - ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Governors, the audit committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the University's risk register

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and expectations of regulatory bodies, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees is recorded in the wrong period and the risk that the University's management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the University's fraud risk management controls. We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by the Director of Finance and infrequent users, and journals posted to cash and tuition fees that we considered to be posted to unexpected account combinations.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Board and other management (as required by auditing standards), and discussed with the Board and other management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.



## INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions.

We identified the following areas as those most likely to have such an effect: compliance with Higher Education regulatory requirements of the Office for Students, recognising the regulated nature of the University's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The Board of Governors is responsible for the other information, which comprises the Strategic Report and the Statement of Corporate governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Strategic Report and the Statement of Corporate Governance and Internal control, is consistent with the financial statements.

### **Board of Governors responsibilities**

As explained more fully in their statement set out on page 20, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY (continued)

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

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 Office for Students, 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; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the University's expenditure on access and participation activities for the financial year disclosed in note 9 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the University's grant and fee income, as disclosed in note 2 to the financial statements has been materially misstated.

We have nothing to report in these respects.

### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors and in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



**Rashpal Khangura (Senior Statutory Auditor) for and on behalf  
of KPMG LLP, Statutory Auditor**  
*Chartered Accountants* 1 Sovereign  
Square  
Sovereign Street Leeds  
LS1 4DA

01 December 2021

Statement of Comprehensive Income  
Year Ended 31 July 2021

	Notes	31 July 2021 £'000	31 July 2020 £'000
<b>Income</b>			
Funding body grants	3	3,116	3,228
Tuition fees and education contracts	4	21,853	20,410
Other income		39	82
Investment income	5	14	44
Donations and Endowments	6	1	32
<b>Total income</b>		<b>25,023</b>	<b>23,796</b>
<b>Expenditure</b>			
Staff costs	7	13,918	12,808
Other operating expenses	9	5,967	5,963
Depreciation	12	1,733	1,714
Interest and other finance costs	10	293	223
<b>Total expenditure</b>		<b>21,911</b>	<b>20,708</b>
<b>Surplus before other gains/losses</b>		<b>3,112</b>	<b>3,088</b>
Gain on disposal of property, plant and equipment		3	3
<b>Surplus before and after tax for the year</b>		<b>3,115</b>	<b>3,091</b>
Actuarial gain/(loss) in respect of pension schemes	20	1,742	(5,589)
<b>Total comprehensive income and expenditure for the year</b>		<b>4,857</b>	<b>(2,498)</b>
<b>Represented by:</b>			
Restricted comprehensive income for the year		1	1
Unrestricted comprehensive income and expenditure for the year		4,856	(2,499)
		<b>4,857</b>	<b>(2,498)</b>

**Statement of Changes in Reserves**  
**Year Ended 31 July 2021**

	<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2020</b>	<b>22,422</b>	<b>2,547</b>	<b>24,969</b>
Surplus from the income and expenditure statement	4,857	-	4,857
Transfers between revaluation and income and expenditure reserve	99	(99)	-
<b>Total comprehensive income for the year</b>	<b>4,956</b>	<b>(99)</b>	<b>4,857</b>
<b>Balance at 31 July 2021</b>	<b>27,378</b>	<b>2,448</b>	<b>29,826</b>

	<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2019</b>	<b>24,821</b>	<b>2,646</b>	<b>27,467</b>
Surplus from the income and expenditure statement	(2,498)	-	(2,498)
Transfers between revaluation and income and expenditure reserve	99	( 99)	-
<b>Total comprehensive income for the year</b>	<b>(2,399)</b>	<b>(99)</b>	<b>(2,498)</b>
<b>Balance at 31 July 2020</b>	<b>22,422</b>	<b>2,547</b>	<b>24,969</b>

Statement of Financial Position as at 31 July 2021

	Notes	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
<b>Non-current assets</b>			
Tangible fixed assets	12	29,344	30,678
Heritage Assets	13	32	40
		<hr/>	<hr/>
		29,376	30,718
<b>Current assets</b>			
Stock		27	28
Trade and other receivables	14	421	462
Investments		12,001	8,000
Cash and cash equivalents		12,214	10,068
		<hr/>	<hr/>
		24,663	18,558
		<hr/>	<hr/>
Less: Creditors: amounts falling due within one year	15	(2,506)	(1,709)
<b>Net current assets</b>		<hr/>	<hr/>
		22,157	16,849
<b>Total assets less current liabilities</b>			
		51,533	47,567
Creditors: amounts falling due after more than one year	16	(8,199)	(8,819)
<b>Provisions</b>			
Defined benefit obligations	18	(13,438)	(13,709)
Other pension provisions	18	(70)	(70)
		<hr/>	<hr/>
<b>Total net assets</b>		29,826	24,969
		<hr/>	<hr/>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		27,378	22,422
Revaluation reserve	19	2,448	2,547
		<hr/>	<hr/>
<b>Total Reserves</b>		29,826	24,969
		<hr/>	<hr/>

The financial statements on pages 25 to 47 were approved and authorised for issue by the Corporation on 24 November 2021 and were signed on its behalf by:



J H Finnigan  
Chair of Board of Governors



Professor S Wonnacott  
Vice-Chancellor

Statement of Cash Flows  
Year Ended 31 July 2021

	Notes	Year Ended 31 July 2021	Year Ended 31 July 2020
		£'000	£'000
<b>Cash flow from operating activities</b>			
Surplus for the year		3,115	3,091
<b>Adjustment for non-cash items</b>			
Depreciation	12	1,733	1,714
Impairment loss	13	8	-
Decrease in stock		1	4
Decrease in debtors		45	(17)
Increase/(decrease) in creditors		831	(1,393)
Pension costs less contributions payable	20	1,283	857
<b>Adjustment for investing or financing activities</b>			
Investment income		(14)	(44)
Interest payable		293	223
Profit on disposal of fixed assets		(3)	(3)
Capital grants utilised in year	2	(167)	(150)
<b>Net cash inflow from operating activities</b>		<u>7,125</u>	<u>4,282</u>
<b>Cash flow from investing activities</b>			
Proceeds from sales of fixed assets		5	3
Investment income		10	44
Withdrawal of deposits		-	2,000
New deposits		(4,000)	( 10,000)
Capital grants received		173	95
Payments made to acquire fixed assets		(468)	( 1,688)
		<u>(4,280)</u>	<u>( 9,546)</u>
<b>Cash flow from financing activities</b>			
Amounts Borrowed		-	8,000
Interest paid		(99)	(61)
Repayments of amounts borrowed		(600)	-
		<u>(699)</u>	<u>7,939</u>
<b>Decrease in cash and cash equivalents in the year</b>		<u>2,146</u>	<u>2,675</u>
<b>Cash and cash equivalents at 1 August</b>		<u>10,068</u>	<u>7,393</u>
<b>Cash and cash equivalents at 31 July</b>		<u>12,214</u>	<u>10,068</u>

## Notes to the Accounts

### 1 Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

These 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 during the transition period to 31 July 2020, the Accounts Direction issued by the Office for Students (OfS) and the Terms and conditions of funding for higher education institutions issued by the Office for Students. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

#### ***Going concern***

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Board of Governors Report. The Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities. The financial statements have been prepared on a going concern basis which the Board of Governors considers to be appropriate for the following reasons.

The Board of Governors has prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of the continuing COVID-19 pandemic, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

At the end of the year, the University had an £7.4million term loan due for repayment in 2027. A detailed going concern review has been undertaken as set out in the Statement of Corporate Governance and Internal Control. The Board of Governors has considered:

- The University's Strategic Plan and the risk factors as described in the Strategic Report;
- Performance against KPIs and recruitment in September 2021;
- The University's cash position;
- Compliance with covenants associated with the term loan;
- The capital investment requirements for the next twelve months;
- The potential impact of coronavirus.

Consequently, the Board of Governors is confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

#### ***Basis of consolidation***

The University has no subsidiary or associated undertakings. The activities of the Student Union have not been consolidated because the University does not control those activities.

#### ***Income recognition***

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

**Notes (continued)**

**1 Statement of accounting policies (continued)**

***Income recognition (continued)***

Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Revenue Government grants including funding body recurrent grants are recognised within the Statement of Comprehensive Income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Any under achievement of the adult education budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between credits due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

***Accounting for post-employment benefits***

Post-employment benefits for employees of the University are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Further details of the pension schemes are given in note 20.



**Notes (continued)**

**1 Statement of accounting policies (continued)**

***Enhanced Pensions***

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a University annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

***Short term employment benefits***

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

***Tangible fixed assets***

***Land and buildings***

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings were revalued in 1992. As at 1 August 2014 these fixed assets were 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, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

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 economic life to the University of 40 to 50 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to deferred income and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

***Assets under construction***

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

***Equipment***

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the University. All other equipment is depreciated over its useful economic life as follows:

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### Equipment (continued)

Motor vehicles and general equipment	-	3 years
Computer equipment	-	3-5 years
Furniture and fittings	-	5-20 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income and released to the income and expenditure account over the expected useful economic life of the related equipment.

#### Heritage assets

Works of art and other valuable artefacts (heritage assets) valued at over £1,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

#### Leased assets

The University has no finance leases. Rents payable under operating leases are charged to the income and expenditure account as incurred.

#### Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income statement in the period in which they arise.

#### Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University is generally unable to recover input VAT it suffers on goods and services purchased. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

#### Liquid resources

Liquid resources include sums on short-term deposits with recognised banks.

#### Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Notes (continued)

### 1 Statement of accounting policies (continued)

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

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### **Other key sources of estimation uncertainty**

##### **Tangible fixed assets**

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

##### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. The calculation of the liability and current service cost is affected by the choice of inflation assumptions. It is highly likely that RPI will become aligned with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), from 2030. There is now an expectation that RPI will be significantly lower post-2030.

As a result the CPI assumption methodology used. The impact of the changes in approach when setting the CPI assumption is expected to have resulted in a circa £0.6m decrease in the defined benefit liability, made up of a reduction of circa £1.4m from a change in the inflation risk premium and an increase of circa £0.8m from the changes in RPI-CPI wedge, when compared to the assumptions used at the last accounting date.

Notes (continued)

2 Grants and Fee income

	2021 £'000	2020 £'000
Grant income from the OfS	1,118	832
Grant income from other bodies	1,998	2,396
Fee income from taught awards (exclusive of VAT)	21,454	19,968
Fee income from non-qualifying courses (exclusive of VAT)	399	442
	<hr/>	<hr/>
	24,969	23,638
	<hr/>	<hr/>

National Collaboration Outreach Programme (NCOP) Funding of £43,000, included in Grant Income from the OfS, was received from the University of Leeds rather than from The Office for Students. Grant income from the OfS includes Hardship Funding of £120,547 received during the year and funding for the Covid Testing Centre of £97,635 from the Department for Education that was received via The Office for Students

3 Funding body grants

	2021 £'000	2020 £'000
Grant income from other bodies		
- Education and Skills Funding Agency - adult	81	73
- Education and Skills Funding Agency - 16-18	1,859	2,265
- Office for Students	966	700
- NCOP (via the University of Leeds)	43	40
Release of capital grant		
- Further education funding bodies	58	58
- Office for Students	109	92
	<hr/>	<hr/>
	3,116	3,228
	<hr/>	<hr/>

4 Tuition fees and education contracts

	2021 £'000	2020 £'000
HE students - Full time home and EU students	18,955	17,665
HE students - Part time home and EU students	204	147
HE students - Full time international students	2,295	2,156
FE students - home and EU students	204	258
FE students - international students	114	89
Full cost courses and education contracts	81	95
	<hr/>	<hr/>
	21,853	20,410
	<hr/>	<hr/>

5 Investment income

	2021 £'000	2020 £'000
Other interest receivable	14	44
	<hr/>	<hr/>

Notes (continued)

**6 Donations and Endowment income**

	2021 £'000	2020 £'000
Unrestricted donations	-	31
Donations with restrictions	1	1
	<u>1</u>	<u>32</u>

**7 Staff numbers and costs**

The average number of persons employed by the University (including key management personnel) during the year, expressed as full-time equivalents, was as follows:

	2021 Number	2020 Number
Teaching staff	145	141
Teaching support staff	42	40
Administration staff	64	65
Premises and Maintenance	16	15
	<u>267</u>	<u>261</u>

The numbers above do not include estimates of the staff numbers employed through contracting out arrangements

Staff costs for the above persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	9,232	9,033
Agency costs	783	436
Social security costs	885	865
Other pension costs (including FRS102 adjustments - £1,283,000 2020:£857,000)	3,018	2,474
	<u>13,918</u>	<u>12,808</u>

Agency costs include expenditure in respect of the Covid testing site and cleaning. Included in the total costs above are restructuring costs related to redundancy of £46,705 (2020: nil)

Included in the total above are staff costs related to the following:

	2021 £'000	2020 £'000
Access Investment	113	165
Support for disabled students	98	57
Research and Evaluation	93	8
	<u>304</u>	<u>230</u>

Notes (continued)

**8 Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented by the Senior Management Team (being the Vice-Chancellor and the Pro-Vice-Chancellors).

The number of key management personnel (not including the Vice-Chancellor) who received annual emoluments (excluding pension contributions) in the following ranges was:

Basic salary per annum	2021 Number of key management personnel	2020 Number of key management personnel
£105,000 to £109,999	3	3

	2021 Number	2020 Number
The number of key management personnel (including the Vice-Chancellor) was:	4	4

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	516	516
Pension contributions	99	95
	<b>615</b>	<b>611</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The pension contributions for the key management personnel are in respect of employer's contributions to the Local Government Pension Scheme and the Teachers' Pension Scheme.

The above emoluments include amounts payable to the Vice-Chancellor (who is also the highest paid of key management personnel) of:

	2021 £'000	2020 £'000
Basic Salary	186	186
Pension contributions	30	28
	<b>216</b>	<b>214</b>

Members of the Board of Governors (other than the Vice-Chancellor, the staff and student governors and the Students' Union President) did not receive any payment from the University other than the reimbursement of travel and subsistence expenses incurred in the course of their duties or payments that they were entitled to as a student. The amounts paid to (or on behalf of) the governors (not including the Vice-Chancellor, staff and student members ) during the year were £nil (2019/20: £291).

## Notes (continued)

### 8 Key management personnel (continued)

#### Pay Multiple

The relationship between the Vice-Chancellor's basic pay and the median pay of all other employees expressed as a pay multiple is 6.6. Median pay is calculated on a full-time equivalent basis for salaries paid to staff.

The pay multiple based on Vice-Chancellor's total remuneration and the total median pay of all other employees expressed as a pay multiple is 6.4. The Vice-Chancellor's total remuneration consists of basic pay and employer contributions to the WYPF.

#### Vice-Chancellor's Remuneration

The remuneration for the Vice-Chancellor is reviewed annually by the Remuneration Committee. In determining the level of remuneration, three underlying contexts are considered alongside the performance of the institution. These are:

- The wider education sector, the general public sector environment and Government policy;
- The University's pay setting approach and culture;
- Matters of equality, diversity and inclusion.

Other information considered includes; comparative data, information from the Office for National Statistics on national pay settlements, and the average staff pay increase. The primary sources of data are UCEA pay surveys, and the Times Higher Education Principals' and Vice-Chancellors' salary survey.

The Committee also receives information on the pay ratio for the Vice-Chancellor's salary to staff on permanent contracts; and verbal information from the Chair of the Board of Governors on the Vice-Chancellor's appraisal. In light of the pandemic and the national staff pay award the SMT collectively asked the Remuneration Committee not to make them a pay award in 2020/21 and the Remuneration Committee accepted this. As such the Vice-Chancellor's basic salary was unchanged from the previous year.

### 9 Other operating expenses

	2021 £'000	2020 £'000
Academic departments	1,770	1,678
Academic services	225	362
Central administration	984	1,124
General educational	936	881
Staff and student services	289	159
Repairs and maintenance	1,089	1,077
Premises costs	674	682
	<hr/>	<hr/>
	5,967	5,963
	<hr/>	<hr/>
Other operating expenses include:		
Auditor's remuneration:		
External auditor's remuneration	£'000	£'000
- Financial statements audit	35	34
- Other	4	3
Internal auditor's remuneration	16	16
Operating lease rentals		
- plant and machinery	33	32
- other	46	46
	<hr/>	<hr/>

Notes (continued)

9 Other operating expenses (continued)

Access and Participation Expenditure

The University has total expenditure on access and participation for the year ended 31 July 2021 as follows:

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Access Investment				
- Pre -16 investment	85		124	
- Post -16 investment	73		107	
- Adults	8		12	
- Other	3		4	
Total Access Investment		169		247
Financial Support		609		594
Support for disabled students		112		67
Research and Evaluation		93		8
		<hr/>		<hr/>
		983		916
		<hr/>		<hr/>

These figures include staff costs totalling £304,000 (2019/20:£230,000) which are included in the overall staff costs (Note 7). Costs of £679,000 (2019/20:£686,000) are included in other operating expenses.

The University's Access and Participation plan can be found on the [website](#). The total expenditure for 2020/21 represents 14% of the additional fee income. This is in line with the commitment given in the access and participation plan.

As a result of the pandemic, it was not possible to undertake the access activities planned. Access investment at £169,000 is therefore lower than the commitment made in the plan of £346,000. Financial support for students was increased as a result of the pandemic. The total financial support of £609,000 was greater than the commitment made in the plan of £533,000. Investment in research and evaluation continued as set out in the plan and the total expenditure for the year at £93,000 was higher than the plan at £71,000.

As set out in Note 2, the University received hardship funding of £120,547 from the OfS. This income was spent on supporting students with some of the additional costs that they were incurring during the pandemic, and included support for equipment needs for students working remotely. This expenditure is not considered part of the Access and Participation expenditure for the year and is not included in the totals above.

10 Interest payable

	2021 £'000	2020 £'000
Interest on bank loan and revolving facility	105	72
Net interest on defined pension liability	188	151
	<hr/>	<hr/>
	293	223
	<hr/>	<hr/>

11 Taxation

The University was not liable for any corporation tax arising out of its activities during either period.



Notes (continued)

12 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At 1 August 2020	36,357	91	7,543	43,991
Additions	-	2	399	401
Reclassifications	-	(84)	84	-
Disposals	-	-	(479)	(479)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2021</b>	<b>36,357</b>	<b>9</b>	<b>7,547</b>	<b>43,913</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 August 2020	8,628	-	4,685	13,313
Charge for year	792	-	941	1,733
Eliminated in respect of disposals	-	-	(477)	(477)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2021</b>	<b>9,420</b>	<b>-</b>	<b>5,149</b>	<b>14,569</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 July 2021</b>	<b>26,937</b>	<b>9</b>	<b>2,398</b>	<b>29,344</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2020</b>	<b>27,729</b>	<b>91</b>	<b>2,858</b>	<b>30,678</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The transitional rules set out in FRS 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* have been applied. Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Staintons, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice. The revaluation has been treated as deemed cost for the purposes of the transition to FRS 102.

Land and buildings and equipment with a net book value of £4,016,132 (2020: £4,088,693) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the University may be liable, under the terms of the funding agreements with OfS/HEFCE, to surrender the proceeds.

If inherited land and buildings had not been valued, they would have been included at the following amounts:  
Cost and net book value, nil.

**Notes (continued)**

**13 Heritage assets**

The University has three Heritage Assets, the painting, “Reverspective Vs Perspective” by Patrick Hughes valued at £30,000. “Portrait of Pauline Snow” by Jacob Kramer, and the work “Lady Sculpture” which were revalued during the year for £2,400 and nil respectively.

**14 Debtors**

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	24	43
Other debtors	1	16
Prepayments and accrued income	396	403
	<hr/>	<hr/>
	421	462
	<hr/>	<hr/>

**15 Creditors: Amounts falling due within one year**

	2021 £'000	2020 £'000
Bank Loans and Overdrafts	600	600
Trade creditors	271	233
Other creditors	303	142
Other taxation	4	3
Accruals and deferred income	1,298	678
Payments on account	-	19
Other amounts owed to Education and Skills Funding Agency	30	34
	<hr/>	<hr/>
	2,506	1,709
	<hr/>	<hr/>

**Deferred income**

Included in accruals and deferred income are capital grants from HEFCE/OfS and other funding bodies which have been deferred and are being matched against the depreciation costs on the assets purchased: £166,000 (2020: £120,000)

**16 Creditors: Amounts falling due after more than one year**

	2021 £'000	2020 £'000
Bank Loan and Overdrafts	6,800	7,400
Accruals and deferred income	1,399	1,419
	<hr/>	<hr/>
	8,199	8,819
	<hr/>	<hr/>

## Notes (continued)

Included in accruals and deferred income are capital grants from HEFCE/OfS and other funding bodies which have been deferred and are being matched against the depreciation costs on the assets purchased: £1,399,000 (2020: £1,419,000).

### 17 Analysis of borrowings

The total bank loan is repayable as follows:

	2021 £'000	2020 £'000
In one year or less	600	600
Between one and two years	600	600
Between two and five years	1,800	1,800
In five years or more	4,400	5,000
	<u>7,400</u>	<u>8,000</u>

### 18 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2020	13,709	70	13,779
Expenditure in the period	(553)	-	(553)
Pension costs	282	-	282
At 31 July 2021	<u>13,438</u>	<u>70</u>	<u>13,508</u>

Defined benefit obligations relate to the liabilities under the University's membership of the Local Government Pension Scheme. Further details are in note 20. The provision relates to enhanced pension costs financed internally by the University.

### 19 Revaluation reserve

	2021 £'000	2020 £'000
At beginning of year	2,547	2,646
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(99)	(99)
At end of year	<u>2,448</u>	<u>2,547</u>

Notes (continued)

20 Pensions and similar obligations

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS):

Total pension cost for the year	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Teachers' Pension Scheme: contributions paid		1,182		1,112
Local Government Pension Scheme:				
Contributions paid	553		505	
FRS 102 charge	1,283		857	
Local Government Pension Scheme		1,836		1,362
<b>Total pension cost - Charge to Statement of Comprehensive Income</b>		<b>3,018</b>		<b>2,474</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS was 31 March 2020. Contributions amounting to £143,000 (2019/20:£nil) were payable to the schemes at 31<sup>st</sup> July and are included within creditors.

Teachers' Pension Scheme

The TPS is a statutory, contributory, unfunded defined benefit scheme governed by the Teachers' Pension Scheme Regulations 2014. Member and employer contributions are made on a "pay-as-you-go" basis and are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS102, the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the University has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out below the information available on the scheme and the implications for the University in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation are:

- Employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%) from September 2019 onwards;
- Total scheme liabilities for service to the effective date of £218.1billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22billion;
- The rate of real earnings growth is assumed to be 2.2%;
- The assumed nominal rate of return is 4.45%;
- Pension increases are assumed to be 2%;
- an employer cost cap of 10.9% of pensionable pay.

**Notes (continued)**

**20 Pensions and similar obligations (continued)**

A full copy of the valuation and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer contribution rate for the year was 16.48%. The employee contribution rate was 7.4% and 11.7% depending upon the member salary. The pension costs (employees and employers contributions) paid to TPS in the year amounted to £1,625,000 (2020: £1,536,000).

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee funds administered by the West Yorkshire Pension Fund. Benefits earned up to 31 March 2014 are linked to final salary, and benefits after this date are based on Career Average Revalued Earnings. The total contribution made for the year ended 31 July 2021 was £793,000 of which employers contributions totalled £553,000 and employees' contributions totalled £240,000. The agreed contribution rates for future years are 16.4% for the University until April 2022 when the contribution rate increases to 17% and between 5.5% and 12.5% for employees depending upon the member salary. The estimated value of employer contributions for the year ended 31 July 2022 is expected to be £596,000. The following information is based on a full actuarial valuation of the fund as at 31st March 2020 updated to 31st July 2021 by a qualified independent actuary.

In December 2018, the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. Consultation on the proposed remedy for the Local Government Pension Schemes was issued by the Ministry of Housing, Communities and Local Government on 16th July 2020. In 2018/19, the additional liability was allowed for as a past service cost. The current service cost includes an allowance for an accruing underpin liability over the full accounting period.

The cost of the remedy will depend on who is assumed to be compensated. The calculation assumes remedy applies to all members in service on 1 April 2012 for service after the scheme reform date, on retirement or prior withdrawal, and with extension to benefits payable to the dependants of those members.

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility for the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016, Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018, Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021.

The approach taken has been to value full CPI inflation pension increases on GMPs of members whose State Pension Age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has consulted on its approach to compensating affected members and announced on 23 March 2021 that it would adopt a long term policy of uprating GMPs in line with CPI inflation for members whose SPA is on or after 6 April 2016. The consultation response recognised that this solution will not address all sex inequalities for a minority of members. It is expected that there will be further guidance on how they propose to deal with this. Any remaining sex inequalities are expected to be small

Notes (continued)

20 Pensions and similar obligations (continued)

Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. This has not been recognised in the accounts to date. A liability has been recognised in respect of providing full indexation on GMP for members whose State Pension Age is after 6 April 2016

*Principal Actuarial Assumptions - Main*

	2021	2020
Inflation - CPI	2.6%	2.2%
Rate of increase in salaries	3.85%	3.45%
Rate of increase in pensions	2.6%	2.2%
Discount rate for scheme liabilities	1.7%	1.4%

Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum amount.

The current mortality assumptions include sufficient allowance for future improvements in longevity. The assumed life expectations on retirement age 65 are:

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.7	24.6
<i>Retiring in 20 years</i>		
Males	22.6	22.5
Females	25.8	25.7

The assets and liabilities in the scheme (of which the University's share is estimated at 0.04%) and the expected rates of return were:

	2021 £ millions	2020 £ millions
Total market value of West Yorkshire Pension Fund	£16,983	14,321
	<b>Asset split at 31 July 2021</b>	<b>Asset split at 31 July 2020</b>
Equities	80.1%	77.7%
Property	3.7%	4.3%
Government bonds	8.0%	10.0%
Corporate bonds	4.4%	5.0%
Cash	2.3%	1.6%
Other	1.5%	1.4%

Notes (continued)

20 Pensions and similar obligations (continued)

	2021 £'000	2020 £'000
University's estimated asset share	14,776	12,172
Present value of scheme liabilities	(28,214)	( 25,881)
	<hr/>	<hr/>
Deficit in the scheme	(13,438)	( 13,709)
	<hr/>	<hr/>

Analysis of the amount charged to the Statement of Comprehensive Income

	2021 £'000	2020 £'000
Employer service cost (net of employee contributions)	1,836	1,362
	<hr/>	<hr/>

Analysis of amounts as an expense

	2021 £'000	2020 £'000
Current service cost	1,836	1,362
Net interest cost	188	151
	<hr/>	<hr/>
Pension finance cost	2,024	1,513
	<hr/>	<hr/>

Amounts recognised in Other Comprehensive Income (OCI)

	2021 £'000	2020 £'000
Total actuarial gains/(losses)	1,742	(5,589)
	<hr/>	<hr/>

Movement in deficit during year

	2021 £'000	2020 £'000
Deficit in scheme at beginning of year	(13,709)	( 7,112)
Movement in year:		
Current service cost	(1,836)	(1,362)
Past service cost	-	-
Employer contributions	553	505
Net interest	(188)	(151)
Actuarial gain/(loss)	1,742	( 5,589)
	<hr/>	<hr/>
Deficit in scheme at end of year	(13,438)	( 13,709)
	<hr/>	<hr/>

Notes (continued)

20 Pensions and similar obligations (continued)

Asset and liability reconciliation

	2021 £'000	2020 £'000
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of period</b>	<b>25,881</b>	<b>19,321</b>
Current service cost	1,836	1,362
Interest cost	361	425
Employee contributions	241	239
Actuarial loss	309	4,818
Benefits paid	(414)	( 284)
<b>Liabilities at end of period</b>	<b>28,214</b>	<b>25,881</b>
	2021 £'000	2020 £'000
<b>Assets at start of period</b>	<b>12,172</b>	<b>12,209</b>
Interest income on assets	173	274
Remeasurement gain/(loss)	2,051	(771)
Employer contributions	553	505
Employee contributions	241	239
Benefits paid	(414)	( 284)
<b>Assets at end of period</b>	<b>14,776</b>	<b>12,172</b>

21 Capital commitments

Capital commitments as at 31 July 2021 totalled £nil.

22 Financial commitments

At 31 July, the University had annual commitments under non-cancellable operating leases as follows:

	2021 £'000 Land and buildings	2021 £'000 Other	2020 £'000 Land and buildings	2020 £'000 Other
Expiry date				
- within one year	46	32	46	32
- between two and five years	57	29	101	60
	<b>103</b>	<b>61</b>	<b>147</b>	<b>92</b>

Leases of buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.



## Notes (continued)

### 23 Related party transactions

Due to the nature of the University's operations and the composition of the senior management team and Board of Governors (including members being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors or senior management team may have an interest. All transactions involving organisations in which a member of the Board of Governors or a member of the senior management team may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The following arms' length transactions took place during the year:

Transactions with the Education and Skills Funding Agency (and its predecessors) and HEFCE/OfS are detailed in notes 2, 15 and 16. The President of the Student Union is a member of the Board of Governors. Grants paid to the Student Union by the University totalled £16,000 (2019/20: £24,000). Governor Nick Ramshaw became a trustee of East Street Arts on 20<sup>th</sup> January 2021. Rent paid to East Street Arts by the University from 20<sup>th</sup> January 2021 totalled £1,020. Sundry amounts paid to the University by East Street Arts from 20<sup>th</sup> January 2021 totalled £nil.

The West Yorkshire Pension Scheme is a related party in so far as we pay contributions to the Fund in accordance with the relevant Local Government Pension Scheme (LGPS) Regulations. Full details of the transactions are given in Note 20.

The Vice-Chancellor is a member of the following organisations. Transactions took place at arms length during the year:

Related Party	Relationship	Description	Expenditure - £	Balance at year end
GuildHE	Director	Subscriptions and conference	21,421	Nil
HESA	Trustee	Subscription and training	14,234	Nil
Yorkshire Universities	Director	Subscription	2,816	Nil
UKADIA	Member	Subscription	1,530	Nil

Professor David Russell is a Board member of Go-Higher West Yorkshire. The following transactions took place at arm's length during the year: Subscription 2020/21 - £7,700. At the year end the full amount of the 2021/22 Subscription was outstanding £7,854.

Professor David Russell is a connected person by virtue of being the Vice-Chancellor's spouse. Details of salary paid by the University to Professor Russell is set out in Note 8 to the accounts. The University also pays employer contributions to the Teachers Pension Scheme for Professor Russell.

On 18 June 2021, Professor Randall Whittaker became a co-opted member of Advance HE's Equality Diversity and Inclusion Committee. The following transactions have taken place at arm's length since the appointment date payment of UK Affiliate membership fee for 2021/22 £3,000.