

Leeds Arts University

Annual report and financial statements

For the year ended 31 July 2025

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 2025.

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 is as follows:

Mission Statement

To educate, inspire and nurture creative leaders who will make a positive impact on the world.

Values 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, experimental, responsive

Implementation of Strategic Plan

In July 2023, the Board of Governors approved a new strategic plan for the period to 2030. The University's Strategy is underpinned by 5 Strategic Themes as set out below:

1. Encouraging ideas and innovation and developing attributes which students need to thrive
2. Globally aware and collaborative in our practices, contributing positively to society
3. Recruiting and retaining staff who can ensure the success of our students
4. Providing an inspirational environment both on and off campus
5. Ensuring institutional sustainability

Strategic Report (continued)

Chancellor

Leeds Arts University's Chancellor, Skin, is an acclaimed DJ, fashion icon, actress, activist and lead singer of multi-million selling rock band, Skunk Anansie, became the first Chancellor of Leeds Arts University in 2021. Her term was extended and ends in November 2026. During her time in the role Skin has visited the University to work with students, listening to them perform and providing invaluable feedback, as well as providing inspiration to graduating students at the University's graduation ceremonies.

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.

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 2024/25, the University offered 19 degree level courses and 2 further education courses at level 3. The University offered 7 postgraduate taught degrees. The University enrolled 351 FE home students, 1,938 full-time undergraduate home students and 52 part-time and 19 full-time postgraduate home students. The University also had 161 overseas students studying both further and higher education.

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 the reports for students who receive 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 contacted 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 and a part of UniConnect. During 2024/25, the University ran a number of taster days, workshops and activities on and off campus for students and adults from under-represented groups.

The cost of higher education can be a barrier to potential students and the current cost of living crisis has caused financial hardship to many students and their families. The University gave all HE students £110 materials allowance in recognition of the additional costs that students may have faced during the year. Final year undergraduate students also received an additional £75. The total cost of this support was over £208,000.

Strategic Report (continued)

Removing barriers (continued)

The University also funds progression awards and bursaries, including giving financial support to care leavers and estranged students. Hardship payments are also made to students who encounter unexpected financial difficulties. The total amount distributed for these schemes was over £545,000, which was provided to students in need 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. The Postgraduate End of Year show took place in September 2025 and postgraduate students exhibited their chosen pieces, highlighting the diversity and breadth of creative talent amongst our students.

The Further Education shows took place in June 2025 and showcased the work of our talented FE students. Both the Foundation Diploma and Extended Diploma courses exhibited work, which demonstrated how far students had travelled from the creative discovery and initial experimentation stages of their course, through to their portfolio work in readiness for Higher Education in specialist subjects. The Undergraduate show took place in June 2025. The show included performances from pop music performance and creative writing students, two fashion shows, film screenings, show reels and work from across all our courses. An Art Market was also open for visitors to purchase artwork created by students at both the undergraduate and further education shows. Collectively our shows and events enabled the community, prospective students and the public in general to have an opportunity to visit the University, see our facilities and view the work of students at all levels and from across our provision.

The University runs successful Creative Networks events which have been developed to nurture creative talent and to foster partnerships and collaboration. In November 2024, the University welcomed James Tynion IV, a five-times Eisner Award-winning, New York Times bestselling writer and publisher of comic books. He provided the audience with insights into his formative experiences, education, early career and subsequent achievements, sharing his advice along the way. In February 2025 British brand consultant, brand expert and designer Gary Aspden came to the University to talk about his career connecting brands and pop culture. He has twice made an appearance in The Face magazine's '100 most influential people in fashion'. He specialises in building and positioning brands with an emphasis on creating connections between brands and popular culture.

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. Teaching staff with pastoral responsibility are provided with mental health training and the welfare team run mental health awareness training for student-facing staff.

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. The University also ensured access to 24/7 online mental health support through an external provider. This service also provided a legal, financial, and medical information helpline for students, and 24/7 critical and traumatic incident telephone support. Counselling was also offered through a third party agency to cater for increased counselling demand so that students had reduced waiting times.

REVIEW OF PERFORMANCE

Financial performance

	2025 £'000	2024 £'000
Income	24,874	25,335
Expenditure	23,562	23,236
	<hr/>	<hr/>
Surplus before other gains and losses	1,312	2,099
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Strategic Report (continued)

Financial performance (continued)

In a difficult environment, with challenges in both home and international recruitment, overall income is down £461,000 (1.8%). The number of home and international undergraduate students enrolled in 2024/25 was in line with the prior year. Home postgraduate students numbers were higher due to the second year of the part time courses. The international postgraduate recruitment environment was already showing signs of slowing down before some of the legislative changes took effect and our enrolment numbers were down 65%. It is expected this decline will continue in the short to medium term. Interest income continues to make a significant contribution to the overall surplus given the continued high interest rates and the University's cash reserves.

The University continues to manage costs carefully. The biggest single cost is staffing and the ratio of staff costs to income was 64% (excluding the pension service credit), up from the prior year of 60.8%. The increase in employers' national insurance costs from April and a full year of the increased Teachers' Pension Scheme contributions was a major factor in this increase.

Other operating costs have decreased due to fewer students, tight overall cost control and lower maintenance costs. The lower maintenance costs are due to the good condition of the estate and substantial investment and expenditure in previous years. Depreciation charges have increased due to the new café and expansion of studio space which was completed in October 2024. There has also been increased investment in new systems (CRM and HR).

Progress against the Strategic Plan

Main Non-Financial Indicators

	Performance	Benchmark
NSS - Positivity Measures		
Teaching on my course	84.7%	85.3%
Learning Opportunities	85.9%	82.3%
Assessment and Feedback	84.2%	82.9%
Academic Support	90.5%	87.6%
Organisation and Management	71.6%	70.6%
Learning Resources	92.7%	84.9%
Student Voice	80.2%	76.8%
Other measures		
FE Achievement Rates - Foundation Diploma	91.6%	91.7%
FE Achievement Rates - Extended Diploma	94.7%	91.9%
 Carbon Emissions	 548 tonnes	 893 tonnes
 OfS Student Outcomes data -First Degree	 Performance	 Threshold
Continuation Rate (OfS Student Outcomes data dashboard)	94.9%	80%
Completion Rate (OfS Student Outcomes data dashboard)	95.3%	75%
Graduate Outcomes (OfS Student Outcomes data dashboard)	64.2%	60%

Overall the National Student Survey (NSS) results are good. With the exception of teaching (which has improved since last year, 2024:81.6%), all areas were better than benchmark. The satisfaction with academic support, and learning resources were particularly pleasing. The University has a number of plans to continue to improve the satisfaction with some elements of teaching and learning, but it is pleasing to note that over 91% of students who responded said that teaching staff were good or very good at explaining things.

The University's results for first degree continuation, completion and progression are all well above the relevant thresholds set by the OfS. The University dedicates significant resources and has dedicated processes and procedures for supporting students with their studies and making sure that they engage and continue with their studies. As a result, the continuation and completion measures are outstanding. The University also has a wide range of support available to help students in finding employment, starting businesses and working freelance including support for graduates for up to 5 years post-graduation. Investment in this area continues to be made.

FE achievement continues to be high.

Strategic Report (continued)

Progress against the Strategic Plan (continued)

Our approach to sustainability covers everything we do, from our research and our curriculum through to the way we manage our facilities and support services. Our Sustainability Committee plans, supports, and monitors the University's sustainability activity including carbon emissions which are below targets set. To guide and support our activities, our Sustainability Framework operates within three top-level headings of People, Place and Process which naturally interlink and overlap. An annual public report highlights key case studies showcasing progress across the themes. Development of the University's research profile continues as we work towards REF2029.

Student achievements

BA (Hons) Animation students Dean Hamami Drin Rrahmani and Troy Wachira won Best Animation in the NAHEMI National Student Film Awards 2025 for their film 'Clucked'.

BA (Hons) Animation students Karina Young, Vikrant Dyal, Sami Alam, Gabrielle Mosquito, Dean Hamami, Drin Rrahmani, Kara Harvey-Hill, Annalena Ulvee, Sophia Vypalova-Simon and Troy Wachira won five awards at the regional Royal Television Society Yorkshire Student Awards.

First year BA (Hons) Creative Writing Maya Nagra won a creative brief set by Light Night Leeds and the British Library. Mimi read her work at the Light Night VIP event.

First year BA (Hons) Creative Writing student Ellen McKean won a short story competition hosted by Northern BroadSides and Arvon. Ellen's was recorded by Northern BroadSides, read by a professional actor, and is now available on podcast platforms.

BA (Hons) Fashion Design students Sam Brown, Grace Tailby, Ozde Duran, Aine Loughnane, Alicia Glen, Reed Washington and Floss Tuppen were all shortlisted for awards at Graduate Fashion Week 2025.

BA (Hons) Fashion Design student, Clem Hankin, won the Student Excellence in Art and Print Award 2024 at the 10th Fida Excellence in Fashion, Art and Illustration Awards.

Work by final year BA (Hons) Fashion Photography student, Aran Llewelyn Harris, went on display on billboards in London, Bristol and Cardiff as part of Dazed Club, an initiative set up by Dazed magazine.

First year BA (Hons) Fine Art student Sienna Williams was awarded a prize in the prestigious British Art Medal Society's Student Medal Project 2025.

Three final year BA (Hons) Fine Art students Georgia Dalzel, Tomisi Loussala and Tafsia Dana, and first year BA (Hons) Visual Communication student, Disha Gupta, were selected to show their work in 'Ones to Watch' 2025.

BA (Hons) Fashion Marketing student Keeley Ball was shortlisted for the New Business Award at Graduate Fashion Week 2025.

BA (Hons) Filmmaking students Laila Harding, Annabelle Pettifer and Sol Howard completed Film Buddy placements on All Creatures Great and Small for Channel 5, and Riot Women, Sally Wainwright's new show for BBC One.

Recent BA (Hons) Illustration graduate, Miles Dyson was named in the Association of Illustrators' (AOI) 10 UK Illustration Graduates to Watch in 2024.

BA (Hons) Illustration student Louis Martin was shortlisted for the Penguin Cover Design Award 2024.

BA (Hons) Textile Design 2024 graduate, Jenny Hind, won the Textiles - Print/Embroidery category in Arts Thread's Global Creative Graduate Showcase 2024.

Final year BA (Hons) Visual Communication student Calyn Da Silva was Creative Project Manager for Fashion Loves Comedy, a pioneering catwalk event in Leeds, supported by students from BA (Hons) Fashion Design, BA (Hons) Fine Art, and BA (Hons) Visual Communication.

Strategic Report (continued)

Student achievements (continued)

BA (Hons) Photography student Ruby Lee was commissioned by Leeds Hospitals Charity to document the lives and stories of people involved in medical research for 'Our Research Story', an exhibition celebrating eight early career researchers.

BA (Hons) Photography student Ben Raine was shortlisted for Young Railway Photographer of the Year. Ben's work exhibited at Expo 2025 in Japan, Locomotion in Shildon and also featured in a book by the Railway Photographic Society.

BA (Hons) Marketing Communications students won five prizes at Two+Two 2025. Chris Aschmann won first prize, winning a mentorship at agency Emperor.

BA (Hons) Marketing Communications students Hollie Spooner, Lizzie Day, Katy Hartley and Sonny Terruli were shortlisted for the AKQA Cannes Future Lions competition 2025.

BA (Hons) Textile Design student Laura Mycroft won the Habitat Future Design Award and Beth Lingard won the Premier Digital Textiles Vibrancy in Print Award at New Designers 2025.

Treasury policies and objectives

Treasury management is the management of the University's cash flows, as well as its banking, money market and capital market transactions; The University has a separate treasury management policy in place detailing the management of cash resources and control of the risks associated with treasury activities. The main objective being to safeguard the University's assets, minimising risk rather than maximising returns.

The University had cash balances of £13.9 million at 31 July 2025 and a further £6.8 million in short term deposits. These funds are to be used to finance infrastructure and strategic investments over the longer term and provide a high level of financial protection in the current uncertain environment. With higher interest rates the interest earned on the significant cash balances is an important source of income given the lack of inflationary increases in the home undergraduate student fee.

Liquidity

The University had a current ratio of 15.2 at 31 July 2025 (2023/24: 10.1) representing a clear ability to meet liabilities as they fall due.

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 2024 to 31 July 2025, the University paid all but one approved and authorised invoices within 30 days. The University incurred one interest charge of £40 in respect of late payment for this period.

Outlook

In May 2025 the Government published the White Paper 'Restoring Control over the Immigration System' which proposes significant changes for international students, including a reduced 18-month Graduate visa from January 2027, tougher compliance for student sponsors, mandatory participation in the Agent Quality Framework (AQF), and a 6% levy on international student tuition fees in England. In September 2025, the government announced the reintroduction of targeted, means-tested maintenance grants for students (undertaking certain courses) in England from the lowest-income households, paid for by the new levy on international student fees. The increase in income that the University gains from the higher tuition fees for home undergraduate students from September 2025 has been fully absorbed by the increase in employers national insurance. The University's recruitment in September 2025 was solid with home postgraduate enrolments higher than expected but slightly lower undergraduate students, both home and international. The cost of living crisis, the lack of inflationary increase in the maintenance loan and students' mental health challenges are a factor across all of Higher Education and the focus on certain subjects at school level is now impacting students' choices at university level.

Strategic Report (continued)

RESOURCES

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

Financial

The University has £52.9 million of net assets.

Reputation

The University has historically had a good reputation, winning a number of sector awards over the years. Maintaining a quality brand is essential. The result of the latest NSS survey shows that the students are very positive about their experience and the student outcomes data is above threshold.

People

There is a staff development budget to support staff with gaining qualifications and other continuing professional development requirements. The University has developed its own Certificate of Higher Education to develop teaching excellence.

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 year's 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 3 times a year 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.

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.

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 University continues to expand its portfolio. Four new undergraduate courses recruited students for the first time in September 2024 and a further 4 new courses are under development and will recruit in 2026.

Leeds Arts University is addressing any issues that may arise from any change in a number of ways:

- Reviewing its academic portfolio on a regular basis ensuring it is relevant;
- 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.

2. Undergraduate home tuition fee and inflationary pressures

The inflationary increase in the home undergraduate tuition fee for 2025 has been fully absorbed by the increase in employers' NI. The cost of living remains a challenge for families and the University has seen an increase in commuter students due to the costs of accommodation in Leeds.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Students may still find that they are unable to make up the difference between the maintenance loan and their living costs. The University has welfare teams available to provide advice and guidance and significant hardship funds are available to support students to help them remain on their courses, but in the current environment these funds are much in demand and cannot support all of the student's financial needs.

The development of our international activity and diversification through postgraduate courses enables the University to try to limit the impact of the undergraduate fee position. International postgraduate recruitment in September 2025 was in line with prior years, but international undergraduate recruitment was lower than in prior years and was affected by the discussions around the Graduate Route Visa and the general narrative surrounding the level of international students in the UK.

We continue to develop strong international partnerships and invest in international activities in order to grow our international student body.

The University has a strong financial base from which to manage any short to medium term challenges arising, and the University will continue to manage all costs very carefully whilst focusing on the student experience.

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 is monitored on a planned basis.

The University considers all job 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, equal 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:

- The University's Student Support department (liaising with the Estates department where necessary) provide information, advice and arrange support where necessary for students with disabilities;
- There is a list of specialist equipment which is made available for students claiming the Disabled Students' Allowance;
- There is an admissions policy for all students;
- The University has made a significant investment in the appointment of specialist staff 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 26th November 2025 and signed on its behalf by:



Professor P Cullen

Chair of Board of Governors

Professional Advisers and Key Management Personnel

Financial statements and regulatory:	Forvis Mazars LLP 5 th Floor Wellington Place Leeds LS1 4AP
Internal auditors:	TIAA Ltd Artillery House Fort Fareham Newgate Lane Fareham PO14 1AH
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 Registry and CFO	Sharon Bailey
Pro-Vice-Chancellor Education	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 for 2021/22. 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 2025. 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 2025 and up to the date of this report were as follows:

Independent Governors

Prof. Patricia (Patsy) Cullen (<i>Chair of Board of Governors</i>)	Search, Remuneration
Nikki Davis (<i>resigned 02.07.25</i>)	
Richard Dawson	Audit (Vice-Chair), Remuneration (Chair)
Lisa Green	Audit (<i>from 26.02.25</i>)
John Gribbon	Deputy Chair of Board (<i>from 27.11.24</i>) Audit Remuneration (<i>from 26.02.25</i>)
Sneha Khilay	Search
James Lord	Audit
Prof. John Pymm	
Neil Parkinson	Search (<i>from 26.02.25</i>)
Prof. Clare Pickles (<i>resigned 17.10.24</i>)	
Reader Mykaell Riley	Search (Chair)
Noelle Rumball	Audit (Chair), Remuneration
David Strachan	

Ex-Officio

Prof. Simone Wonnacott - Vice-Chancellor	Search
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Staff

Prof. Sam Broadhead
James Boyes (<i>appointed 27.11.24</i>)
Ben Warden (<i>term ended 24.11.24</i>)

Students

Jyot Trivedi - Students' Union President (<i>term ended 31.07.25</i>)
Beck Grey - elected Student (<i>term ended 31.07.25</i>)
Kerry-Anne Richardson - elected Student (<i>appointed 15.10.25</i>)
External co-opted: Joanne Marshall, 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 in force at the time. In July 2024 the Board of Governors approved a variation to its determination of numbers, increasing the Board to 18 members, including 13 Independent members, with effect from 17 July 2024. On 16 October 2024 the Board of Governors approved a further variation reducing the Board to 17 members, including 12 independent members with effect from 17 October 2024, and a subsequent variation was approved on 2 July 2025, reducing the Board to 16 members, comprising 11 independent members.

The Vice-Chancellor, Professor S Wonnacott, is an *ex officio* member of the Board of Governors. Members of the Board of Governors, other than the Vice-Chancellor and student governors, are appointed for a term of office not exceeding 4 years and normally serve for a maximum of 2 terms.

The Chair and Deputy Chair of the Board of Governors are elected for 4 years, renewed annually. During the period under review, Professor Patricia Cullen served as Chair of the Board of Governors from 17 July 2024, with John Gribbon appointed as Deputy Chair of the Board with effect from 27 November 2024.

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.

Revised Instrument and Articles of Government were approved by the Board of Governors in July 2024. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance and resources.

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 as a minimum, 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 have appointed Joan Matthews as the Clerk to the Board of Governors. The Clerk provides independent advice to the Board of Governors on matters of governance and holds no other managerial responsibilities within the University.

Statement of Corporate Governance and Internal Control (continued)

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 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 2024/25, the Board of Governors held 8 formal Board meetings, along with 2 Governor training/development sessions. The Board of Governors also conducted its business through 3 committees: the Audit Committee, the Search and Nominations Committee and the Remuneration Committee.

Each committee has terms of reference, which have been approved by the Board of Governors. Membership of these committees during the year to 31 July 2025 and to the date of signing of the accounts is as shown in the table above.

Minutes of all Board 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:

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 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 the Vice-Chancellor are separate.

Statement of Corporate Governance and Internal Control (continued)

The Board of Governors uses a variety of methods to monitor and evaluate its own performance including: an annual governance self-assessment survey based on a model produced by Advance HE; an annual review of individual governor performance including that of the Chair; 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; annual reviews against other adopted governance codes, such as the Higher Education Audit Committees Code of Practice and the HE Senior Staff Remuneration Code. Monitoring reports against areas of the University Strategic Plan are presented to meetings of the Board of Governors.

In November 2023, the Board of Governors commissioned an external review of governance effectiveness from the Association of Higher Education Professionals (AHEP). The review found that corporate governance arrangements are effective. A number of areas of good practice were identified along with recommendations to strengthen the existing arrangements. An action plan responding to those recommendations was established and approved by the Board of Governors, with regular progress updates provided to the Search and Nominations Committee.

In 2024/25, 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)

In December 2024, Advance HE published its most recent report detailing analysis of the equality characteristics of governors in UK higher education institutions, noting that 43.4% of governing board members were women. By comparison, women made up 47.1% of the University's Board of Governors during the year, which is slightly lower than both the University's 2023/24 figure and the percentage recorded for staff and students in the University's Equality, Diversity & Inclusion Report 2023/24.

During 2024/25, the Search & Nominations Committee received data on the number of members with a declared disability, which was 35.3%, 4.3% above the equivalent figure recorded for staff in the University's Equality, Diversity & Inclusion Report 2023/24, 2.7% below that recorded for students, and 28.9% above the figure reported in the Advance HE report (2024) on the equality characteristics of governors in UK higher education institutions.

The Advance HE report (2024) on the equality characteristics of governors in UK higher education institutions highlighted that Black and Minority ethnic representation on governing boards was 15.2%. Black, Asian & Minority Ethnic (BAME) representation on the University's Board of Governors was 17.6% over the course of the year, compared to 11% for staff and 12% for students shown in the University's 2023/24 Equality, Diversity & Inclusion Report.

The University's Equality, Diversity & Inclusion Report 2023/24 was presented to the Board of Governors' meeting held on 19 March 2025 and is available on the University's website(<https://www.leeds-art.ac.uk/about-us/governance/equality-and-diversity/>).

Search and Nominations Committee

The Board of Governors has established a Search and Nominations Committee which has terms of reference reviewed and approved annually by the Board. There is an approved membership of five Governors, including both the Chair of the Board and the Vice-Chancellor. The Committee is responsible for advising the Board of Governors on the recruitment and appointment of independent members, along with oversight of other Governor appointments, with all Governor appointments approved by the full Board of Governors.

The Search and Nominations Committee meets at least twice per year and also maintains oversight of wider governance matters including Board effectiveness.

Audit Committee

The Audit Committee has an approved membership of between 3 and 5 members. During 2024/25, the Committee had 4 members, who were also members of the Board of Governors, with a fifth member appointed in February 2025. 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 sustainability, 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.

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 sustainability, 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.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee (continued)

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 first 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 2024/25, the Committee had 4 members who were also members of the Board of Governors and one external co-opted member who was appointed in October 2023. 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 the Vice-Chancellor's 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 2024/25 from the University other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Details of payments made for the year ended 31 July 2025 to designated senior post-holders and members of the Board of Governors are set out in note 9 of 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 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 2025 and up to the date of approval of the annual report and financial statements.

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

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 of 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. 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.

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.

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness (continued)

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 2025 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Senior Management Team and the internal auditors, and taking account of events since 31 July 2025.

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 2025 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 2025;
- The University's cash position;
- The capital investment requirements for the next twelve months.

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 26 November 2025 and signed on its behalf by:



Professor P Cullen
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.



Professor P Cullen
Chair of Board of Governors

INDEPENDENT AUDITOR'S REPORT TO THE 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 2025 which comprise the University Statement of Comprehensive Income, the University Statement of Changes in Reserves, the University Statement of Financial Position, the Statement Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education

In our opinion, the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2025 and University's income and expenditure, gains and losses, changes in reserves and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 19, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for 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 the Board of Governors either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our understanding of the University and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: OfS requirements, UK tax legislation, pension legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the University is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the University which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the OfS Accounts Direction.

In addition, we evaluated the Board of Governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to defined benefit pension scheme assets and revenue recognition (which we pinpointed to the cut-off assertion).

Our audit procedures in relation to fraud included but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the University is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LEEDS ARTS UNIVERSITY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board of Governors' Report.

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

- The provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- The provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report

This report is made solely to the University's members as a body in accordance with paragraph 4(2) of the University's articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's members 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 University's members as a body for our audit work, for this report, or for the opinions we have formed.

Michael Speight
Michael Speight (Nov 28, 2025 08:55:33 GMT)

Michael Speight (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place

Leeds

LS1 4AP

**Statement of Comprehensive Income
Year Ended 31 July 2025**

	Notes	31 July 2025	31 July 2024
		£'000	£'000
Income			
Funding body grants	3	3,185	3,185
Tuition fees and education contracts	4	20,807	21,106
Research Grants and Contracts	5	6	-
Other income		92	87
Investment income	6	782	955
Donations and Endowments	7	2	2
Total income		24,874	25,335
Expenditure			
Staff costs	8	15,787	15,287
Other operating expenses	10	6,045	6,400
Depreciation	13	1,728	1,549
Interest and other finance costs	11	2	-
Total expenditure		23,562	23,236
Surplus before other gains/losses		1,312	2,099
Loss on disposal of property, plant and equipment		(1)	(27)
Surplus before and after tax for the year		1,311	2,072
Actuarial losses in respect of pension schemes and adjustment loss due to restriction of surplus	22	(177)	(155)
Total comprehensive income and expenditure for the year		1,134	1,917
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income and expenditure for the year		1,134	1,917
		1,134	1,917

**Statement of Changes in Reserves
Year Ended 31 July 2025**

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2024	49,566	2,151	51,717
Surplus from the income and expenditure statement	1,134	-	1,134
Transfers between revaluation and income and expenditure reserve	95	(95)	-
Total comprehensive income for the year	1,229	(95)	1,134
Balance at 31 July 2025	50,795	2,056	52,851

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2023	47,550	2,250	49,800
Surplus from the income and expenditure statement	1,917	-	1,917
Transfers between revaluation and income and expenditure reserve	99	(99)	-
Total comprehensive income for the year	2,016	(99)	1,917
Balance at 31 July 2024	49,566	2,151	51,717

Statement of Financial Position as at 31 July 2025

		Year Ended 31 July 2025	Year Ended 31 July 2024
		£'000	£'000
Non-current assets			
Tangible fixed assets	13	33,844	32,371
Heritage Assets	14	36	36
		<hr/>	<hr/>
		33,880	32,407
Current assets			
Stock		25	23
Trade and other receivables	15	671	712
Investments - short term deposits	16	6,848	6,534
Cash and cash equivalents	17	13,911	15,494
		<hr/>	<hr/>
		21,455	22,763
		<hr/>	<hr/>
Less: Creditors: amounts falling due within one year	18	(1,408)	(2,248)
Net current assets		<hr/>	<hr/>
		20,047	20,515
Total assets less current liabilities		<hr/>	<hr/>
		53,927	52,922
Creditors: amounts falling due after more than one year	19	(1,058)	(1,165)
Provisions			
Defined benefit obligations	22	-	-
Other pension provisions	22	(18)	(40)
		<hr/>	<hr/>
Total net assets		52,851	51,717
		<hr/>	<hr/>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		50,795	49,566
Revaluation reserve	21	2,056	2,151
		<hr/>	<hr/>
Total Reserves		52,851	51,717
		<hr/>	<hr/>

The financial statements on pages 24 to 47 were approved and authorised for issue by the Corporation on 26 November 2025 and were signed on its behalf by:



Professor P Cullen
Chair of Board of Governors



Professor S Wonnacott
Vice-Chancellor

Statement of Cash Flows
Year Ended 31 July 2025

	Notes	Year Ended 31 July 2025	Year Ended 31 July 2024
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		1,311	2,072
Adjustment for non-cash items			
Depreciation	13	1,728	1,549
(Increase)/decrease in stock		(2)	1
Decrease/(increase) in debtors		29	(313)
Increase/(decrease) in creditors		147	(428)
Pension credit less contributions payable	22	(181)	(134)
Adjustment for investing or financing activities			
Investment income		(782)	(955)
Pension interest payable		2	-
Loss on disposal of fixed assets		1	27
Capital grants utilised in year	3	(130)	(132)
Net cash inflow from operating activities		<u>2,123</u>	<u>1,687</u>
Cash flow from investing activities			
Proceeds from sales of fixed assets		4	5
Investment income		460	586
Capital grants received		-	50
Payments made to acquire fixed assets		(4,170)	(5,157)
Net cash outflow from investing activities		<u>(3,706)</u>	<u>(4,516)</u>
Cash flow from financing activities			
Interest paid		-	-
Repayments of amounts borrowed		-	-
Net cash outflow from financing activities		<u>-</u>	<u>-</u>
Decrease in cash and cash equivalents in the year		(1,583)	(2,829)
Cash and cash equivalents at 1 August		15,494	18,323
Cash and cash equivalents at 31 July		<u>13,911</u>	<u>15,494</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.

Accounting convention and 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 2019, 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 and the terms and conditions of Research England Grant. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The University's financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

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 the period to 31 July 2028. 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 increasing inflation, geo-political factors, 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).

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;
- Student recruitment in September 2025;
- The University's cash position;
- The capital investment requirements for the next twelve months.

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 for example by a discount or an award the income receivable is shown net of the discount.

Notes (continued)

1 Statement of accounting policies (continued)

Income recognition (continued)

Bursaries and cash payments for scholarships or progression 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.

Grants (including research grants) from non-government sources are recognised in 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.

Education contracts are recognised when the Institution is entitled to the income, or where relevant when performance conditions have been met.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

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. A pension asset will be recognised to the extent that the University can gain an economic benefit. The actuaries have calculated the maximum economic benefit the University could recognise in the accounts (referred to as the asset ceiling) in accordance with IFRIC 14. If the asset ceiling is below the net pension asset, the pension surplus recognised as an asset is restricted to the asset ceiling.

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 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 21.

Notes (continued)

1 Statement of accounting policies (continued)

Enhanced Pensions

The actual cost of any enhanced ongoing pension to former members of staff is paid by a University annually. An estimate of the expected future cost of any enhancement to the ongoing pension of former members of staff is charged in full to the University's income and expenditure account in the year that a 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, invoices, 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)

Investments

Short-term deposit investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Those investments with a maturity of 30 days or less are shown as cash and cash equivalents.

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.

Critical accounting estimates and judgements

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

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 University'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.
- Determine the extent to which the University can recognise a defined benefit plan asset to the extent that the University is able to recover the surplus through reduced contributions in the future.
- Determine the classification of the University's money market investments as cash equivalents based on the FRS102 criteria.

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/ asset 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 21, will impact the carrying amount of the pension liability/asset. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2024 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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/asset. The calculation of the liability/asset and current service cost is affected by the choice of inflation assumptions. A gain or loss is recognised in pension liability when actual pension increases are lower or higher than those assumed. The policy to date, has been to recognise the pension increase order laid during the relevant accounting period.

Notes (continued)

2 Grants and Fee income

	2025 £'000	2024 £'000
Grant income from the OfS	647	656
Grant income from other bodies	2,544	2,529
Fee income from taught awards (exclusive of VAT)	20,546	20,808
Fee income from non-qualifying courses (exclusive of VAT)	197	266
Education contracts	64	32
	<u>23,998</u>	<u>24,291</u>

Uni Connect funding of £46,000 (2024: £40,000), included in Grant Income from the OfS, was received direct from the University of Leeds rather than from the Office for Students.

3 Funding body grants

	2025 £'000	2024 £'000
Grant income from other bodies		
- Education and Skills Funding Agency - adult	11	6
- Education and Skills Funding Agency - 16-18	2,017	2,009
- Office for Students	529	541
- UKRI	444	444
- Uni Connect (via the University of Leeds)	46	40
- Y-PERN (via the University of Leeds)	8	8
- Other	-	4
Release of capital grant		
- Further education funding bodies	58	58
- Office for Students	72	75
	<u>3,185</u>	<u>3,185</u>

4 Tuition fees and education contracts

	2025 £'000	2024 £'000
HE students - Full time home and EU students	17,679	17,683
HE students - Part time home and EU students	252	133
HE students - Full time international students	2,615	2,992
FE students - home and EU students	135	130
FE students - international students	62	136
Full cost courses and education contracts	64	32
	<u>20,807</u>	<u>21,106</u>

5 Research grants and contracts

	2025 £'000	2024 £'000
Research councils	6	-

Notes (continued)

6 Investment income

	2025	2024
	£'000	£'000
Other interest receivable	762	934
Pension finance income	20	21
	<u>782</u>	<u>955</u>
	<u><u>782</u></u>	<u><u>955</u></u>

7 Donations and Endowment income

	2025	2024
	£'000	£'000
Donations with restrictions	2	2
	<u>2</u>	<u>2</u>
	<u><u>2</u></u>	<u><u>2</u></u>

8 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:

	2025 Number	2024 Number
Academic staff	137	143
Academic support staff	56	57
Administration staff	66	72
Premises and Maintenance	16	17
	<u>275</u>	<u>289</u>
	<u><u>275</u></u>	<u><u>289</u></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:

	2025 £'000	2024 £'000
Wages and salaries	11,483	11,294
Agency costs	755	726
Social security costs	1,240	1,123
Other pension costs (including FRS102 adjustments of £177,000 credit) (2024: £134,000 credit)	2,309	2,144
	<u>15,787</u>	<u>15,287</u>
	<u><u>15,787</u></u>	<u><u>15,287</u></u>

Included in the total costs above are severance and settlement costs of £120,477 (2023/24: £33,639).

Notes (continued)

8 Staff numbers and costs (continued)

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

	2025 £'000	2024 £'000
Access Investment	176	196
Support for disabled students	221	257
Research and Evaluation	109	112
	<hr/>	<hr/>
	506	565
	<hr/>	<hr/>

9 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	2025 Number of key management personnel	2024 Number of key management personnel
£115,000 to £119,999	-	2
£130,000 to £134,999	2	-

In 2023/24, an honorarium of £5,000 (2023:nil) was paid to each member of Senior Management Team, in recognition of the additional duties and responsibilities assumed following a reduction in the numbers of members in the Senior Management Team. No honorarium was paid in 2024/25.

	2025 Number	2024 Number
The number of key management personnel (including the Vice-Chancellor) was:	3	3
	<hr/>	<hr/>

Key management personnel emoluments are made up as follows:

	2025 £'000	2024 £'000
Salaries (including honorarium)	478	460
Pension contributions	97	89
	<hr/>	<hr/>
	575	549
	<hr/>	<hr/>

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.

Notes (continued)

9 Key management personnel

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

	2025 £'000	2024 £'000
Basic Salary	215	202
Honorarium	-	9
Pension contributions	37	36
	<hr/>	<hr/>
	252	247
	<hr/>	<hr/>

Members of the Board of Governors (other than the Vice-Chancellor, the staff and the Students' Union President) did not receive any remuneration from the University. Amounts reimbursed to governors for expenditure incurred in attending board meetings amounted to £1,486 (2023/24: £210). The Vice-Chancellor, the staff and the Students' Union President were reimbursed for travel and subsistence expenditure incurred in the course of their normal duties, or received payments entitled to as students. The University has a single scheme for payment of expenses that is applicable to all employees.

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 7.3. 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 6.8. The Vice-Chancellor's total remuneration consists of basic pay and employer contributions to the West Yorkshire Pension Fund.

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.

The Remuneration Committee approved a 2% pay award (taking into account last year's honorarium) the ongoing economic context, the impact of inflation on the University and funding pressures.

Notes (continued)

10 Analysis of total expenditure by activity

	£'000	£'000	£'000	£'000	2025 £'000	2024 £'000
	Staff Costs	Other Operating Expenses	Depreciat- ion	Financing	Total	Total
Academic Departments	9,471	822	-	-	10,293	9,980
Academic Services	1,916	1,346	-	-	3,262	3,165
Central Administration	1,829	1,180	-	-	3,009	3,061
General Educational	293	978	-	-	1,271	1,236
Staff and Student Services	1,021	154	-	-	1,175	1,186
Repairs and Maintenance	707	679	-	-	1,386	1,507
Premises costs	685	814	-	-	1,499	1,582
Catering	-	72	-	-	72	59
Other	(135)	-	-	-	(135)	(89)
Depreciation	-	-	1,728	-	1,728	1,549
Interest and other finance costs	-	-	-	2	2	-
	<u>15,787</u>	<u>6,045</u>	<u>1,728</u>	<u>2</u>	<u>23,562</u>	<u>23,236</u>

	2025 £'000	2024 £'000
Other operating expenses include:		
Auditor's remuneration:		
External auditor's remuneration		
- Financial statements audit	60	60
- Other	6	6
Internal auditor's remuneration	15	15
Operating lease rentals		
- plant and machinery	28	28
- other	-	8

Notes (continued)

10 Analysis of total expenditure by activity (continued)

Access and Participation Expenditure

The University has total expenditure on access and participation for the year ended 31 July 2025 as follows:

	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Access Investment				
- Pre -16 investment	121		134	
- Post -16 investment	104		115	
- Adults	12		13	
- Other	5		5	
Total Access Investment		242		267
Financial Support		532		501
Support for disabled students		233		276
Research and Evaluation		124		129
		<u>1,131</u>		<u>1,173</u>

These figures include staff costs totalling £506,000 (2023/24: £565,000) which are included in the overall staff costs (Note 8). Costs of £625,000 (2023/24: £608,000) are included in other operating expenses. The University's Access and Participation plan can be found on the [website](#). The total expenditure for 2024/25 represents 15% of the additional fee income, which is slightly lower than the commitment of 17% given in the access and participation plan. Additional monies have been spent on financial support in light of the cost of living challenges that students are experiencing. Investment in research and evaluation continued as set out in the plan and the total expenditure for the year at £124,000 was higher than the £84,000 included in the plan, as the University continues to develop the evidence base to enhance the effectiveness of access and participation activities.

11 Interest payable

	2025 £'000	2024 £'000
Pension finance cost	2	-
	<u>2</u>	<u>-</u>

12 Taxation

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

Notes (continued)

13 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Equipment £'000	Total £'000
Cost or deemed cost				
At 1 August 2024	36,265	5,682	8,301	50,248
Additions	-	2,412	794	3,206
Reclassifications	7,771	(7,937)	166	-
Disposals	-	-	(341)	(341)
At 31 July 2025	44,036	157	8,920	53,113
Accumulated depreciation				
At 1 August 2024	11,751	-	6,126	17,877
Charge for year	952	-	776	1,728
Eliminated in respect of disposals	-	-	(336)	(336)
At 31 July 2025	12,703	-	6,566	19,269
Net book value				
At 31 July 2025	31,333	157	2,354	33,844
At 31 July 2024	24,514	5,682	2,175	32,371

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 £3,111,730 (2024: £3,275,415) 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.

14 Heritage assets

The University has four Heritage Assets, the painting, “Reverspective Vs Perspective” by Patrick Hughes valued at £30,000. “Portrait of Pauline Snow” by Jacob Kramer valued at £2,400, “Lady Sculpture” with a nil value, and “Cyprus Refugees” by Stass Paraskos, donated, and valued in 2021/22 at £4,000.

Notes (continued)

15 Trade and other receivables

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Trade debtors	14	3
Other debtors	6	2
Prepayments and accrued income	651	707
	<hr/>	<hr/>
	671	712
	<hr/>	<hr/>

Trade Debtors includes amounts owed from the SLC of £9,250 (2024: £nil)

16 Investments

	2025 £'000	2024 £'000
Short term deposits	6,848	6,534
	<hr/>	<hr/>

Deposits represent funds in a 31 day call account.

17 Cash and cash equivalents

	2025 £'000	2024 £'000
Bank	1,886	3,427
Money Market funds	12,025	12,067
	<hr/>	<hr/>
	13,911	15,494
	<hr/>	<hr/>

Money market funds are highly liquid, low risk investments managed by 2 investment management firms.

18 Creditors: Amounts falling due within one year

	2025 £'000	2024 £'000
Trade creditors	155	939
Other creditors	446	609
Other taxation	2	1
Accruals	684	561
Deferred income	121	138
	<hr/>	<hr/>
	1,408	2,248
	<hr/>	<hr/>

Deferred income

Included in 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: £106,000 (2024: £129,000).

Notes (continued)

19 Creditors: Amounts falling due after more than one year

	2025 £'000	2024 £'000
Deferred income	1,058	1,165

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: £1,058,000 (2024: £1,165,000).

20 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
As at 1 August 2024	-	40	40
Expenditure in the period	(872)	(4)	(876)
Pension cost	675	2	677
Actuarial gain	(3,609)	(20)	(3,629)
Asset ceiling adjustments	3,806	-	3,806
As at 31 July 2025	-	18	18

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

21 Revaluation reserve

	2025 £'000	2024 £'000
At beginning of year	2,151	2,250
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(95)	(99)
At end of year	2,056	2,151

22 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):

	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Total pension cost for the year				
Teachers' Pension Scheme: contributions paid		1,614		1,422
Local Government Pension Scheme: Contributions paid	872		856	
FRS 102 charge	(177)		(134)	
Local Government Pension Scheme		695		722
Total pension cost - Charge to Statement of Comprehensive Income		2,309		2,144

Notes (continued)

22 Pensions and similar obligations (continued)

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 2022. Contributions amounting to £201,000 (2023/24: £204,000) were payable to the schemes at 31st July 2025.

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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

A full copy of the valuation and supporting documentation can be found on the Teachers' Pension Scheme website. As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 from 23.68%. The employee contribution rate was 7.4% to 11.7% depending upon the member salary. The pension costs (employees and employers contributions) paid to TPS in the year amounted to £2,110,000 (2024: £1,915,000).

In June 2020, an employment tribunal ruled, in relation to the Teachers' Pension Scheme that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation. It is believed that changes will be required to other public service pension schemes with similar arrangements. No impact of such changes has been accounted for in the actuarial pension calculations. It is estimated that any potential impact would not be material.

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 funded nature of the LGPS requires participating employers and their employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The last actuarial valuation was at 31 March 2022. The total contribution made for the year ended 31 July 2025 was £1,227,000 of which employers' contributions totalled £872,000 and employees' contributions totalled £355,000. The agreed contribution rates for future years are 17.1% for the University and between 5.5% and 12.5% for employees depending upon the member salary.

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. 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.

Notes (continued)

22 Pensions and similar obligations (continued)

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.

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.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required to members who transferred benefits out since May 1990. At time of writing, Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectifying this. No allowance has been made for any potential liability resulting from this second ruling.

The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. Those changes have not yet been reflected in the LGPS Regulations and the estimated liability has not been calculated but it is estimated that it may increase the defined benefit obligation by 0.2%.

In June 2023, the High Court handed down a decision (*Virgin Media Ltd v NTL Pension Trustees II Limited*), which was subsequently upheld by the Court of Appeal in July 2024. The ruling potentially has implications for the validity of amendments made by pension schemes, including the LGPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the trustees to obtain the scheme actuary's confirmation that a scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments. Without this confirmation (sometimes referred to as a section 37 confirmation, by reference to section 37 of the Pension Schemes Act 1993, which sets out that scheme rules can only be altered as prescribed in the relevant regulations), the amendment may be void and ineffective. At time of writing the government has not yet confirmed that they have been able to locate the actuarial confirmations from the Government Actuary's Department for all LGPS amendments between 1997 and 2016. There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. No final decisions have been made by the Government.

Given the uncertainty, no allowance has been made for the possible impact of the ruling as it is currently unclear whether any additional liabilities might arise, and if they were to arise, how they would be reliably measured.

Notes (continued)

22 Pensions and similar obligations (continued)

The following information is based on a full actuarial valuation of the fund as at 31st March 2024 updated to 31st July 2025 by a qualified independent actuary.

Principal Actuarial Assumptions - Main

	2025	2024
Inflation - CPI	2.5%	2.5%
Rate of increase in salaries	3.75%	3.75%
Rate of increase in pensions	2.5%	2.5%
Pension accounts revaluation rate	2.5%	2.5%
Discount rate for scheme liabilities	5.8%	4.9%

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 2025 Years	At 31 July 2024 Years
<i>Retiring today</i>		
Males	20.9	20.8
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	21.8	21.7
Females	24.8	24.7

The assets and liabilities in the scheme (of which the University's share is estimated at 0.11%) and the expected rates of return were:

	2025 £ millions	2024 £ millions
Total market value of West Yorkshire Pension Fund	21,081	19,709
	Asset split at 31 July 2025	Asset split at 31 July 2024
Equities	79%	79.3%
Property	2.7%	2.7%
Government bonds	10.1%	8.8%
Corporate bonds	3.9%	4.0%
Cash	1.8%	2.7%
Other	2.5%	2.5%
	£'000	£'000
University's estimated asset share	22,906	20,442
Present value of scheme liabilities	(16,471)	(17,936)
Unrecognised asset	(6,435)	(2,506)
Surplus/(Deficit) in the scheme	-	-

Notes (continued)

22 Pensions and similar obligations (continued)

	2025	2024
Analysis of the amount charged to the Statement of Comprehensive Income	£'000	£'000
Employer service cost (net of employee contributions)	695	722
Analysis of amounts as an expense		
	2025	2024
	£'000	£'000
Current service cost	695	722
Net interest income	(20)	(21)
Pension finance cost	675	701
Amounts recognised in Other Comprehensive Income (OCI)		
	£'000	£'000
Actuarial gain in relation to LGPS	3,609	1,519
Adjustment loss due to restriction of LGPS surplus	(3,806)	(1,674)
Actuarial gain in relation to Enhanced Pensions	(20)	-
Amount recognised in other comprehensive income	(217)	(155)
Movement in deficit during year		
	2025	2024
	£'000	£'000
Deficit in scheme at beginning of year	-	-
Movement in year:		
Current service cost	(695)	(722)
Employer contributions	872	856
Net interest income	20	21
Actuarial gain	3,609	1,519
Adjustment loss due to restriction of surplus	(3,806)	(1,674)
Surplus/(Deficit) in scheme at end of year	-	-
Asset and liability reconciliation		
	2025	2024
	£'000	£'000
Liabilities at start of period	17,936	16,603
Current service cost	695	722
Interest cost	882	808
Employee contributions	355	349
Actuarial (gain)/loss	(3,125)	30
Benefits paid	(272)	(576)
Liabilities at end of period	16,471	17,936

Notes (continued)

22 Pensions and similar obligations (continued)

	2025 £'000	2024 £'000
Assets at start of period	20,442	17,396
Interest income on assets	1,025	868
Remeasurement gain	484	1,549
Employer contributions	875	856
Employee contributions	355	349
Benefits paid	(272)	(576)
Assets at end of period	22,906	20,442

23 Capital commitments

Capital commitments as at 31 July 2025 totalled £282,802 (2024: £2,214,292).

24 Financial commitments

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

	2025 Other	2024 Other
Expiry date		
- within one year	27	28
- between two and five years	2	29
	29	57

25 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, 17 and 18. The President of the Student Union is a member of the Board of Governors. Grants paid to the Student Union by the University totalled £24,000 (2023/24: £32,000), there was no balance due at the year end.

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

Related Party	Relationship	Description	Income - £	Expenditure - £	Balance at year end
GuildHE	Director and Trustee	Subscriptions and conference	8,078	25,994	Nil
Yorkshire Universities	Director and Trustee	Subscription and Research Programme	-	3,900	Nil
UKADIA	Member	Subscription	-	1,660	Nil

Notes (continued)

25 Related party transactions (continued)

Professor Dave Russell is a Board member of Go Higher West Yorkshire. The following transactions took place at arm's length during the year: Subscription 2024/25 - £10,319 paid via the University of Leeds and £439 for match funding. The University had income from Go Higher of £46,081 during the year. At the end year £7,782 was included in accrued income in relation to this grant. He is also a member of West Yorkshire Combined Authority Culture (WYCA) Heritage and Sport Committee and a member of the academic steering group at Yorkshire & Humber Policy Engagement & Research Network (Y-Pern).

There were no transactions between the University and WYCA. The University had grant income from Y-Pern of £8,319 during the year. At the end year £1,387 was included in accrued income in relation to this grant.

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

Professor Dave Russell is a Governor of Leeds College of Building. Nikki Davies was a Governor of the University and CEO and is Principal of Leeds College of Building. No transactions took place between the University and Leeds College of Building in 2024/25.

26 Agency Arrangements

Learner support funds

The Education and Skills Funding Agency (ESFA) grants are available solely for students, and the University only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the University has directly incurred expenditure itself.

	2025 £'000	2024 £'000
Balance brought forward	69	64
Funding body grants		
Access Fund Bursaries	47	60
Free School Meals Bursaries	8	6
Residential Bursaries	14	14
Advanced Learner Loan Bursaries	22	18
Vulnerable Students Bursaries	5	2
	<hr/>	<hr/>
	165	164
Disbursed to students	(63)	(59)
Administration costs	(3)	(4)
	<hr/>	<hr/>
Balance unspent at 31 July (including amounts to be returned to ESFA)	99	101
	<hr/>	<hr/>