

**Leeds Arts University**

**Annual report and financial statements**

For the year ended 31 July 2023

## **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 2023.

#### 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 was updated by the Board of Governors in July 2023 and 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 June 2017, the Board of Governors approved a strategic plan for the period to 2023. The Board of Governors monitors the performance of the University against these aims.

The University's strategic aims are set out below:

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

## Strategic Report (continued)

In July 2023, the Board of Governors approved a new strategic plan for the period to 2030. The University's new 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

## Chancellor

In July 2023 the University's Chancellor, Skin; acclaimed DJ, fashion icon, actress, activist and lead singer of multi-million selling rock band, Skunk Anansie, attended the graduation ceremony in-person and gave an address to graduating students and guests.

## 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 2022/23, the University offered 15 degree level courses and 2 further education courses at level 3. The University offered 9 postgraduate taught degrees. The University enrolled 414 FE home students, 1,975 full-time undergraduate home students and 32 part-time and 48 full-time postgraduate home students. The University also had 211 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.



## **Strategic Report (continued)**

### **Removing barriers (continued)**

The University continues to be a member of Go-Higher West Yorkshire. It is also part of the National Collaborative Outreach Programme. During 2022/23, the University ran a number of online taster days and activities for students and adults from under-represented groups and these are augmented through targeted mentoring by students as appropriate. The cost of higher education can be a barrier to potential students and the 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 £236,000.

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 £560,000, 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 2023 and postgraduate students exhibited their chosen pieces highlighting the diversity and breadth of creative talent amongst our students. Work from all postgraduate courses was featured and included 2D and 3D, fine art, design, and moving image.

The Further Education shows took place in May 2023 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 2023. The show included performances from pop music performance 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 is an education partner for LEEDS 2023 a year of culture that aims to boost engagement in culture particularly among people who face barriers because of their experience or circumstances.

The University runs the successful Creative Networks events which is the biggest networking group of creative professionals in Yorkshire and has been developed to nurture creative talent and to foster partnerships and collaboration. In 2023 the University welcomed Keith Khan to chat about his work, his background, his career journey and the progress of his work with LEEDS 2023. During his talk Keith encouraged conversations about his work and the creative journey of an artist, particularly focusing on creating community work that is accessible for everyone.

### **Mental Health**

The University aims to support students' wellbeing from initial transition into University right through until graduation. A whole University approach to students' mental health and wellbeing is promoted with student counsellors, a dedicated mental health advisor and welfare advisors who offer a range of support methods. A triage approach means all students who needed support were able to receive an initial assessment and support immediately. Teaching staff with pastoral responsibility are provided with mental health training and the welfare team run mental health awareness training for all student-facing staff. The University also developed a Suicide Prevention Framework in 2022-23.

During the year a series of resilience building workshops were included as part of the wider employability program for second year undergraduate students. The University appointed a Student Welfare Engagement Adviser role intended to promote and develop the whole university approach to student wellbeing. They are responsible for identifying, developing and delivering effective proactive support programmes, workshops and sessions for students and promoting partnership working and development with colleagues across the University and externally, to deliver an inclusive, preventative and health promoting community culture.

## Strategic Report (continued)

### Mental Health (continued)

Student engagement in exercise and wellbeing focussed clubs and societies, to foster community building and support teamwork and further strengthen resilience, was sustained through the year. Access to 24/7 online mental health support through the 'Togetherall' service was sustained. Counselling was also offered through a third party agency to cater for increased demand and so that students did not have to be placed on a waiting list.

### REVIEW OF PERFORMANCE

#### Financial performance

	2023 £'000	2022 £'000
Income	25,732	25,066
Expenditure	24,121	22,417
Surplus before other gains and losses	1,611	2,649

After a period of significant income growth, the University's income was only around 2.5% higher than 2022. Interest income made a significant contribution to the overall surplus and accounts for the majority of the increase. The number of home undergraduate students enrolled in 2022/23 was slightly lower than 2021/22. The undergraduate tuition fees for home students has not increased since 2017 and as most of the income is from home undergraduate students this has a major impact on overall income. Postgraduate income increased again as overseas postgraduate student numbers grew by 83%. Having submitted to REF 2021, the University was awarded £461,000 of funding from Research England to support and further its research. The University was also awarded funding from Research England to support knowledge exchange.

The University continues to manage costs carefully. The biggest single cost is staffing and the ratio of staff costs to income was 58% (excluding the pension service cost) up from the prior year of 53%. A new pay scale was implemented in 2022/23 and a one off payment was made to staff to recognise the challenges that inflation and the cost of living were having on staff. Other operating costs have increased due to higher energy prices and higher maintenance costs. Given the increases in interest rates the University repaid the outstanding loan and is now debt free. The reserves accumulated have enabled the continued expansion and improvement of the Blenheim Walk site and work commenced in June 2023 on the next phase of development. The expansion of Blenheim Walk comprises of a two-storey extension with enlarged cafe space and studio space and external landscaping.

#### Progress against the Strategic Plan Non-Financial Indicators

	Performance	Benchmark
<b>NSS - Positivity Measures</b>		
Teaching on my course	81.0%	83.5%
Learning Opportunities	79.8%	79.5%
Assessment and Feedback	82.9%	82.6%
Academic Support	88.8%	84.9%
Organisation and Management	73.8%	68.8%
Learning Resources	86.5%	83.7%
Student Voice	78.0%	73.8%
<b>Other measures</b>		
FE Achievement Rates	90.4%	NA
Carbon Emissions	617 tonnes	893 tonnes
	Performance	Threshold
<b>OfS Student Outcomes data -First Degree</b>		
Continuation Rate ( <i>OfS Student Outcomes data dashboard</i> )	95.2%	80%
Completion Rate ( <i>OfS Student Outcomes data dashboard</i> )	96.8%	75%
Graduate Outcomes ( <i>OfS Student Outcomes data dashboard</i> )	64.3%	60%

## Strategic Report (continued)

### Progress against the Strategic Plan (continued)

The Office for Students (OfS) removed the overall satisfaction question in the 2023 National Student Survey (NSS) and changed the methodology and added new questions and therefore the new survey is not comparable with previous versions. Overall the results are good. With the exception of teaching, all areas were better than benchmark and the satisfaction with academic support, learning resources and the student voice are particularly pleasing. The University has a number of plans to improve the satisfaction with some elements of teaching and learning but it is recognised that over 90% of students who responded said that teaching staff were good or very good at explaining things. The University was again awarded Silver in the latest Teaching Excellence Framework exercise.

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. Investment in this area continues to be made.

FE achievement rates improved significantly from last year.

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 report highlights key case studies showcasing progress across the themes.

Development of the University's research profile continues and a new framework has been developed to support research active staff.

### Student achievements

Students from BA (Hons) Fine Art and MA Fine Art had their work transformed into garments on BBC One's the Great British Sewing Bee.

Several BA (Hons) Creative Advertising students were invited to present their work at leading design agency, Uniform.

Students from BA (Hons) Fine Art lent their support to the BBC's latest DIY SOS: The Big Build project, which was filmed in Leeds earlier this year.

Recent BA (Hons) Animation alumni Faye Craig, James Willan and Emma Drake's animation Are You a Cop or What? was selected for the NAHEMI National Student Film Awards, and won their Creativity Award 2022.

Final year students Jamie Hesketh and Evie Moysen from BA (Hons) Creative Advertising won the coveted D&AD New Blood Graphite Pencil for their work in response to a brief set Heineken.

BA (Hons) Comic and Concept Art alumni Music Tiamethakorn; pen name Music Gallery; is now selling their debut comic at large comic retailer, Travelling Man.

Two MA Digital Fashion students Amy Fisher and Clara Dou have designed 'wearable artwork' garments for the people of Leeds to try on as part of My LEEDS 2023 project, The Gift.

BA (Hons) Graphic Design graduate Zak Lebetkin won the chance to design the branding for the Visual Media Conference (VMC) 2023.

Two BA (Hons) Fashion Design students, Haiydar Ali and Ruslan Zinchenko, were selected as finalists for the biennial tailoring competition, Golden Shears.

## **Strategic Report (continued)**

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

Sophie Gratton, final-year BA (Hons) Textile Design student, was announced as the national winner of the Society of Dyers and Colourists International Design Competition 2023.

BA (Hons) Fine Art student Tia Dunn was awarded Second Grand Prize in the British Art Medal Society's Student Medal Project 2023.

Two final year Graphic Design students, Amira Mutiara and Sunmin Kim, won a coveted D&AD pencil in the New Blood awards 2023.

BA (Hons) Textile Design alumna Freya Dolby launched limited edition cat print dungarees with fashion brand Lucy and Yak.

BA (Hons) Fashion Design student Amy Matthews was shortlisted for the Global Fashion Illustration award and selected for the Vivienne Westwood Foundation showcase at Graduate Fashion Week 2023.

MA Digital Fashion graduate Estelle Pearce was selected to showcase her work at Digital Fashion Week New York and London Fashion Week.

BMus (Hons) Popular Music Performance students completed an exciting programme of internal and external performances and projects working with their own original music and local venues.

BA (Hons) Fashion Photography Students Lizzie Lenthall and Josh Porter were selected as EIZO Colour finalists

### **Treasury policies and objectives**

Treasury management is the management of the University's cash flows, 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 £18.3 million at 31 July 2023 and a further £6.2million in short term deposits. These funds are to be used to finance infrastructure and strategic investments over the next few years and provide a 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 increase in the home undergraduate student fee.

### **Liquidity**

The University had a current ratio of 11.0 at 31 July 2023 (2021/22: 11.8) representing a clear ability to meet liabilities as they fall due. The term loan with HSBC Bank plc was fully repaid in January 2023.

### **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 2022 to 31 July 2023, the University paid all approved and authorised invoices within 30 days. The University incurred no interest charges in respect of late payment for this period.

### **Outlook**

In a challenging external environment, the University's undergraduate recruitment was reasonably in line with expectations. In line with the sector, the University saw a slightly higher level of students choosing not to continue with their studies. 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. International postgraduate recruitment was lower than expected. The University continues to review its portfolio and is currently developing new courses and new forms of provision.



## RESOURCES

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

### Financial

The University has £50.6 million of net assets. The increase in the discount rate and CPI has given rise to a significant actuarial gain during the year of £5.1million and a small pension asset of £793,000.

### 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 is currently developing 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 removal of the student number control for undergraduate students in 2015 provided the University more opportunities to grow, and since then, the number of courses offered by the University has increased by over 60%, giving applicants wishing to pursue a degree in the arts more choice. The University provides excellent support to students to remain on course and has excellent continuation metrics. The results from the latest Graduate Outcomes survey show that progression into graduate level jobs was above the threshold. The University is therefore expecting to be able to grow its provision in the next few years and four new Undergraduate courses are under development for September 2024.

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;
- By investing in the student experience;
- By seeking to exceed students' expectations and preparing them for successful futures; and
- Continuing to develop its international work by building relationships in key markets.

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

#### 2. Undergraduate home tuition fee and inflationary pressures.

In 2012 undergraduate home fees were raised to £9,000 and the recurrent grant reduced. Since then the fees have only increased once in 2017 to £9,250. This means in real terms that the real value of this tuition fee is only just over £6,500. Inflation remains high and cost pressures the University is facing include additional costs arising from general inflation, pay pressures and pension contribution increases (especially from the Teachers' Pension Scheme which is expected to rise to around 28.6%).

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 and enables continued investment in resources and the estate. International recruitment in September 2023 was solid given some of the changes announced to restrict the ability of international students to bring their dependants. The political debate around international students is having an impact on the attractiveness of the UK and the international student market remains competitive. In this environment we are continuing to develop strong international partnerships.

The current economic environment is putting increased pressures on family incomes and family's ability to support students. The maintenance loan has increased at a rate far less than inflation and students may 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. 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 will be resourced, implemented and monitored on a planned basis and published on the University's website.

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

## Strategic Report (continued)

### Disability statement

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

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

### Disclosure of Information to Auditors

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

Approved by order of the Board of Governors on 22 November 2023 and signed on its behalf by:



**J H Finnigan**

**Chair of Board of Governors**

## Professional Advisers and Key Management Personnel

Financial statements and regulatory:	Mazars LLP 5 <sup>th</sup> 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 Academic	Professor Randall Whittaker (until 31 July 2023)
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 effective with reference to the 2021/22 financial year. In addition, the summary below describes the manner in which the University has applied the principles set out in the *UK Corporate Governance Code* issued by the Financial Reporting Council in July 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied. In the opinion of the governors, the University complies with the provisions of the *UK Corporate Governance Code*, in so far as they can be considered to apply to the higher education sector, throughout the year ended 31 July 2023. 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 2023 and up to the date of this report were as follows:

Name	Date of appointment	Term of office ends	Date of resignation/retirement	Status of appointment	Committees served
Rayyana Baghazal	23.11.22	31.07.23		Elected Student	
Rozie Brindle	01.08.22	31.07.23		Students' Union President	
Prof. Patricia (Patsy) Cullen	28.11.17 09.10.19 (r) 28.11.21(r)	08.10.19 27.11.21 21.11.25		Co-opted (Education) (to 08.10.19), Independent (from 09.10.19). Deputy Chair of Board of Governors	Audit, Remun. (Chair)
Nikki Davis	01.08.22	31.07.26		Independent	
Richard Dawson	27.01.21	26.01.25		Independent	Audit (Vice-Chair)
John Finnigan	17.09.14 17.09.18 (r)	16.09.18 16.07.24 (term extended to be co-terminus with Chair appointment)		Independent Chair of Board of Governors	Remun., Search
Lisa Green	25.01.23	24.01.27		Independent	
Sneha Khilay	26.01.22	25.01.26		Independent	Search
James Lord	26.01.22	25.01.26		Independent	Audit
Zainab Nadeem	01.08.23	31.07.24		Students' Union President	
Reece Ogden	22.11.23	31.07.24		Elected Student	
Prof. Clare Pickles	21.03.18	20.03.22		Independent. Senior Independent Governor (from 01.06.22)	Search (Vice-Chair), Remun. (Vice-Chair) (from 12.10.22)
Dr David Reid	17.09.14 17.09.18 (r)	16.09.18 16.09.22	16.09.22	Independent	Audit (Chair to 16.09.22), Remun. (Chair to 16.09.22)
Reader Mykaell Riley	14.10.20	13.10.24		Independent	Search (Chair)
Noelle Rumball	14.10.20	13.10.24		Independent	Audit (Chair), Remun. (from 12.10.22)
Dr Sarah Taylor	03.06.20	02.06.24		Academic Board nominee	
Ben Warden	25.11.20	24.11.24		Elected & Co-opted Staff	
Prof. Simone Wonnacott	01.06.09	Ex officio		Principal (to 15.08.17). Vice-Chancellor (from 16.08.17)	Search
External co-opted committee members: Ms S Heidinger (external co-opted Remuneration Committee member, appointed for 4 years from 1 <sup>st</sup> May 2019. Term of office ended 30 April 2023).					

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

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

### Appointments to the Board of Governors

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

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

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

### Corporate Governance Statement

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

The Board of Governors is provided with regular and timely information on the overall financial performance of the University, including reports against funding targets and proposed capital expenditure. Regular reports are received on performance against key financial and academic performance indicators and 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 appointed, as the Clerk to the Board of Governors, Fiona Bagchi, who was Clerk until 31 January 2023. Joan Matthews was appointed to take up the role of Clerk to the Board of Governors from 1 February 2023 for the remainder of the financial year ended 31<sup>st</sup> July 2023 and to the date of signing of the financial statements. The Clerk provides independent advice to the Board of Governors on matters of governance and holds no other managerial responsibilities within the University.

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

During 2022/23, the Board of Governors held 8 formal Board meetings, including 2 Extraordinary 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 2023 and to the date of signing of the accounts is as shown in the table above.



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

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 of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Governors and University Vice-Chancellor are separate.

The Board of Governors uses a variety of methods to monitor and evaluate its own performance including: a periodic governance self-assessment survey based on a model produced by the Leadership Foundation for Higher Education; an annual review of individual governor performance; an annual performance review of the committees of the Board of Governors; an annual review of governance practice against the Board of Governors' approved code of governance and statement of primary responsibilities; a review of University performance against Strategic Plan objectives and key performance indicators at meetings of the Board of Governors. In 2022/23, 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.

### ***Search and Nominations Committee***

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

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

In 2020, Advance HE published the first report detailing analysis of the equality characteristics of governors in UK higher education institutions, noting that 41.9% of governing board members were women. By comparison, women made up between 61.5% and 66.7% of the University's Board of Governors during the year, which is higher than in 2021/22 and above the percentage recorded for staff in the University's Equality, Diversity & Inclusion Report 2021/22, although lower than the percentage recorded for students.

During 2022/23, the Search & Nominations Committee received data on the number of members with a declared disability, which was 7% above the equivalent figure recorded for staff in the University's Equality, Diversity & Inclusion Report 2021/22 but below that for students, and 14.6% above the figure reported in the Advance HE report (2020) on the equality characteristics of governors in UK higher education institutions.

The Advance HE report (2020) on the equality characteristics of governors in UK higher education institutions highlighted that Black and Minority ethnic representation on governing boards was 10.8%. Black, Asian & Minority Ethnic (BAME) representation on the University's Board of Governors ranged between 14% and 20% during the course of the year, compared to 10% for staff and 12% for students shown in the University's 2021/22 Equality, Diversity & Inclusion Report. The University's Equality, Diversity & Inclusion Report 2021/22 was presented to the Board of Governors' meeting held on 15<sup>th</sup> March 2023 and is available on the University's website. <https://www.leeds-art.ac.uk/about-us/governance/equality-and-diversity/>

### ***Audit Committee***

The Audit Committee has an approved membership of five members. During 2022/23, the Committee had four members who were also members of the Board of Governors, with one vacancy to be filled. 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.



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

### *Audit Committee (continued)*

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

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes and arrangements for promoting 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.

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

### *Remuneration Committee*

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

The Remuneration Committee has an approved membership of five members. During 2022/23, the Committee had four members who were also members of the Board of Governors and one external co-opted member whose term ended in April 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 2022/23 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 2023 to designated senior post-holders and members of the Board of Governors are set out in note 8 to the financial statements.

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

### *Internal Control*

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

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

### *Scope of responsibility*

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

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

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

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

Review procedures cover financial, business, operational and compliance risk. The system of internal control has been in place in Leeds Arts University for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

### *The risk and control framework*

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

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

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

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

### *Review of effectiveness*

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

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

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

### *Review of effectiveness (continued)*

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and Audit Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for and effectiveness of internal control. The Board of Governors' Audit Committee agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team, reporting to the Board of Governors through its minutes, its annual report and the annual presentation of the University's risk register. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2023 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Management Team and the internal auditors, and taking account of events since 31 July 2023.

### *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 2023 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 2023;
- 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 22 November 2023 and signed on its behalf by:



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



**Professor S Wonnacott**  
Vice-Chancellor



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

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

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

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

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

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

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



**J H Finnigan**  
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 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2023 and of the University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice - Accounting for Further and Higher Education.

### **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.

### **Other information**

The Board of Governors is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Board of Governors**

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 18, 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 all or part of the University or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the University and its operations, 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, pensions 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.

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pensions 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 obligations, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

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

- Making enquiries of the Board of Governors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- 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](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

#### **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 and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

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

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.

**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 Board of Governors in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

*Mazars LLP*

Mazars LLP

Chartered Accountants and Statutory Auditor

Leeds

*27<sup>th</sup> November 2023*

**Statement of Comprehensive Income  
Year Ended 31 July 2023**

	Notes	31 July 2023 £'000	31 July 2022 £'000
<b>Income</b>			
Funding body grants	3	3,398	2,744
Tuition fees and education contracts	4	21,755	22,148
Other income		105	96
Investment income	5	473	72
Donations and Endowments	6	1	6
<b>Total income</b>		<b>25,732</b>	<b>25,066</b>
<b>Expenditure</b>			
Staff costs	7	15,437	14,649
Other operating expenses	9	6,932	5,879
Depreciation	12	1,531	1,542
Interest and other finance costs	10	221	347
<b>Total expenditure</b>		<b>24,121</b>	<b>22,417</b>
<b>Surplus before other gains/losses</b>		<b>1,611</b>	<b>2,649</b>
(Loss) on disposal of property, plant and equipment		(1)	(1)
<b>Surplus before and after tax for the year</b>		<b>1,610</b>	<b>2,648</b>
Actuarial gains in respect of pension schemes	22	5,143	11,366
<b>Total comprehensive income and expenditure for the year</b>		<b>6,753</b>	<b>14,014</b>
<b>Represented by:</b>			
Restricted comprehensive income for the year		1	2
Unrestricted comprehensive income and expenditure for the year		6,752	14,012
		<b>6,753</b>	<b>14,014</b>

**Statement of Changes in Reserves**  
**Year Ended 31 July 2023**

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2022	41,491	2,349	43,840
Surplus from the income and expenditure statement	6,753	-	6,753
Transfers between revaluation and income and expenditure reserve	99	(99)	-
Total comprehensive income for the year	6,852	(99)	6,753
Balance at 31 July 2023	48,343	2,250	50,593

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2021	27,378	2,448	29,826
Surplus from the income and expenditure statement	14,014	-	14,014
Transfers between revaluation and income and expenditure reserve	99	(99)	-
Total comprehensive income for the year	14,113	(99)	14,014
Balance at 31 July 2022	41,491	2,349	43,840

Statement of Financial Position as at 31 July 2023

		Year Ended 31 July 2023	Year Ended 31 July 2022
	Notes	£'000	£'000
<b>Non-current assets</b>			
Tangible fixed assets	12	28,403	28,466
Heritage Assets	13	36	36
		<hr/>	<hr/>
		28,439	28,502
<b>Current assets</b>			
Stock		24	23
Trade and other receivables	14	380	475
Investments	15	6,204	18,021
Cash and cash equivalents	16	18,323	10,575
		<hr/>	<hr/>
		24,931	29,094
		<hr/>	<hr/>
Less: Creditors: amounts falling due within one year	17	(2,275)	(2,460)
<b>Net current assets</b>		<hr/>	<hr/>
		22,656	26,634
<b>Total assets less current liabilities</b>			
		51,095	55,136
Creditors: amounts falling due after more than one year	18	(1,255)	(7,489)
<b>Provisions</b>			
Defined benefit obligations	20	793	(3,759)
Other pension provisions	20	(40)	(48)
		<hr/>	<hr/>
<b>Total net assets</b>		50,593	43,840
		<hr/>	<hr/>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		48,343	41,491
Revaluation reserve	21	2,250	2,349
		<hr/>	<hr/>
<b>Total Reserves</b>		50,593	43,840
		<hr/>	<hr/>

The financial statements on pages 23 to 54 were approved and authorised for issue by the Corporation on 22 November 2023 and were signed on its behalf by:



J H Finnigan  
Chair of Board of Governors



Professor S Wonnacott  
Vice-Chancellor

**Statement of Cash Flows**  
**Year Ended 31 July 2023**

	Notes	Year Ended 31 July 2023	Year Ended 31 July 2022
		£'000	£'000
<b>Cash flow from operating activities</b>			
Surplus for the year		1,610	2,648
<b>Adjustment for non-cash items</b>			
Depreciation	12	1,531	1,542
(Increase)/decrease in stock		(1)	4
Decrease/(increase) in debtors		128	(32)
Increase/(decrease) in creditors		263	(159)
Pension costs less contributions payable	22	467	1,441
<b>Adjustment for investing or financing activities</b>			
Investment income		(473)	(72)
Interest payable		221	347
Loss on disposal of fixed assets		1	1
Capital grants utilised in year	3	(146)	(172)
<b>Net cash inflow from operating activities</b>		<u>3,601</u>	<u>5,548</u>
<b>Cash flow from investing activities</b>			
Proceeds from sales of fixed assets		1	1
Investment income		257	30
Withdrawal of deposits		12,000	-
New deposits		-	(6,000)
Capital grants received		100	30
Payments made to acquire fixed assets		(1,276)	(537)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>11,082</u>	<u>(6,476)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(135)	(111)
Repayments of amounts borrowed		(6,800)	(600)
<b>Net cash (outflow) from financing activities</b>		<u>(6,935)</u>	<u>(711)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>7,748</b>	<b>(1,639)</b>
<b>Cash and cash equivalents at 1 August</b>		<b>10,575</b>	<b>12,214</b>
<b>Cash and cash equivalents at 31 July</b>		<b><u>18,323</u></b>	<b><u>10,575</u></b>



## 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 a period of 20 months from the date of approval of these financial statements. After reviewing these forecasts, the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of the increasing inflation, geopolitical 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 2023;
- 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 from payment of reduced contributions below the cost of the expected FRS102 service cost in future.

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 22.

Notes (continued)

1 Statement of accounting policies (continued)

**Enhanced Pensions**

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

**Short term employment benefits**

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

**Tangible fixed assets**

**Land and buildings**

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings were revalued in 1992. As at 1 August 2014 these fixed assets were measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the University of 40 to 50 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

**Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates, 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)

#### 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 group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- 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 22, 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

The pension asset has been recognised in accordance with FRS102, the scheme is open to new entrants and there is considered to be an economic benefit from payment of reduced contributions below the cost of the expected FRS102 service costs in the future.

Notes (continued)

2 Grants and Fee income

	2023 £'000	2022 £'000
Grant income from the OfS	718	711
Grant income from other bodies	2,680	2,033
Fee income from taught awards (exclusive of VAT)	21,475	21,789
Fee income from non-qualifying courses (exclusive of VAT)	280	359
	<u>25,153</u>	<u>24,892</u>

Uni Connect funding of £49,000 (2022: £44,000), included in Grant Income from the OfS, was received direct from the University of Leeds rather than from the Office for Students. Funding of £9,000 (2022: £nil) included in Grant Income from the OfS as it was received from The Centre for Transforming Access and Student Outcomes (TASO), an organisation funded by the Office for Students.

3 Funding body grants

	2023 £'000	2022 £'000
Grant income from other bodies		
- Education and Skills Funding Agency - adult	15	19
- Education and Skills Funding Agency - 16-18	1,892	1,755
- Office for Students	571	552
- Uni Connect (via the University of Leeds)	49	44
- UKRI	707	201
- TASO	10	-
- Y-PERN (via the University of Leeds)	8	-
Release of capital grant		
- Further education funding bodies	58	58
- Office for Students	88	115
	<u>3,398</u>	<u>2,744</u>

4 Tuition fees and education contracts

	2023 £'000	2022 £'000
HE students - Full time home and EU students	18,208	18,886
HE students - Part time home and EU students	145	289
HE students - Full time international students	3,122	2,614
FE students - home and EU students	137	227
FE students - international students	143	69
Full cost courses and education contracts	-	63
	<u>21,755</u>	<u>22,148</u>

5 Investment income

	2023 £'000	2022 £'000
Other interest receivable	473	72

Notes (continued)

6 Donations and Endowment income

	2023 £'000	2022 £'000
Unrestricted Donations	-	4
Donations with restrictions	1	2
	<u>1</u>	<u>6</u>
	<u><u>1</u></u>	<u><u>6</u></u>

7 Staff numbers and costs

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

	2023 Number	2022 Number
Academic staff	144	145
Academic support staff	56	52
Administration staff	68	61
Premises and Maintenance	17	16
	<u>285</u>	<u>274</u>
	<u><u>285</u></u>	<u><u>274</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:

	2023 £'000	2022 £'000
Wages and salaries	11,105	9,643
Agency costs	652	754
Social security costs	1,122	962
Other pension costs (including FRS102 adjustments - £471,000 2022: £1,445,000)	2,558	3,290
	<u>15,437</u>	<u>14,649</u>
	<u><u>15,437</u></u>	<u><u>14,649</u></u>

Included in the total costs above are severance pay of £34,492 (2021/22: £25,933).

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

	2023 £'000	2022 £'000
Access Investment	148	136
Support for disabled students	174	91
Research and Evaluation	103	92
	<u>425</u>	<u>319</u>
	<u><u>425</u></u>	<u><u>319</u></u>



Notes (continued)

8 Key management personnel

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

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

Basic salary per annum	2023 Number of key management personnel	2022 Number of key management personnel
£110,000 to £114,999	-	3
£115,000 to £119,999	3	-

	2023 Number	2022 Number
The number of key management personnel (including the Vice-Chancellor) was:	4	4

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	545	524
Bonuses	-	4
Pension contributions	108	103
	<u>653</u>	<u>631</u>

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

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

	2023 £'000	2022 £'000
Basic Salary	197	189
Bonus	-	1
Pension contributions	33	31
	<u>230</u>	<u>221</u>

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 £207 (2022/23: £558). 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.



Notes (continued)

8 Key management personnel (continued)

Pay Multiple

The relationship between the Vice-Chancellor's basic pay and the median pay of all other employees expressed as a pay multiple is 7.45. 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 7.45. The Vice-Chancellor's total remuneration consists of basic pay and employer contributions to the WYPF.

Vice-Chancellor's Remuneration

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

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

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

The Committee also receives information on the pay ratio for the Vice-Chancellor's salary to staff on permanent contracts; and verbal information from the Chair of the Board of Governors on the Vice-Chancellor's appraisal. The Remuneration Committee approved a 4% pay award, taking into account the ongoing economic context, the impact of inflation on the University and funding pressures.

9 Analysis of total expenditure by activity

	£'000	£'000	£'000	£'000	2023 £'000	2022 £'000
	Staff Costs	Other Operating Expenses	Depreciation	Financing	Total	Total
Academic Departments	9,001	900	-	-	9,901	9,017
Academic Services	1,807	1,086	-	-	2,893	2,629
Central Administration	1,642	1,247	-	-	2,889	2,595
General Educational	248	1,019	-	-	1,267	1,139
Staff and Student Services	943	325	-	-	1,268	833
Repairs and Maintenance	691	1,229	-	-	1,920	1,545
Premises costs	594	1,064	-	-	1,658	1,272
Catering	-	62	-	-	62	22
Other	511	-	-	-	511	1,476
Depreciation	-	-	1,531	-	1,531	1,542
Interest and other finance costs	-	-	-	221	221	347
	<u>15,437</u>	<u>6,932</u>	<u>1,531</u>	<u>221</u>	<u>24,121</u>	<u>22,417</u>

Notes (continued)

9 Analysis of total expenditure by activity (continued)

	2023 £'000	2022 £'000
Other operating expenses include:		
Auditor's remuneration:		
External auditor's remuneration		
- Financial statements audit	60	66
- Other	10	4
Internal auditor's remuneration	14	16
Operating lease rentals		
- plant and machinery	33	33
- other	46	46

Access and Participation Expenditure

The University has total expenditure on access and participation for the year ended 31 July 2023 as follows:

	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Access Investment				
- Pre -16 investment	105		101	
- Post -16 investment	91		86	
- Adults	11		10	
- Other	4		4	
Total Access Investment		211		201
Financial Support		588		475
Support for disabled students		188		115
Research and Evaluation		115		115
		<b>1,102</b>		<b>906</b>

These figures include staff costs totalling £425,000 (2021/22:£319,000) which are included in the overall staff costs (Note 7). Costs of £677,000 (2021/22:£587,000) are included in other operating expenses. The University's Access and Participation plan can be found on the [website](#). The total expenditure for 2022/23 represents 19% of the additional fee income, which is higher than the commitment given in the access and participation plan.

Access investment is lower however; as a result of the pandemic and since, it has not been possible to undertake the access activities planned due to continued restrictions. Access investment at £211,000 is therefore lower than the commitment made in the plan of £379,000.

Investment in research and evaluation continued as set out in the plan and the total expenditure for the year at £115,000 was higher than the £78,000 included in the plan, as the University continues to develop the evidence base to enhance the effectiveness of access and participation activities.

10 Interest payable

	2023 £'000	2022 £'000
Interest on bank loan	105	123
Pension finance cost	116	224
	<b>221</b>	<b>347</b>

Notes (continued)

11 Taxation

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

12 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At 1 August 2022	36,357	293	7,674	44,324
Additions	-	510	960	1,470
Reclassifications	-	(137)	137	-
Disposals	-	-	(508)	(508)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2023	36,357	666	8,263	45,286
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 August 2022	10,212	-	5,646	15,858
Charge for year	792	-	739	1,531
Eliminated in respect of disposals	-	-	(506)	(506)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2023	11,004	-	5,879	16,883
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 July 2023	25,353	666	2,384	28,403
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2022	26,145	293	2,028	28,466
	<hr/>	<hr/>	<hr/>	<hr/>

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

Land and buildings and equipment with a net book value of £3,630,893 (2022: £3,775,249) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the University may be liable, under the terms of the funding agreements with OfS/HEFCE, to surrender the proceeds.

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

Notes (continued)

13 Heritage assets

The University has 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.

14 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	7	45
Other debtors	5	5
Prepayments and accrued income	368	425
	<u>380</u>	<u>475</u>

Trade Debtors includes amounts owed from the SLC of £nil (2021: £3,250)

15 Investments

	2023 £'000	2022 £'000
Short term deposits	6,204	18,021

Deposits are held with banks with between one and six months maturity at the statement of financial position date.

16 Cash and cash equivalents

	2023 £'000	2022 £'000
Bank	8,276	10,575
Money Market funds	10,047	-
	<u>18,323</u>	<u>10,575</u>

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

17 Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Bank Loans and Overdrafts	-	600
Trade creditors	716	533
Other creditors	601	336
Other taxation	3	5
Accruals	801	720
Deferred income	141	253
Other amounts owed to Education and Skills Funding Agency	13	13
	<u>2,275</u>	<u>2,460</u>



Notes (continued)

17 Creditors: Amounts falling due within one year (continued)

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: £133,000 (2022: £133,000)

18 Creditors: Amounts falling due after more than one year

	2023 £'000	2022 £'000
Bank Loan and Overdrafts	-	6,200
Deferred income	1,255	1,289
	<u>1,255</u>	<u>7,489</u>

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: £1,255,000 (2022: £1,289,000).

19 Analysis of borrowings

The total bank loan is repayable as follows:

	2023 £'000	2022 £'000
In one year or less	-	600
Between one and two years	-	600
Between two and five years	-	1,800
In five years or more	-	3,800
	<u>-</u>	<u>6,800</u>

The University has substantial cash reserves, with the increase in interest rates the University repaid the loan in full in January 2023.

20 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2022	3,759	48	3,807
Expenditure in the period	(785)	(4)	(789)
Pension cost	1,370	2	1,372
Actuarial gain	(5,137)	(6)	(5,143)
At 31 July 2023	<u>(793)</u>	<u>40</u>	<u>(753)</u>

Defined benefit obligations relate to the liabilities under the University's membership of the Local Government Pension Scheme. Further details are in note 22. The provision relates to enhanced pension costs financed internally by the University.

Notes (continued)

21 Revaluation reserve

	2023 £'000	2022 £'000
At beginning of year	2,349	2,448
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(99)	(99)
At end of year	2,250	2,349

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):

Total pension cost for the year	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Teachers' Pension Scheme: contributions paid		1,302		1,224
Local Government Pension Scheme: Contributions paid	785		621	
FRS 102 charge	471		1,445	
Local Government Pension Scheme		1,256		2,066
Total pension cost - Charge to Statement of Comprehensive Income		2,558		3,290

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 2021. Contributions amounting to £171,000 (2021/22:£155,000) were payable to the schemes at 31<sup>st</sup> July.

Teachers' Pension Scheme

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

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

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

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

## Notes (continued)

### 22 Pensions and similar obligations (continued)

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

A full copy of the valuation and supporting documentation can be found on the Teachers' Pension Scheme website. The employer contribution rate for the year was 23.68%, including the administration levy of 0.08%. 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 £1,790,000 (2022: £1,681,000).

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 total contribution made for the year ended 31 July 2023 was £1,101,000 of which employers' contributions totalled £781,000 and employees' contributions totalled £320,000. 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. The estimated value of employer contributions for the year ended 31 July 2024 is expected to be £943,000. The following information is based on a full actuarial valuation of the fund as at 31st March 2021 updated to 31st July 2023 by a qualified independent actuary.

In December 2018, the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. Consultation on the proposed remedy for the Local Government Pension Schemes was issued by the Ministry of Housing, Communities and Local Government on 16th July 2020. In 2018/19, the additional liability was allowed for as a past service cost. The current service cost includes an allowance for an accruing underpin liability over the full accounting period. The cost of the remedy will depend on who is assumed to be compensated. The calculation assumes remedy applies to all members in service on 1 April 2012 for service after the scheme reform date, on retirement or prior withdrawal, and with extension to benefits payable to the dependants of those members.

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

The approach taken has been to value full CPI inflation pension increases on GMPs of members whose State Pension Age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element

of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has consulted on its approach to compensating affected members and

## Notes (continued)

### 22 Pensions and similar obligations (continued)

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.

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 grounds of sexual orientation. 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%.

There has been a change in the financial assumptions over the period as set out below, this has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used.

#### Principal Actuarial Assumptions - Main

	2023	2022
Inflation - CPI	2.6%	2.5%
Rate of increase in salaries	3.85%	3.75%
Rate of increase in pensions	2.6%	2.5%
Pension accounts revaluation rate	2.6%	2.5%
Discount rate for scheme liabilities	4.9%	3.4%

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

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	21.0	21.8
Females	24.1	24.6
<i>Retiring in 20 years</i>		
Males	22.2	22.5
Females	25.1	25.7

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



Notes (continued)

22 Pensions and similar obligations (continued)

	2023	2022
	£ millions	£ millions
Total market value of West Yorkshire Pension Fund	18,062	17,831
	Asset split at 31 July 2023	Asset split at 31 July 2022
Equities	80.1%	79.3%
Property	3.3%	4.0%
Government bonds	7.2%	6.9%
Corporate bonds	4.5%	4.3%
Cash	3.1%	4.0%
Other	1.8%	1.5%
	2023	2022
	£'000	£'000
University's estimated asset share	17,396	15,865
Present value of scheme liabilities	(16,603)	(19,624)
Surplus/(Deficit) in the scheme	793	(3,759)
Analysis of the amount charged to the Statement of Comprehensive Income	2023	2022
	£'000	£'000
Employer service cost (net of employee contributions)	1,256	2,066
Analysis of amounts as an expense	2023	2022
	£'000	£'000
Current service cost	1,256	2,066
Net interest cost	114	223
Pension finance cost	1,370	2,289
Amounts recognised in Other Comprehensive Income (OCI)	2023	2022
	£'000	£'000
Total actuarial gains	5,137	11,347

Notes (continued)

22 Pensions and similar obligations (continued)

Movement in surplus/(deficit) during year

	2023 £'000	2022 £'000
Deficit in scheme at beginning of year	(3,759)	(13,438)
Movement in year:		
Current service cost	(1,256)	(2,066)
Employer contributions	785	621
Net interest	(114)	(223)
Actuarial gain	5,137	11,347
Surplus(Deficit) in scheme at end of year	793	(3,759)

Asset and liability reconciliation

	2023 £'000	2022 £'000
Liabilities at start of period	19,624	28,214
Current service cost	1,256	2,066
Interest cost	667	479
Employee contributions	322	260
Actuarial (gain)/loss	(4,928)	(11,010)
Benefits paid	(338)	(385)
Liabilities at end of period	16,603	19,624

	2023 £'000	2022 £'000
Assets at start of period	15,865	14,776
Interest income on assets	553	256
Remeasurement gain	209	337
Employer contributions	785	621
Employee contributions	322	260
Benefits paid	(338)	(385)
Assets at end of period	17,396	15,865

23 Capital commitments

Capital commitments as at 31 July 2023 totalled £6,836,997.

## Notes (continued)

### 24 Financial commitments

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

	2023 £'000 Land and buildings	2023 £'000 Other	2022 £'000 Land and buildings	2022 £'000 Other
Expiry date				
- within one year	10	27	46	30
- between two and five years	-	55	10	1
	<u>10</u>	<u>82</u>	<u>56</u>	<u>31</u>

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

### 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 £30,000 (2021/22: £30,000), 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	Expenditure - £	Balance at year end
GuildHE	Director	Subscriptions and conference	21,885	Nil
HESA	Trustee until 4 <sup>th</sup> October 2022	Subscription and training	7,740	Nil
Yorkshire Universities	Director	Subscription and Research Programme	3,900	Nil
UKADIA	Member	Subscription	1,580	Nil

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 2022/23 - £8,011 paid via the University of Leeds there was no balance due at the year end. He is also a member of West Yorkshire Combined Authority Culture (WYCA) Heritage and Sport Committee and a member 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 £7,627 during the year. At the end year £1,386 was included in accrued income in relation to this grant.

## Notes (continued)

### 25 Related party transactions (continued)

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 is a Governor of the University and CEO and Principal of Leeds College of Building. No transactions took place between the University and Leeds College of Building in 2022/23.

Professor Randall Whittaker is a co-opted member of Advance HE's Equality Diversity and Inclusion Committee. Expenditure has been incurred relating to subscriptions and training from Advance HE totalling £3,985. At the year-end an amount of £3,150 relating to the 2023/24 UK Affiliate membership fee had been paid and is included in prepayments.

### 26 Agency Arrangements

#### Turing Scheme

The Turing Scheme is the UK government's programme to provide funding for international opportunities in education and training across the world, offering students a life-changing opportunity to study or work abroad. The University acts as a paying agent for these funds.

	2023 £'000	2022 £'000
Funding body grant	37	41
Disbursed to students	(25)	(7)
	<hr/>	<hr/>
Amounts included in deferred income as at 31 <sup>st</sup> July	12	34
	<hr/>	<hr/>

#### 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.

	2023 £'000	2022 £'000
Balance brought forward	47	33
Funding body grants		
Access Fund Bursaries	55	44
Free School Meals Bursaries	3	5
Residential Bursaries	15	15
Advanced Learner Loan Bursaries	50	38
Vulnerable Students Bursaries	-	4
	<hr/>	<hr/>
	170	139
Disbursed to students	(60)	(51)
Administration costs	(4)	(3)
	<hr/>	<hr/>
Balance unspent at 31 July (including amounts to be returned to ESFA)	106	85
	<hr/>	<hr/>



**Notes (continued)**

**27 US Loans Supplementary Schedule**

As the Institution has students that have received loans of greater than \$500,000 in a financial year via the Federal Student Aid programs from the U.S. Department of Education (ED), there is a new requirement to include the below Supplemental Schedule in our audited financial statements.

In satisfaction of its obligations to facilitate students' access to US federal financial aid, Leeds Arts University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling;

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
	<b>Statement of Financial Position</b>					
25	Cash and cash equivalents	SOFP (Cash & Cash equivalents)	18,323	-	10,575	-
38	Accounts receivable, net	Note 14 (Trade Debtors and Other Debtors)	12	-	47	-
25/38	Prepaid expenses - including stock Related party receivable	SOFP (Stock) and Note 14 (Prepayments & Accrued Income)	392	-	448	-
			-	-	-	-
	Contributions receivable, net		-	-	-	-
38	Student loans receivable, net	Note 14 (Trade Debtors)	-	-	3	-
	Investments		-	-	-	-
25	Property, plant and equipment, net	SOFP (Tangible Assets & Heritage Assets)	28,439	-	28,502	-
	Lease right-of-use asset, net		-	-	-	-
	Goodwill		-	-	-	-
25	Deposits	SOFP (Investments)	6,204	-	18,021	-
25	Post-employment and pension asset	SOFP	793	-	-	-
	<b>Total Assets</b>		<b>54,163</b>	<b>-</b>	<b>57,596</b>	<b>-</b>
	Line of credit - short term		-	-	-	-
	Line of credit - short term for CIP		-	-	-	-
38	Accrued expenses/Accounts payable	Note 17 (Trade creditors & Accruals)	-	(1,517)	-	(1,253)
38/39	Deferred revenue	Notes 17 & 18 (Deferred income)	-	(1,396)	-	(1,542)

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
39	Post-employment and pension liability	Note 20 (Provisions)	-	(40)	-	(3,807)
	Line of credit- operating		-	-	-	-
38	Other liabilities	Note 17 (Other creditors, Other taxation & Amounts owed to ESFA)	-	(617)	-	(354)
39	Notes payable	Note 19	-	-	-	(6,800)
	Lease right-of-use asset liability		-	-	-	-
	Line of credit for long term purposes		-	-	-	-
	<b>Total Liabilities</b>		-	<b>(3,570)</b>	-	<b>(13,756)</b>
	<b>Net Assets without Donor Restrictions</b>		<b>50,593</b>		<b>43,840</b>	-
	<b>Net Assets with Donor Restrictions</b>					
	Annuities		-	-	-	-
	Term endowments		-	-	-	-
	Life income funds		-	-	-	-
	Other restricted by purpose and time		-	-	-	-
	Restricted in perpetuity		-	-	-	-
	<b>Total Net Assets with Donor Restrictions</b>		-	-	-	-
	<b>Total Net Assets</b>		<b>50,593</b>		<b>43,840</b>	-
	<b>Total Liabilities and Net Assets</b>		<b>54,163</b>		<b>57,596</b>	-
	<b>Changes in Net Assets without Donor Restrictions</b>					
	<b>Operating Revenue and Other Additions:</b>					
32	Tuition and fees, net	Note 4	21,755	-	22,148	-
32	Contributions	Note 3	3,398	-	2,744	-
32	Investment return appropriated for spending	Note 5	473	-	72	-

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
23	Auxiliary enterprises	SOCI (Other Income)	105	-	102	-
23	Net assets release from restriction	SOCI (Donations & Endowments)	1	-	-	-
	<b>Total Operating Revenue and Other Additions</b>		<b>25,732</b>		<b>25,066</b>	-
	<b>Operating Expenses and Other Deductions</b>					
35	Education and research expenses	Note 9 (Academic Departments)	-	(9,901)		(9,017)
35	Depreciation and amortization	Note 9 (Depreciation)	-	(1,531)		(1,542)
35	Interest expense	Note 9 (Interest and other finance costs)	-	(221)		(347)
35	Auxiliary enterprises	Note 9 (All other items)	-	(12,468)		(11,511)
	<b>Total Operating Expenses - excluding change in pension prov</b>		<b>-</b>	<b>(24,121)</b>		<b>(22,417)</b>
	<b>Change in Net Assets from Operations</b>		<b>1,611</b>	<b>-</b>	<b>2,649</b>	<b>-</b>
	<b>Non-Operating Changes</b>					
	Investments, net of annual spending, gain(loss)		-	-	-	-
	Other components of net periodic pension costs		-	-	-	-
23	Pension-related changes other than net periodic pension costs	SOCI (Actuarial gains in respect of pension schemes)	5,143	-	11,366	-
	Change in value of split-interest agreements		-	-	-	-
	Other gains (losses)		-	-	-	-

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
23	Sale of fixed assets, gains (losses)	SOCI (Loss)/Gain on disposal of property, plant and equipment	-	(1)	-	(1)
	<b>Total Non-Operating Changes</b>		<b>5,142</b>	<b>-</b>	<b>11,365</b>	<b>-</b>
23	<b>Change in Net Assets without Donor Restrictions</b>	SOCI (Unrestricted comprehensive income and expenditure for the year)	<b>6,752</b>	<b>-</b>	<b>14,012</b>	<b>-</b>
	<b>Change in Net Assets with Donor Restrictions</b>					
23	Contributions	SOCI (Restricted comprehensive income for the year)	1	-	2	-
	Net assets released from restriction		-	-	-	-
23	<b>Change in Net Assets without Donor Restrictions</b>	SOCI (Restricted comprehensive income for the year)	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>
23	<b>Change in Net Assets</b>	SOCI (Total comprehensive income and expenditure for the year)	<b>6,753</b>		<b>14,014</b>	<b>-</b>
25	<b>Net Assets, Beginning of Year</b>	SOFP (Total Net Assets)	<b>43,840</b>	<b>-</b>	<b>29,826</b>	<b>-</b>
25	<b>Net Assets, End of Year</b>	SOFP (Total Net Assets)	<b>50,593</b>	<b>-</b>	<b>43,840</b>	<b>-</b>



Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
	<b>Lease right of use</b>					
	Pre-implementation		-	-	-	-
	Post-implementation		-	-	-	-
			-	-	-	-
	<b>Lease right of use liability</b>					
	Pre-implementation		-	-	-	-
	Post-implementation		-	-	-	-
			-	-	-	-
	<b>Net Property plant and equipment</b>					
37	Pre-implementation PPE	Note 12	25,926		26,924	-
37	Post-implementation PPE	Note 12	2,513		1,578	-
37		Note 12	28,439		28,502	-
	<b>Long term debt for long term purposes</b>					
	Pre-implementation LTD		-	-	-	-
	Post-implementation LTD		-	-	-	-
			-	-	-	-
	<b>Primary Reserve Ratio</b>					
25	Net assets no restriction	SOFP (Total Net Assets)	50,593		43,840	-
	Net assets with donor restriction		-		-	-
	Less					
	Restricted in perpetuity		-	-	-	-
	Annuities		-	-	-	-
	Term endowments		-	-	-	-
	Life income funds		-	-	-	-
	Goodwill		-	-	-	-
25	Pension asset	SOFP (Pension Scheme Asset)		(793)	-	-
		SOFP (Tangible Fixed Assets & Heritage Assets)				
25	PPE			(28,439)	-	(28,502)

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
	Lease - right of use, net		-	-	-	-
	Remove pre-implementation lease right-of-use asset liability		-	-	-	-
25	Pension liability	SOFP (Other Pension Provisions)	40		3,807	-
	Line of credit - short term for CIP		-	-	-	-
39	Notes payable	Note 19			6,800	-
	Line of credit for long term purposes		-	-	-	-
	Modify for post implementation debt not related to purchase of assets		-	-	-	-
	Lease right-of-use asset liability		-	-	-	-
	Remove pre-implementation lease right-of-use asset		-	-	-	-
	Related party receivable		-	-	-	-
			<u>21,401</u>	<u></u>	<u>25,945</u>	<u>-</u>
	Total operating expenses			(24,121)	-	(22,417)
	Other components of net periodic pension costs		-	-	-	-
	Change in value of split-interest agreements		-	-	-	-
	Other gains (losses)		-	-	-	-
			<u>-</u>	<u>(24,121)</u>	<u>-</u>	<u>(22,417)</u>
	<b>Equity Ratio</b>					
25	Net Assets without Donor Restrictions	SOFP (Total net assets)	50,593	-	43,840	-
	Net Assets with Donor Restrictions		-	-	-	-
	Less					
	Goodwill		-	-	-	-
	Related party receivable		-	-	-	-
			<u>50,593</u>	<u>-</u>	<u>43,840</u>	<u>-</u>

Notes (continued)

27 US Loans Supplementary Schedule (continued)

Page		Line item/related disclosures	2023		2022	
			£'000	£'000	£'000	£'000
	Total Assets		54,163	-	57,596	-
	Less		-	-	-	-
	Goodwill		-	-	-	-
	Related party receivable		-	-	-	-
	Pre-implementation Lease asset		-	-	-	-
			<u>54,163</u>	<u>-</u>	<u>57,596</u>	<u>-</u>
	<b>Net Income Ratio</b>					
23	Change in net assets without donor restrictions	SOCI (Unrestricted comprehensive income and expenditure for the year)	6,752	-	14,012	-
23	Total operating revenue - unrestricted	SOCI (Total income)	25,732	-	25,066	-
32	Less Investment return appropriated for spending	Note 5 (Investment income) SOCI ((Loss)/Gain on disposal of property, plant and equipment)	-	(473)	-	(72)
23	Sale of fixed assets		1	-	1	-
			<u>25,260</u>	<u>-</u>	<u>24,995</u>	<u>-</u>