



ANNUAL REVIEW  
& FINANCIAL  
STATEMENTS 2021/22



# 2021/22 AT A GLANCE

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**7<sup>TH</sup> IN THE COMPLETE UNIVERSITY GUIDE 2023**  
out of 130 UK universities



**UNIVERSITY OF THE YEAR FOR SPORT**  
Times and Sunday Times Good University Guide 2022



**RACE EQUALITY CHARTER BRONZE AWARD**



**10<sup>TH</sup> IN THE GUARDIAN LEAGUE TABLE 2023**



**BEST UNIVERSITY IN THE WORLD**  
for sports-related subjects for the sixth year running  
QS World University Rankings by Subject 2022



**UNBEATEN BRITISH UNIVERSITIES AND COLLEGES SPORT (BUCS) CHAMPIONS FOR 41 YEARS RUNNING**



**11<sup>TH</sup> IN THE TIMES AND SUNDAY TIMES GOOD UNIVERSITY GUIDE 2023**  
out of 132 UK universities



**OVER 90% OF LOUGHBOROUGH'S RESEARCH IS 'WORLD-LEADING' OR 'INTERNATIONALLY-EXCELLENT'**  
REF 2021



**RANKED 4<sup>TH</sup> IN ENGLAND FOR OVERALL SATISFACTION\***  
National Student Survey 2022

\*Based on English HEIs excluding specialists, FECs and alternate providers



# VICE-CHANCELLOR FOREWORD

The year 2021/22 was a symbolic year for many members of the Loughborough University community. It was the first time since 2019 that our students were able to spend a full academic year on campus. The health and wellbeing of our community are still a top priority, so we still have some measures in place to protect that, but it was great to see so much life and activity on campus again. It was also my first full academic year as Vice-Chancellor.

I refer to this year as being symbolic as I believe after the challenges of the last few years, we have now moved into a period of new beginnings, a time for change, and a time for growth.

The development and launch of our new strategy supports this. 'Creating Better Futures. Together' is a bold and ambitious plan. It will guide the University over the next decade by setting our purpose, priorities, and what we will strive to achieve. An outline of the strategy is provided later in this report, so I want to touch on why the changes it will bring are critical to the University and our future.

Change, however big or small, allows us to move forward in life and experience new things. It also gives us the opportunity to stand against the things we find wrong and work to improve or even remove them.

The process of creating the new strategy has enabled us to assess the University's performance, identifying where we perform well and where we need to work harder, as well as the areas where we have the potential to have a meaningful impact on the world around us. And it has made us commit to the actions that will get us there.

The new strategy will bring change, and at times we may be forced out of our comfort zone, but change is only uncomfortable if you look at it that way. I hope the change this strategy will bring truly empowers all individuals within our community to work together to make things better for future generations.

Change opens new opportunities and encourages innovation. Without change, there is no adventure and I'm excited to see what this new chapter will bring for our institution.

The strategy will look to build on what we have achieved to date. This year, there have been some impressive achievements across the University.

We performed well in all the major UK league tables and claimed the number one spot yet again for best university in the world for sports-related subjects in the QS World University Rankings by Subject 2022, for the sixth year running.

Perhaps one of the most significant achievements was the much-anticipated REF 2021 results. In the assessment, over 90% of Loughborough's research was rated as 'world-leading' or 'internationally-excellent'. This incredible result supports our strategic priority to be more ambitious with our research and innovation endeavours.

2021/22 was a successful and important year for the University. The contents of this report showcase that. The people of our university community are responsible for the success and growth we enjoy, and I would like to thank them for their continued hard work and commitment.

*Nick Jennings*

Professor Nick Jennings CB, FReng, FRS  
Vice-Chancellor and President of Loughborough University

# OUR UNIVERSITY

- WE HAVE TWO INSPIRING CAMPUSES**  
Our East Midlands campus and our postgraduate campus, Loughborough University London
- WE OFFER ONE OF THE BEST STUDENT EXPERIENCES IN THE COUNTRY**  
with Loughborough Students' Union (LSU)
- WE HAVE OVER 19,400 STUDENTS**
- WE ARE THE WORLD'S LEADING UNIVERSITY FOR SPORT**  
with opportunities for all to participate
- ENTERPRISE IS AT THE HEART OF OUR ACTIVITIES**  
enhancing the student experience, creating impact from research, and driving regional prosperity
- WE OFFER UNDERGRADUATE, POSTGRADUATE TAUGHT AND POSTGRADUATE RESEARCH PROGRAMMES**  
across a wide range of disciplines
- OUR FOCUS IS GLOBAL**  
We have global ambition and will continue to develop the influence we have
- WE ARE A RESEARCH-INTENSIVE INSTITUTION**  
delivering new knowledge and understanding that helps to improve the quality of people's lives
- WE ARE COMMITTED TO BEING A SUSTAINABLE AND SOCIALLY RESPONSIBLE ORGANISATION**  
that maximises our positive impact on society
- HOME TO LOUGHBOROUGH UNIVERSITY SCIENCE AND ENTERPRISE PARK**  
one of the largest science parks in the UK with over 90 start-ups, growing businesses, global brands and sports organisations
- WE DEVELOP AND NURTURE MEANINGFUL PARTNERSHIPS**  
locally, regionally, nationally and internationally
- WE OFFER A DIVERSE, EQUITABLE, RESPECTFUL AND INCLUSIVE COMMUNITY**  
in which all can feel valued



# OUR HISTORY



A Technical Institute is established in Loughborough

1909

1920 Newly named Loughborough College is granted its own Armorial Bearings

Loughborough College of Advanced Technology becomes Loughborough University of Technology, after being awarded a Royal Charter in recognition of its excellence and achievements to date

1966

The University is renamed Loughborough University

1996

The University wins the first of seven Queen's Anniversary Prizes for Higher and Further Education

1994

Olympic legend Lord Sebastian Coe is named as the University's Chancellor

2017

Loughborough University London opens

2015

Loughborough is named the best university in the world for sports-related subjects in the QS World University Subject Rankings for the sixth year running

2021



# A NEW CHAPTER STRATEGY 2030

During 2021/22, the University's new strategy was approved and launched.

'Creating Better Futures. Together' is a bold and ambitious strategy that will guide the University over the next decade. It sets out our purpose, our values and our aims. It articulates our strategic priorities and what we are striving to achieve. It recognises the importance of our external influence and the impact of our actions on the world around us and emphasises the need to work together in partnership.

## Our vision

We will be an internationally engaged research-intensive university that delivers meaningful impact and keeps students at our heart. Together we will use our distinctive strengths to support, inspire and empower people to achieve extraordinary things.

## Strategic aims

The strategy has six aims that will be delivered through core institutional plans.

- Be more ambitious in our research and innovation endeavour
- Strengthen our sector-leading position for education and student experience
- Be more diverse, equitable and inclusive
- Intensify and extend the reach of our international engagement and impact
- Excel in sport and use our pre-eminence to create new opportunities
- Develop meaningful partnerships locally, regionally, nationally and internationally

## Strategic themes

The strategy also has three institutional-level themes which we will use to amplify the impact of our most significant strengths.



**Sport,  
health and  
wellbeing**



**Climate  
change and  
net zero**



**Vibrant and  
inclusive  
communities**

These themes will guide what we prioritise and how we operate and behave. They will influence our curricula, research, strategic partners, operations, and culture. At school level, we will continue to be a broad-based institution, producing high-quality research, driving innovation for societal and environmental benefit and educating a diverse range of students across the academic spectrum.

## Putting the strategy into action

The strategy will be delivered through six core institutional plans that will guide the University's operations in the following areas:

- International engagement and impact
- Education and student experience
- Sporting excellence and opportunity
- Partnerships
- Equity, diversity and inclusion
- Research and innovation

These plans will be supported by five Enabling Projects, which will address the organisational changes needed to ensure the University is well placed to progress its strategic aims.

Council are responsible for monitoring the University's performance in delivering the 'Creating Better Futures. Together' strategy. Council will consider key performance indicators (KPIs) aligned to the ambitions set out above, together with an overarching measure of financial sustainability and an overall assessment of institutional performance.

Further information on the new strategy can be found at [lboro.ac.uk/strategy](http://lboro.ac.uk/strategy)

## Creating Better Futures. Together



**OVER 1,000 STAFF, STUDENTS  
AND ALUMNI PROVIDED FEEDBACK  
TO HELP SHAPE THE STRATEGY**

## Sector changes and challenges

The higher education environment is continuously evolving; presenting us with new challenges to overcome and opportunities to embrace. Both our current and new strategies have been designed to support us in anticipating and responding to change, to enable us to remain in a strong position.

**Rising demand for university places:** Competition for university places continues to grow. There are several contributory factors, including the impact of the pandemic on the graduate job market, grade inflation, and higher student aspirations. Also, a rise in the number of 18-year-olds, which is expected to continue over the next few years, is adding to potential rapid student number growth.

**Overseas recruitment:** Several challenges over the last few years, including the pandemic, changes to the student immigration policy and visas, and the impact of the EU Referendum result, have made it difficult to set realistic recruitment targets for international students.

**Student expectations:** The rise of tuition fees in 2010, followed by the restrictions on in-person teaching during the pandemic has created greater expectations from students regarding the experience they receive.

**Financial sustainability:** Other than a small increase in 2017/18, tuition fees have barely changed since 2012 and are currently frozen. Operational costs continue to rise, which makes the sustainability equation increasingly difficult to balance. Increases in pension contributions also put pressure on employment costs.

In early 2022, the Government responded to the Augar Review, a report published in 2019 that looked to revolutionise the post-18 education system in England. Some of the changes currently being considered because of the review present potential further challenges to the sector. These include:

- Student finance reforms; such as lowering the student loan interest rate and repayment threshold for new borrowers, as well as extending the loan repayment term, could have implications for the sector depending on how the changes would be financed.
- Tuition fee cap to be frozen for a further two years, which has raised concerns across the sector that universities will be expected to do more with less.
- Student number controls on courses that are not a high priority for the economy in relation to skills and employment opportunities.
- Minimum eligibility requirements relating to both GCSEs and A levels have sparked concerns regarding the capping of aspirations and limiting of access to education. This is particularly impactful to those from disadvantaged backgrounds.
- Extra funding through the Strategic Priorities Grant has also been announced, to support high-quality teaching and new state-of-the-art-facilities focusing on the areas of STEM and healthcare.

# REVIEW OF THE YEAR 2021/22

Although the new strategy has been a prominent feature during the last year, 2021/22 was also the first year since the pandemic that both our campuses remained open throughout the academic year.

Our students, staff and campus partners have been able to enjoy the atmosphere and opportunities that physically being on campus brings, which has resulted in a year of positive progress, success, and many unforgettable moments. This section of the report showcases these achievements.

## Progress against our strategic themes

The new institutional themes within our strategy will guide what we prioritise and how we operate over the next decade. Our work within these areas has already begun. On the pages that follow, there are several examples of activities and achievements from over the last year, that highlight the progress the University is making within these three priority areas.

## SPORT, HEALTH AND WELLBEING



**BEST UNIVERSITY IN THE WORLD FOR SPORTS-RELATED SUBJECTS FOR SIXTH YEAR IN A ROW**  
QS World University Rankings by



**UNBEATEN BRITISH UNIVERSITIES AND COLLEGES SPORT (BUCS) CHAMPIONS FOR 41 YEARS RUNNING**

## University of the Year for Sport... again!

Loughborough was named University of the Year for Sport by The Times and Sunday Times Good University Guide 2022. This is the third time the University has won the prestigious title, which was awarded this year in honour of our unparalleled role in the success of the British Olympic and Paralympic teams in Tokyo.

*"Team GB would appear a lot less frequently on the medal podium at Olympic and Paralympic Games were it not for Loughborough."*

*"With the best university sports facilities this side of the Atlantic, elite athletes base themselves here to make themselves even better, while the high quality of coaching ensures that new talent is unearthed and developed at the same time."*

*Alastair McCall, Editor of The Times and Sunday Times Good University Guide*



## New regional collaboration to support Public Health Evaluation

In July, a team from the universities of Loughborough, Nottingham and Lincoln were awarded £2.5m by the National Institute for Health Research (NIHR) to deliver evaluations of public health initiatives across the UK.

The Public Health Intervention Responsive Studies Team (PHIRST) scheme funds academic teams to provide timely and accessible research to local authorities that are keen to have their work evaluated.

*"Having brilliant academics in our local universities – who understand the region and its challenges – will inevitably improve the quality and effectiveness of the health services we provide right here in the East Midlands."*

*Professor Derek Ward, Director of Public Health, Lincolnshire County Council*

## New research centre launched to help improve the nation's health



The Centre for Lifestyle Medicine and Behaviour (CLiMB) was established towards the end of 2021, to look at ways to reduce preventable diseases, such as obesity, diabetes and several types of cancer. Based in the University's School of Sport, Exercise and Health Sciences, the new centre brings together experts in behavioural science, clinical medicine and population health.

## Multimillion investment to turn research discoveries into treatments

Leicester Biomedical Research Centre, of which Loughborough University is a partner, was announced as a recipient of additional funding from the National Institute for Health and Care Research (NIHR).

Almost £800m is set to be provided to both new and existing Biomedical Research Centres across England, to translate scientific discoveries into new treatments, diagnostic tests and medical technologies to improve patients' lives in areas such as cancer, mental health, dementia and infectious diseases.

## Commonwealth Games success!

The Birmingham 2022 Commonwealth Games proved to be an incredible competition for Loughborough athletes, who won a record haul of medals.

Highlights from the Games included:

- Eight Loughborough players and staff winning a historic England Women's hockey gold
- Alumnus James Wilby's incredible Men's 100m breaststroke gold
- Current Loughborough student Daniel Wiffen winning Northern Ireland's second-ever medal in the pool
- Olivia Broome, another current Loughborough student, winning silver in Para Powerlifting
- Alumna Abbie Wood (swimming) and current student Sophie Capewell's (cycling) impressive medal hauls
- Adam Peaty securing a maiden Commonwealth 50m breaststroke title

Prior to the competition, the University hosted Team England, who used our East Midlands campus as their official immersion camp and 'kitting-out' centre. In early July, the University also welcomed the Birmingham 2022 Queen's Baton relay to campus, as part of the Baton's visit to Loughborough.



*Campus Batonbearers Abbie Brown and Dr Sola Afolabi as part of the Birmingham 2022 Queen's Baton Relay*

MORE THAN  
**120**

LOUGHBOROUGH-LINKED ATHLETES APPEARED IN BIRMINGHAM

**11**

DIFFERENT COUNTRIES REPRESENTED BY LOUGHBOROUGH-LINKED ATHLETES

**47**

MEDALS WON BY LOUGHBOROUGH-LINKED ATHLETES



**6<sup>TH</sup>**

IF LOUGHBOROUGH WAS A COUNTRY, IT WOULD HAVE FINISHED SIXTH IN THE OVERALL 2022 COMMONWEALTH GAMES MEDAL TABLE – ahead of South Africa, Jamaica, and Nigeria

## VIBRANT AND INCLUSIVE COMMUNITIES



Professor Charlotte Croffie, Loughborough University's first Pro Vice-Chancellor for Equity, Diversity and Inclusion (EDI)

### Loughborough's first Pro Vice-Chancellor for Equity, Diversity and Inclusion

In April, the University announced Professor Charlotte Croffie as its first Pro Vice-Chancellor for Equity, Diversity and Inclusion (EDI). Professor Croffie has over 20 years' experience working at an executive level in human resources, business development, entrepreneurship and education. She will focus on identifying and dismantling unfair structures and processes, challenging inappropriate behaviour and being a catalyst for change in EDI attitudes and actions to help make Loughborough a truly inclusive organisation. Professor Croffie officially joined the University to take up her new post in September 2022.

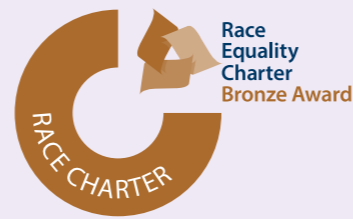
*"Loughborough's ambition to champion the multi-dimensional benefits of EDI and make an impact is tangible and the establishment of this new role is evidence of the University's genuine commitment to change."*

Professor Charlotte Croffie, Pro Vice-Chancellor for Equity, Diversity and Inclusion

### Race Equality Charter Bronze Award

In May, the University was awarded the Race Equality Charter (REC) Bronze Award by Advance HE, recognising the University's progress towards advancing race equality within our organisation.

The national scheme aims to improve the representation, progression and success of Black, Asian and Minority Ethnic staff and students within higher education, by providing a framework for institutions to identify and self-reflect on institutional and cultural barriers that are standing in the way of members of their community.



### WeThe15: Loughborough will provide research analysis for new global human rights movement

In a historic first, Loughborough took part in the launch of WeThe15, a new campaign that aspires to be the biggest ever human rights movement to represent the world's 1.2 billion persons with disabilities.

The movement has brought together the biggest coalition ever of international organisations from the worlds of sport, human rights, policy, business, arts, and entertainment, to publicly campaign for disability visibility, inclusion, and accessibility.

Colleagues from Loughborough University London have been contracted to provide an analysis of the effectiveness of the initial campaign, which will focus on four global territories: UK, Peru, Malawi and Finland.

The campaign was launched ahead of the Tokyo 2020 Paralympic Games, and in a sign of solidarity with the movement, our East Midlands campus – along with many world landmarks – was lit up purple for the duration of the games.



## CLIMATE CHANGE AND NET ZERO



OFFICIALLY LAUNCHED UNIVERSITY'S JOURNEY TO NET ZERO



94.52% OF CAMPUS WASTE WAS DIVERTED FROM LANDFILL in 2021/22



13.9% REDUCTION IN CARBON EMISSIONS during 2021/22 compared to the year previous

### £9m sustainable SportPark expansion on science and enterprise park

Work has been underway all year on the creation of a 2,000 sq m four-storey fourth pavilion to expand our award-winning development, SportPark.

The £9m project on Loughborough University Science and Enterprise Park (LUSEP) is being built to Passivhaus Classic Accreditation to significantly reduce CO<sub>2</sub> emissions and is due to be completed by the end of 2022.

This is the first Passivhaus development on campus and will give sports organisations the unique opportunity to secure environmentally future-proof accommodation, thanks to highly efficient heat pumps, opening triple-glazed windows, solar shading to avoid summer overheating and a well-insulated building fabric to minimise heat loss.

The new development supports the University's environmentally conscious values and marks progress of our commitment to decarbonising our estate to net zero by 2050.



Representatives from Loughborough University, SportPark Pavilion 4 project team, Leicester and Leicestershire Enterprise Partnership and UK Anti-Doping at the topping out ceremony. The oak tree will be planted in the grounds of SportPark, adding to the established native species of tree and hedgerow.



Pictured from the left are: Dr Simon Batchelor, Director of Gamos and visiting Research Fellow, Dr Long Seng To, Dr Kandeh Yumkella, Founder and CEO of TENN and Professor Mark Howells.

### Loughborough University at COP26

Towards the end of 2021, more than 190 world leaders met in Glasgow at the annual UN climate change conference, COP26, to discuss ways of achieving net zero carbon emissions by 2050.

Representatives from Loughborough University attended several events at the global summit, showcasing the work being done by academics and researchers at Loughborough which supports the United Nations' biggest climate change targets, as well as the expertise and opportunities we can provide.

This included the official launch of the new £80m STEER research centre (The Loughborough Centre for Sustainable Transitions: Energy, Environment and Resilience) which showed attendees how it plans to help low-income countries in Asia, South America and Africa access affordable, reliable, sustainable and modern energy.

*"None of us have faced a challenge so big, so complex or so important. I'm proud to see how Loughborough researchers are stepping up to deliver the innovations needed to secure the future of our planet."*

Professor Steve Rothberg, Professor of Vibration Engineering and former Pro Vice-Chancellor for Research

### New institute will lead the UK's digital and green revolution

In December, the University was announced as a partner for the £15m East Midlands Institute of Technology (IoT). The new educational facility will create pioneering graduates that will form the highly advanced, net zero carbon workforce needed to lead the UK's green and digital revolution and support the UK's post-pandemic recovery.

The IoT will specialise in programmes such as engineering and manufacturing technologies and information and communication technology, to develop graduates with the critical skills needed for AI and a data-driven economy.

The University will create the new institute alongside Loughborough College, the University of Derby, and the Derby College Group, and work closely with employers, including Rolls-Royce, Toyota, National Grid ESO and Fujitsu.



Artist's impression of new £15m East Midlands Institute of Technology (IoT)

# REVIEW OF THE YEAR 2021/22 CONTINUED

## Progress against our strategic aims

The strategic themes of the new strategy do not cover all that we do. We continue to be a broad-based institution, producing high-quality research, driving innovation, and delivering a life-changing student experience.

The strategic aims within the strategy highlight this approach.

The following pages provide a showcase of what the University has achieved during 2021/22 and how these align with the aims of the new strategy.



Be more ambitious in our research and innovation endeavour



Strengthen our sector-leading position for education and student experience



Be more diverse, equitable and inclusive



Intensify and extend the reach of our international engagement and impact



Develop meaningful partnerships locally, regionally, nationally and internationally



Excel in sport and use our pre-eminence to create new opportunities



## REF 2021 results

This year saw the much-anticipated REF 2021 results published. Our strong focus on meaningful research was rewarded, with the results showing that over 90% of our institution's research is 'world-leading' or 'internationally-excellent'. The results also showed that we have gained significant ground in comparison to others since the last REF was undertaken in 2014, with an 11% increase in our share of the UK's very best research.

Many colleagues from across the University's community are to thank for their involvement in Loughborough's submission for REF and the results we achieved.

OVER  
**90%**

OF LOUGHBOROUGH'S RESEARCH IS 'WORLD-LEADING' OR 'INTERNATIONALLY-EXCELLENT'

**94%**

OF LOUGHBOROUGH'S RESEARCH IMPACT IS RATED AS 'WORLD-LEADING' OR 'INTERNATIONALLY-EXCELLENT'

## FUNDING OUR RESEARCH

The University has performed well during 2021/22 in attracting new research funding to support diverse projects.

OVER  
**£47.8M**  
SECURED IN NEW GRANTS FOR RESEARCH DURING 2021/22

**259**  
NEW GRANTS SECURED FOR RESEARCH PROJECTS DURING 2021/22

## LOUGHBOROUGH'S REF 2021 ENTRY INVOLVED



**935**  
ACADEMIC STAFF



**1,943**  
DOCTORAL RESEARCH STUDENTS



**2,213**  
RESEARCH OUTPUTS



**69**  
IMPACT CASE STUDIES



## Tech experts create wearable material that can generate electricity

A research project between Loughborough and the University of Moratuwa (Sri Lanka) has created a wearable material that can generate electricity by capturing energy from body movements.

- The team developed a new, scalable manufacturing technique to create wearable fabrics embedded with very small power generators known as 'Triboelectric Nanogenerators' (TENGs).
- The technique turns common textile materials into 'energy-generating textiles' using established methods such as yarn coating, dip coating, and screen-printing to apply triboelectrically active solutions.
- The material can produce electricity to operate low-power electronics such as health sensors, environmental sensors, and electronic devices using our natural body movements.

*"The technology will be massively beneficial for future smart textile and wearable electronic applications and could support the global shift to remote health monitoring."*

*Dr Ishara Dharmasena, Royal Academy of Engineering Research Fellow and Lecturer in the School of Mechanical, Electrical and Manufacturing Engineering (MEME)*



*Pictured is the lightweight and thin TENG textile that produced over 35V of voltage using mild artificial movements. It could potentially power low-power health sensors, environmental sensors, and electronic devices in the near future.*

## The University was deeply saddened by the news of the death of Her Majesty The Queen in early September.

Flags across campus were lowered to half-mast as a mark of respect. A Book of Condolence was opened at the University Chapel and floral tributes were placed in the Garden of Remembrance. The University closed on the day of Her Majesty's funeral, to allow all staff and students to pay their respects. Events scheduled to take place on campus on the days leading up to the funeral were cancelled.



The University was honoured to welcome Her Majesty The Queen to the Loughborough campus in 2003 to officially open the ECB (England and Wales Cricket Board) National Academy.



## Sharing our expertise

Knowledge exchange is an essential part of the University's work alongside research and teaching. The University supports businesses through Knowledge Transfer Partnerships (KTP). These partnerships enable businesses to bring in new skills and the latest academic thinking to deliver a specific, strategic innovation project. During 2021/22, the University's KTP portfolio has experienced significant growth.

**15**

ACTIVE KNOWLEDGE TRANSFER PARTNERSHIP (KTP) PROJECTS DURING 2021/22

OVER  
**£795k**

THE TOTAL VALUE OF THE UNIVERSITY'S KTP PORTFOLIO FOR THE PERIOD 2021/22

OVER  
**£2.8M**

THE TOTAL VALUE OF THE UNIVERSITY'S CURRENT KTP PORTFOLIO



## Robotics centre will transform the relationship between people and technology in UK manufacturing

The Made Smarter Innovation Research Centre for Smart, Collaborative Industrial Robotics, which is led by Loughborough University academics, received a share of £25m to improve collaborative technology and help businesses unlock the full potential of automated industrial manufacturing. Loughborough will work with experts from the universities of Cranfield, Strathclyde, Warwick and Bristol, and key organisations from across core industrial sectors, including aerospace, automotive, agri-food, green energy, construction, and space, to advance smart manufacturing by eliminating barriers and accelerating widespread use of smart collaborative robotics technology.



### Winning ways with innovation

Loughborough University's research and innovation activities enjoyed outstanding success in February at the LeicestershireLive Innovation Awards 2022, receiving nine awards, including seven of the ten categories, as well as overall Innovator of the Year and a Special Recognition Award.

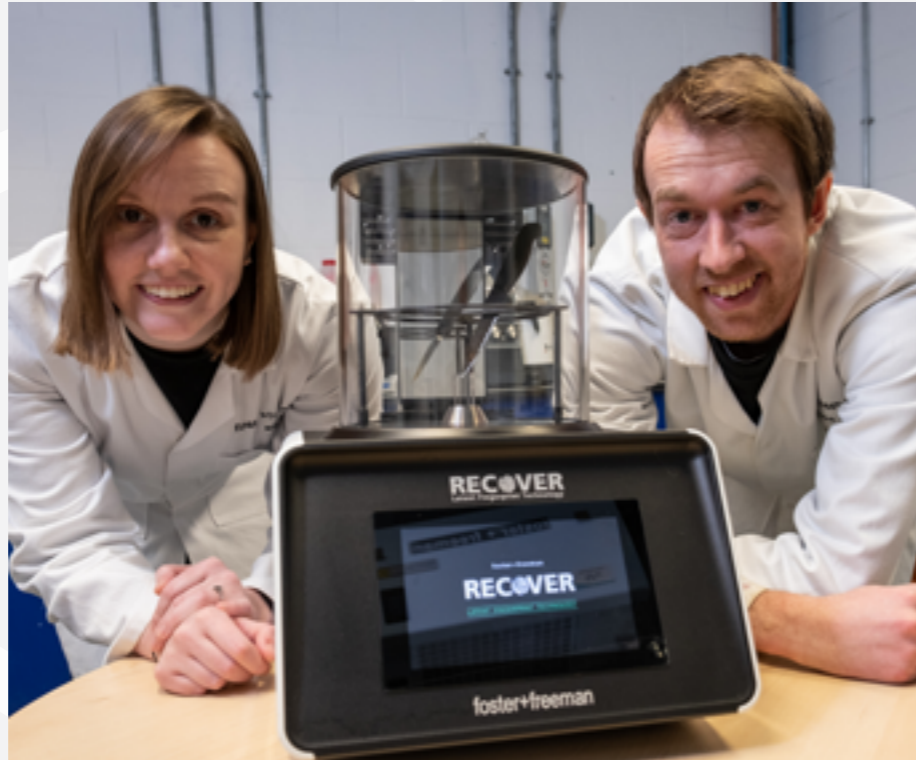


7 WINS OUT OF 10 CATEGORIES

9 AWARD WINS IN TOTAL, INCLUDING:

WINNER OF INNOVATOR OF THE YEAR – NEMAURA MEDICAL

SPECIAL RECOGNITION AWARD – RECOVER FOSTER+FREEMAN



Pictured from the left, Chemistry PhD graduates Dr Beth McMurchie and Dr Richard Wilson, part of Foster+Freeman/RECOVER – the novel fingerprint development system and winner of the Judges' Special Recognition Award.



### Loughborough joins programme that will put Midlands at forefront of hydrogen innovation

At the beginning of 2022, experts at the University joined a new programme designed to support, foster, and accelerate the hydrogen economy in the Midlands.

The Hydrogen Development and Knowledge Exchange (HyDEX) programme brings together the university partners in the Energy Research Accelerator (ERA), with multinational businesses and SMEs, including Worcester-Bosch and Cadent; Toyota; Cenex; Siemens and ENGIE.

It will allow businesses to accelerate the development and viability of new hydrogen products and associated intellectual property, while supporting the transition from declining industrial sectors and enabling the training and re-skilling required. Loughborough and the other ERA university partners will make their £111m worth of hydrogen facilities, large-scale demonstration programmes, and research capabilities, available to businesses.



### 25-year strategic collaboration to continue

In July 22, the University and Caterpillar formally agreed to continue a strategic collaboration that was launched more than 25 years ago. It was the first long-term collaboration between Caterpillar and a university in Europe and delivers research that develops new engineering processes and components applied worldwide by Caterpillar and its global supply chain.

The collaboration established the Innovation and Research Centre (IRC) on the University's East Midlands campus, which provides world-class facilities and expertise in the field of engines, engine sub-systems and hybrid powertrain systems development.



Centre left to right: David Goldspink, Caterpillar Vice President and General Manager, and Professor Nick Jennings, Loughborough University Vice-Chancellor, with members of Caterpillar and the Innovation and Research Centre.



### Regional partnership to drive growth and positive change

In June, the University signed a historic agreement, called the Universities Partnership, to work together with other universities and councils across Leicestershire to drive economic growth and tackle social challenges across the region, such as poverty and inequality in the community.

Loughborough will combine its skills, experience and resources, with those from the University of Leicester and De Montfort University, to deliver joint projects supporting the local economy, arts and culture, sports and more.



The Universities Partnership will:

- Work with local schools, colleges, businesses and wider communities to create educational opportunities.
- Drive inward investment into the region; retain more graduates locally and apply our world-leading research directly into the community.
- Identify health inequalities and improve the health and wellbeing of the region's communities.
- Encourage behavioural change through educational programmes such as carbon literacy training, as well as deliver research that ensures clean, affordable air, water, sanitation and energy for the region.
- Hold events to enhance the thriving local arts, creative, cultural and heritage landscape.

*"Any university is only as strong as the communities within which it operates. This historic agreement is a pledge to tackle the challenges which face us all, and provide an even greater positive impact on our region."*

*Professor Nick Jennings, Vice-Chancellor and President*



### An incredible innovation journey

Alumnus inventor, Joseph Bentley, received three prestigious awards and accolades during 2021/22, for his REACT (Rapid Emergency Actuating Tamponade) system.

Joseph graduated from Loughborough in 2021 and launched the REACT system whilst a member of the University's incubator LUinc. The portable handheld device inserts an expanding tamponade into knife and gunshot wounds to reduce catastrophic blood loss. Research during prototyping suggests that the device could stop a haemorrhage in less than a minute. Joseph's vision is that the device will be used by first responders – including paramedics and police officers – to help save lives around the world.



Joseph Bentley with the REACT system



WINNER OF THE 1851 ENTERPRISE FELLOWSHIP – ROYAL ACADEMY OF ENGINEERING

Prize secures him a lifetime of training, mentorship, and £50,000 in funding



WINNER OF THE 2021 UK NATIONAL JAMES DYSON AWARD

securing £2,000 in funding



WINNER OF THE FIRST-EVER INTERNATIONAL MEDICAL JAMES DYSON AWARD 2021

securing £30,000 in funding



### Royal Society Summer Science Festival

Loughborough was one of only 16 exhibits selected to take part in this year's prestigious Royal Society Summer Science Exhibition, which showcases the very best of the UK's science and technology.

Our exhibit, titled Replacing Oil, focused on how the world would look without fossil fuels. The Loughborough team involved is designing a new generation of catalysts to convert biological waste into essential, everyday items as well as fuel.

For further information visit [lboro.ac.uk/slowcat](http://lboro.ac.uk/slowcat).





### Awards and league table success – delivering the best student experience

In addition to maintaining its place in the top ten of all major UK league tables\*, the University also performed well in other awards and rankings.

**3RD FOR COURSE SATISFACTION**  
Guardian League Table 2022

**2ND FOR STUDENT EXPERIENCE**  
Times and Sunday Times Good University Guide 2022

**1ST FOR UNIVERSITY FACILITIES**  
Whatuni Student Choice Awards 2022

**RANKED 4TH IN ENGLAND FOR OVERALL SATISFACTION\*\***  
National Student Survey 2022

\*Of those that were released during the 2021/22 financial year  
\*\*Based on English HEIs excluding specialists, FECs and alternate providers



### Employability and placement success

The employability of our graduates was also recognised during the year, as well as our drive to support students in completing an industrial placement.

**NO.1 IN THE UK FOR EMPLOYER-STUDENT CONNECTIONS AND WITHIN THE TOP 25 GLOBALLY**  
QS Graduate Employability Rankings 2022

**OVER 1,600 STUDENTS ON YEAR-LONG PLACEMENTS**  
with more than 1,000 companies (2021/22 academic year)

**FOR THE LAST THREE YEARS, WE HAVE HAD THE HIGHEST (ABSOLUTE) NUMBER OF STUDENTS ON YEAR-LONG PLACEMENTS OF ANY UK UNIVERSITY**  
HESA student data\*

\*Actual number of students on year-long placements in 2018/19-2020/21



### New accreditation for science courses

At the beginning of 2022, Loughborough University was among the first group of institutions to have degree programmes accredited by the Society for Natural Sciences (SNS).

The accreditation recognises that Loughborough's Natural Sciences BSc and MSci degree courses offer outstanding quality interdisciplinary science education, that provides students with excellent learning opportunities and skills development to prepare them for future careers in research, education, business or industry.



### PING Performance Research Centre launched

The PING Performance Research Centre was formally opened on LUSEP. The state-of-the-art facility will advance cutting-edge technology and innovation in the world of golf and deepens the University's partnership with PING.



John K Solheim, PING President and Professor Nick Jennings, Loughborough University Vice-Chancellor together with PING engineers and University researchers and students.



### Black in Sport Summit (BISS)

In March, the first Black in Sport Summit (BISS) took place on our East Midlands campus – with the aim of inspiring students from all backgrounds to strive for excellence.

The event was established by a group of Loughborough University students who joined forces to change the narrative.

The event consisted of panel talks, Q&As, interviews and networking opportunities with some of the most inspirational people in sport. These included Mike Wedderburn, Sky Sports Presenter; Ama Agbeze MBE, former England Netball Captain; Thomas Young, paralympic athlete; Chris Hughton, Football Manager; and Brendon Batson MBE, the first Black Arsenal FC player.

Themes discussed on the day included breaking into the industry as a minority and overcoming barriers.



Students, staff and guest speakers at the inaugural Black in Sport Summit (BISS)



### Employment opportunities

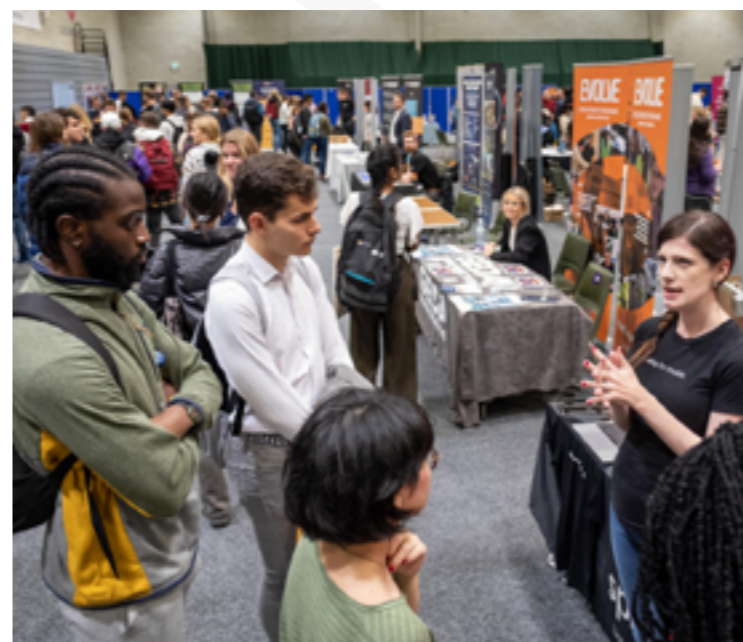
In November, the University welcomed students and employers back to campus to network, as Loughborough's popular careers fair returned for the first time in-person since before the pandemic.



**OVER 2,500 STUDENTS IN ATTENDANCE**



**OVER 70 ORGANISATIONS IN ATTENDANCE**



Loughborough University was one of the few higher education institutions in the UK to hold an in-person careers fair for its students.



### Student Success Academy launched

In May, the University's Careers team launched Student Success Academy, a new programme that helps students achieve their goals whilst at Loughborough and boost their career prospects. Opportunities include:

- **Talent Match Internships:** Short-term, high-level, paid work experience opportunities for students and graduates.
- **Get Ahead Together Peer Mentoring:** Bespoke support from a peer mentor within a student's school.
- **Hashtag Me's student-led wellbeing course:** Free 12-week course to gain skills connected to overcoming challenges.
- **Future Talent Programmes:** Exclusive opportunities for Black and Asian students to reach their career goals.
- **Personal Best Pathways:** Activities and events to boost skills in areas such as digital, budgeting, leadership, and sustainability.
- **Academic Success Coaching:** Effective techniques to identify strengths and enhance academic performance.

Delivery of the programme was made possible by a generous donation from alumnus, Chris Gill, during the last financial year.



### Venture Crawl 2022 goes global

In March, students from all over the world took part in the annual Venture Crawl event.

The event is a unique partnership between Loughborough University London, King's College London, University College London, London South Bank University, Brunel University London, the University of Westminster, Birkbeck University of London, University of East London, and London College of Fashion, which has traditionally involved students touring across London to visit some of the Capital's most successful high growth companies as well as the accelerators, incubators and investors.

This year's event was hosted virtually, presenting opportunities for students to engage with content from 30 universities across the globe.

Map shows live engagement in Venture Crawl 2022 across the world



**1046**

**STUDENT ENTREPRENEURS VISITED VENTURE CRAWL 2022 – the live online event**

**15**

**LIVE SESSIONS RUN ACROSS THE GLOBE**

**OVER 100+**

**TOP INNOVATION RESOURCES PROVIDED TO STUDENTS**



### University brings world-first course for elite athlete wellbeing to Europe

The world's first course for professionals who are responsible for the whole-person wellbeing of elite athletes was launched in Europe earlier this year – right here on our East Midlands campus.



The new partnership between the Wellbeing Science Institute (WSI) and Loughborough Sport, will see the Elite Athlete Wellbeing Management Qualification run from both our campuses, to enhance the professional development offer in the UK. The course will equip elite sport professionals with the knowledge and skills to be world-leading in their approach to elite athlete wellbeing and has already attracted professionals from elite sports clubs including Liverpool FC, Arsenal FC, Manchester City FC and Harlequins Rugby.

*"This opportunity will deepen our connections with top sporting organisations as we develop the next generation of leaders in elite athlete wellbeing, ultimately shaping the future of how sporting organisations support athletes with their wellbeing throughout the sporting world."*

*Jo Simpson, Commercial and Facilities Director, Loughborough Sport*



### British Universities and Colleges Sport champions for 41 years

During its reigning year as the University of the Year for Sport, Loughborough added to its sporting success, winning the British Universities & Colleges Sport (BUCS) championship for the 41st year running.

The 2021/22 season saw the resumption of a full programme of competition following the cancellation of the previous campaign due to the pandemic.



*"To win every BUCS title since its formation is nothing short of astounding."*

*Richard Wheeler, Director of Performance and Development, Loughborough University*



**UNBEATEN BRITISH UNIVERSITIES AND COLLEGES SPORT (BUCS) CHAMPIONS FOR 41 YEARS RUNNING**

**8026**

**POINTS - RECORD POINTS TOTAL IN COMPETITION HISTORY**

**ALMOST 1500**

**POINTS AHEAD OF THE SECOND-PLACE INSTITUTION**



### University holds first Inaugural Race Equity Town Hall

In October, the University held its first Inaugural Race Equity Town Hall. Colleagues, students and external guests attended from both our East Midlands and London campuses, as well as online, to hear about the outcomes and action plan of the Race Equality Charter (REC) Bronze application and discuss the key issues at Loughborough; and what actions will take place over the coming years to make Loughborough an anti-racist institution.



Loughborough's key imperatives in this area include:

- Improving diversity in leadership positions
- A cultural shift
- Attracting and maintaining Black staff
- Tackling defensiveness in response to data
- Increasing confidence in raising and responding to incidents
- Transforming the student experience for BAME students, including Doctoral Researchers.



*Professor Nick Jennings, Vice-Chancellor of Loughborough University, welcoming staff to the institution's first Race Equity Town Hall.*



### NFL Academy moves operations to Loughborough

The National Football League's UK-based NFL Academy relocated to Loughborough College and Loughborough University for the start of the 2022/23 academic year.

Since its launch, the programme has proved to be a breeding ground for high-level football talent, with five students receiving scholarship offers from NCAA Division 1 colleges in the US.

*"Operating at an elite athletic performance centre with a global reputation, combined with the excellent classroom offering, gives the students the greatest chance of future achievement in all fields. It will allow us to achieve our aim of creating life-changing opportunities for young people through the sport of American football."*

*Brett Gosper, NFL Head of Europe and UK*



### Loughborough University London creates EDI committee

In May, an EDI Committee was established at the University's London campus. Made up of both staff and students, the committee will work to achieve true equality in academic opportunity and attainment.

The purpose of the committee is to set the EDI agenda for the London campus, understand the needs of certain groups and to ensure that our London campus has an inclusive culture in which all staff and students feel valued, respected and engaged.

*"We are no longer in a place where it's just about a small group of people being instrumental in changing Loughborough; it is now our collective responsibility to make sure this change happens."*

*Professor Nick Jennings, Vice-Chancellor and President*

# ORGANISATIONAL DEVELOPMENT UPDATE

## Key appointments

During 2021/22, the University made several key senior appointments. At the beginning of the academic year, Professor Nick Jennings became the University's ninth Vice-Chancellor and President. During his first year with the University, Professor Jennings led the delivery and approval of the 'Creating Better Futures. Together' strategy.

Alexandra Owen joined the University as its new Chief Financial Officer (CFO). As part of the appointment, the role was broadened to encompass the strategic oversight of the University's commercial activity.

As mentioned previously, the University also appointed its first Pro Vice-Chancellor for Equity, Diversity and Inclusion, Professor Charlotte Croffie, to help make Loughborough a truly inclusive organisation.

The University also appointed a new Pro Vice-Chancellor for Research and Innovation to lead Loughborough's ambitious plans to further advance its research and innovation agenda. Professor Dan Parsons joined the University in September 2022. His expertise in the field of sustainability will also enable Loughborough to progress our work in this vital area.

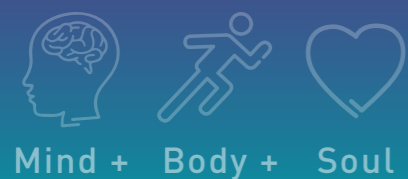


## Wellbeing Framework launch

A key goal of the new strategy is to create an active and accessible environment that benefits the physical and mental wellbeing of our staff and students.

To support this the Wellbeing Framework was launched in April. The programme will embed wellbeing into the University's core activities, by informing staff about issues such as nutrition and emotional wellbeing, and services available to them at the University.

Looking ahead, it will also enable the University to work with managers and the Wellbeing Champions to explore the needs of staff and implement strategies that support all aspects of their wellbeing.



## Trade Union Facility Time Data

Section 13 of the Trade Union Act 2016 has introduced a new requirement on public sector employers to publish data on facility time. The University's data for 1 April 2021-31 March 2022 is as follows:

Trade Union Representatives	28
FTE Trade Union Representatives	26
Hours spent on paid facility time	7068
Hours spent on paid trade union activities	0
Percentage of total paid facility time hours spent on paid TU activities	0.0%
Total cost of facility time	£161,751
Percentage of pay spent on facility time	0.10%

Distribution of working hours	Number of TU reps at LU
0% of working hours	0
1-50% of working hours	28
51-99% of working hours	0
100% of working hours	0

\* this figure does not include casual new starters.

# LOOKING AHEAD

The effects of the COVID-19 pandemic have meant that the last few years have been challenging. And, even two years on, society continues to recover from its impact. The coming year will give the University the opportunity to focus our efforts on the key areas set out in the new strategy. Below, are some of the priorities from across all areas of our delivery.

## Campus developments

We have set some ambitious capital plans, which are designed to support the University in achieving the goals set out in the new strategy. We are prioritising areas of this work as the economy continues to recover from the pandemic. Confirmed projects that are either due to start or already in progress include:

- Creation of an Energy and Data Centre in the Student Village (work currently underway).
- Creation of a new high-performance gym environment, specifically designed to ensure it is inclusive for all user groups (work currently underway).

## Education and student experience

Teaching priorities will include:

- Strengthening our sector-leading position for an innovative academic experience, including curriculum and assessment refresh.
- Ensuring that our graduates are equipped with skills, values and experiences for fulfilling future careers.
- Developing a professional education offer that meets the needs of lifelong learners aligned with our distinctive strengths.
- Continuing to update our digital technologies and physical facilities to ensure we have a future-fit learning environment.

Activity and development connected to the student experience will focus on:

- Creating a feeling of belonging amongst students post-covid.
- Equity and inclusion, to support all our students to succeed.
- Internationalising our student experience.

## Research and innovation

Development and roll-out of the new Research and Innovation (R&I) core plan to enable delivery of the University's strategic ambition to significantly increase R&I activities. This will include:

- Fusing the R&I landscape at Loughborough to maximise opportunity.
- Reflecting on the three University Strategic Themes as a focus for our R&I portfolio.
- Broadening the internationalisation of our R&I portfolio through collaboration with global partners to increase our visibility and impact.
- Building and consolidating key sector partnerships in alignment with our R&I mission.
- Enhancing capability and capacity in R&I by developing and growing our talent and cultures.

## Sustainability

Climate change and achieving net zero will be the key themes across our planned activity, including:

- Developing a new sustainability strategy.
- Continuing to embed the Sustainable Development Goals (SDGs).
- Launching a sustainable food policy.
- Launching a new environmental policy.
- Supporting the Students' Union to launch a new sustainability strategy.
- Launch Green Business Travel policy.

## International plans

In order to intensify and extend the reach of our international engagement and impact over the next year, our key focuses will be:

- Develop high-quality pathways that will channel well-qualified international students to study at Loughborough, to increase our proportion of international undergraduates and improve the diversity of our postgraduate community.
- Devise and implement a high-impact international scholarship and PhD studentship programme.
- Use the University's facilities on both campuses to attract international visitors and boost international impact.
- Develop initiatives to support the employability and entrepreneurship of international students, to contribute to positive employment outcomes.

## Creating an inclusive community

Much activity is planned in this area for the next 12 months, including:

- Development of the terms of reference and composition of the new EDI Committee which will supersede the current EDI Sub-Committee from January 2023 and will report directly to Council.
- The creation of an equitable environment for all. The strategic enabling projects, particularly Project Expectations, will be the mechanism through which behaviour change is driven ensuring everyone has a collective responsibility for the delivery of this.
- Interrogation of EDI data held by the University and the issues it identifies to inform decisions and the narrative going forward.
- Implementation of a series of strategic conversations about EDI that will be open to all.

## Our people

Over the next 12 months, we will focus on:

- Delivering outcomes from the University's Enabling Projects – a series of five projects, created as part of the new strategy, that will consider and address the organisational changes needed to ensure the University is well placed to progress its strategic aims.
- This will include work in a range of areas that impact staff, including culture changes, embedding the new values, defining expectations, creating new reward packages that recognise high performance, and supporting staff development.

## Sport

We have one of the best higher education sporting ecosystems in the world. We intend to build on this to become a global influencer within sport. Our plans for the next 12 months include:

- EDI – Para sport Strategy phase 2.
- Student experience – new partnership with Athletic Union.
- Strategic partnerships – build on existing and create new commercial and international partnerships.
- Performance excellence – in higher education, national and global sport.
- Sustainable future – creating environmentally sustainable partnerships and ways of working.

# RISKS AND UNCERTAINTIES

## Financial Statements Year Ended 31 July 2022

The University has continued to review and update its strategic risk register post the COVID-19 pandemic in order to ensure the delivery of the new university strategy through changing times.

### Overview

The University has continued to operate through changing times, managing the financial challenges posed by regulated income streams and rapidly rising costs caused by both current political uncertainty and post-pandemic economic recovery.

The University acted swiftly to control costs and preserve liquidity during the pandemic while ensuring that actions did not undermine the future financial sustainability of operations, actions that have continued to provide financial security over the last year.

The University's strategic risk register, which was comprehensively reviewed in the previous year, has been embedded across the organisation with overall responsibility for each of the risks being allocated to joint Council and Senate Committees. These Committees regularly review the risks to ensure that they remain relevant and mitigations appropriate and effective:

RISK	OVERSIGHT COMMITTEE	OVERVIEW OF RISK
1 IT & DATA SECURITY	INFRASTRUCTURE COMMITTEE	Failure of IT infrastructure resulting in operational disruption, major data loss, breach of regulations, reputational damage and/or financial loss
2 GOVERNMENT POLICY	FINANCE COMMITTEE	The University operating model could be impacted by future changes to HE sector funding
3 INTERNATIONAL STUDENTS	OPERATIONS COMMITTEE	Reliance on a small number of geographical regions for international student recruitment leaving the University vulnerable to political or macroeconomic factors that reduce international student demand for UK higher education
4 STAFF WELLBEING	HUMAN RESOURCES COMMITTEE	Changes to the nature of work in higher education, including change to pensions and increased regulation, resulting in staff dissatisfaction, absence, or industrial action
5 PENSIONS	FINANCE COMMITTEE	The University's commitment to two defined benefit pension schemes potentially requiring disproportionate allocation of resources to tackle deficits resulting from macroeconomic conditions
6 COMPLIANCE CULTURE	HUMAN RESOURCES COMMITTEE	In an increasingly regulated environment, the University needing to enhance the culture of compliance with legislation, regulation, or ethical standards
7 STUDENT EXPERIENCE	LEARNING AND TEACHING COMMITTEE*	The University needing to monitor and then adapt to or manage changing student expectations

\* Senate Sub-Committee only

Each strategic risk is owned by a nominated senior leader with oversight and challenge provided by the technical expertise within the oversight committees. These committees provide assurance to the Audit and Risk Committee (ARC) that strategic risks are monitored throughout the year which allows ARC to ultimately report their findings and any recommendations to Council.

As detailed above all risk items are regularly reviewed but, as in previous years, we draw specific attention to the following areas where we perceive enhanced levels of risk in the short to medium term.



## RISK 1 IT & DATA SECURITY

The changes in working practices and teaching methods, accelerated by the coronavirus pandemic have not reverted to pre-pandemic behaviours. This has meant that the increased reliance on technology infrastructure and cyber threats experienced during the pandemic have continued to be directed not only to our own systems but to those hosted by third parties. The University has assessed the assurance level required in this area as high and has continued to strengthen and monitor both the internal control environment and governance oversight through ARC and the Infrastructure Committee.



## RISK 2 GOVERNMENT POLICY

The Government has now published its response to the Augar Review, notably extending the tuition fees cap of £9,250 until 2025. Whilst certainty is helpful from a planning perspective, it does ultimately still leave universities under even greater pressure to do more with less. The current levels of inflation exacerbate the challenge, increasing the inflationary gap caused by static fees and rising costs. We continue to work hard to mitigate these inflationary pressures, hedging risk where possible, and streamlining our underlying organisation processes.



## RISK 3 INTERNATIONAL STUDENTS

As we emerge from the pandemic, the challenges of global mobility are unwinding at different rates around the globe, with China remaining a particular challenge.

Our new strategy seeks to grow and diversify our international student population and we are already seeing some positive signs as a result of targeted marketing and recruitment actions.



## RISK 4 STAFF WELLBEING

As seen across the sector, changes to the psychological contract with staff (eg changes to pension arrangements, increased regulation etc), may mean the University is unable to protect their wellbeing, resulting in staff dissatisfaction, increased rates of absence and/or attrition, potential industrial action and reputational damage. Failure to be an inclusive community and reflect the diversity of the communities we serve may also have a detrimental effect on wellbeing and performance.

# FINANCIAL REVIEW

The year represented a gradual return to normality post the COVID-19 pandemic and, whilst some restrictions remained early in the year, our vibrant campuses remained fully open throughout. This, along with continued strong student recruitment, resulted in consolidated income growth of 8% and net operating cash generation of £58.8m.

However, new challenges emerged, with inflation, a challenging employment market and supply chain disruption creating a complex set of challenges for both operating and capital expenditure. An underlying surplus of £19.2m is converted to a reported deficit of £52.0m because of a significant USS Provision movement following the conclusion of the 2020 USS valuation.

## Cash flow

Net cash inflow from operating activities totalled £58.8m, 17% of income. This is in line with the prior year (2020/21: 17%) and a significant increase on pre-pandemic levels (2018/19: 10%).

In the prior year, the increase reflected the stringent expenditure controls we implemented to mitigate the risks presented by the pandemic; global mobility challenges for our international student community, periods of lockdown and domestic restrictions, challenges to commercial revenue streams and the costs of implementing safety measures.

Our challenge this year has been different, but largely predicated by the broader economic conditions as we exited the pandemic. Our staff costs have been constrained by the challenging employment market, most notably in the Professional Service, where individuals have transferable skills desirable to organisations beyond the higher education sector, resulting in higher turnover and increased competition for talent. Supply chain challenges have driven delays in sourcing some goods and the inflationary environment has increased the complexity of our procurement process.

Throughout this period of uncertainty, our approach remained focused on the wellbeing of our students and colleagues. We are constantly looking to manage our cost base in order to limit the impact of the challenges flagged above.

The University has significant cash holdings to recommence our capital expenditure plans. In 2021/22 payments to acquire tangible fixed assets totalled £22.8m, partly offset by capital grant receipts of £5.9m and interest receivable of £0.6m. This would have resulted in a net cash outflow from investing activities of £16.4m, but we have moved £80m of cash into short-term deposits to maximise returns in the rising interest rate environment, and therefore we report a net cash outflow from investing of £96.3m.

Cash outflows from financing activities remain consistent with previous years at £8.0m, comprised of interest and loan repayments.

These movements combine to deliver a net decrease in cash and short-term deposits of £45.5m, resulting in a cash holding of £58.7m on 31 July 2022.

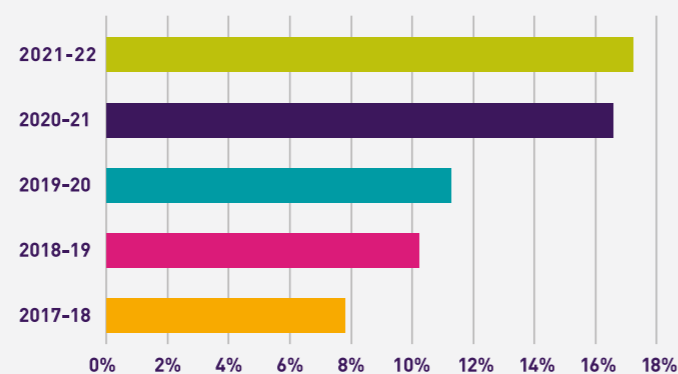
## Balance sheet

Net assets increased by £60.8m to £351.6m.

Fixed assets decreased by £6.6m to £467.7m. Capital investment was focused on several smaller projects, IT and existing estate maintenance. It is our intention for Capital expenditure to return to normal levels, broadly in line with operating cash generation, over the coming years.

Consolidated financial results	2021-22	2020-21
	£m	£m
Income	337.3	311.7
Expenditure before USS pension movement	(317.2)	(300.8)
Surplus before other losses and USS Pension movement	20.1	10.9
Other losses	(0.9)	(0.1)
Surplus before USS pension movement	19.2	10.8
USS pension movement	(71.2)	(1.7)
(Deficit)/ Surplus for the year	(52.0)	9.1
Operating cash flows	58.8	51.6
Investing cash flows	(96.3)	(8.2)
Financing cash flows	(8.0)	(8.0)
Net cash flow	(45.5)	35.4
Cash and cash equivalents	58.7	104.1
Non current assets	490.3	495.0
Current assets	174.3	133.4
Current liabilities	(76.9)	(63.2)
Non-current liabilities	(101.1)	(106.9)
Provisions	(135.0)	(167.4)
Total net assets	351.6	290.8

## OPERATING CASH FLOW AS A % OF INCOME



Long-term loans decreased to £98.4m (2020/21: £103.6m) as a result of capital repayments during the year. The University maintains significant headroom on its bank covenants and almost all long-term debt continues to be subject to fixed-rate agreements. We continue to hold a £50m revolving credit facility, which remains undrawn at year-end.

We hold three pension provisions on our balance sheet; Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) which is administered by Leicestershire County Council and the Teachers' Pension Scheme (TPS). As of 31 July 2022, the TPS provision was £1.8m, an increase of £0.1m. The LGPS provision was £20.5m, a decrease of £0.1m. The USS provision was £112.4m, an increase of £69.3m.

## Income

Total income increased £25.6m (8%) to £337.3m.

Our tuition fee income remained positive, particularly at undergraduate level. We exceeded target on both UK and international recruitment, with teacher-assessed grades and deferrals from the prior year driving higher numbers, meaning we did not enter clearing for the first time in over 25 years. Postgraduate taught recruitment was more

challenging, with the domestic employment market and global mobility challenges meaning we have not yet recovered to pre-pandemic levels.

Fees from UK/EU students of £117.4m (2020/21: £116.5m), accounted for 35% of the total income of the University and 65% of total tuition fees (2020/21: 37% and 67% respectively).

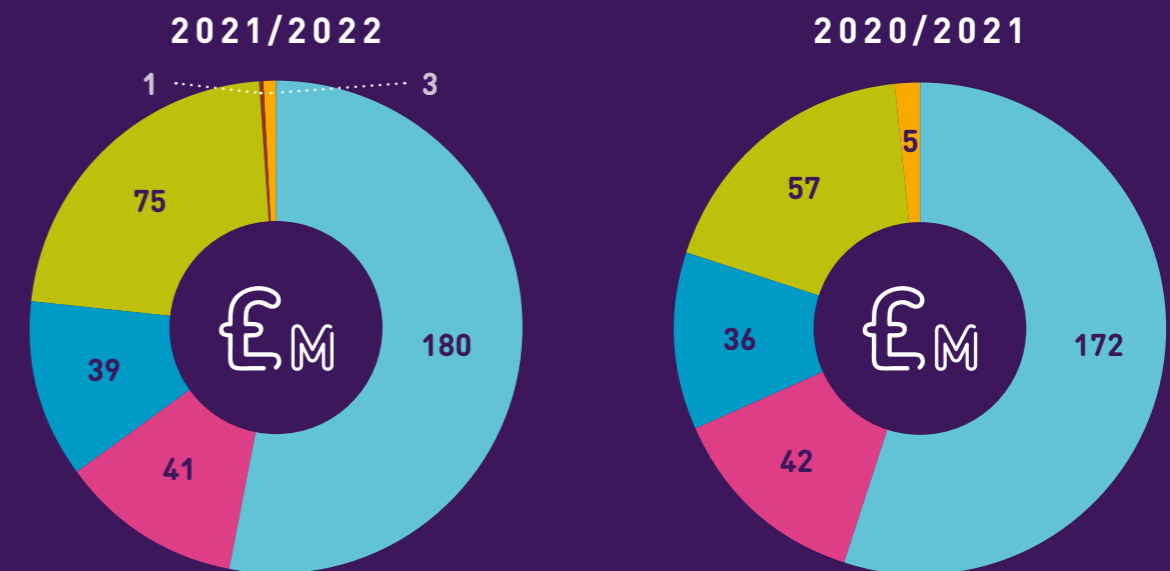
Fees from international students totalled £58.7m (2020/21 £51.0m), representing growth of 15%.

Grants from funding bodies decreased by £2.8 m (4%), to £40.5m, the reduction being driven by one-off capital funding from Research England as part of their World Class Laboratories fund in 2020/21 and the switch from formulaic to bid allocation of OfS teaching capital funding in 2021/22.

Research grants and contracts income increased by £3.6m (10%) to £39.2m and we continue to have a strong application pipeline through the University.

Other income increased by £17.8m (31%) to £74.6m. Accommodation income was higher due to our swift action to credit students for accommodation charges in periods of lockdown in previous years. Our hotel and conference subsidiary is also recovering strongly, driving additional income of £6.6m.

## TOTAL INCOME



	2021-22	2020-21	% Change
	£m	£m	
Tuition fees and education contracts	180	172	+5%
Funding body grants	41	42	-2%
Research grants and contracts	39	36	+8%
Other income	75	57	+32%
Investment income	1	0	+100%
Donations and endowments	3	5	-40%
Total income	337	312	+8%

## Expenditure

Total expenditure increased by 29%, to £388.4m. However, this year was significantly impacted by the USS pension movements. Expenditure before USS pension movement increased by 5% to £317.2m.

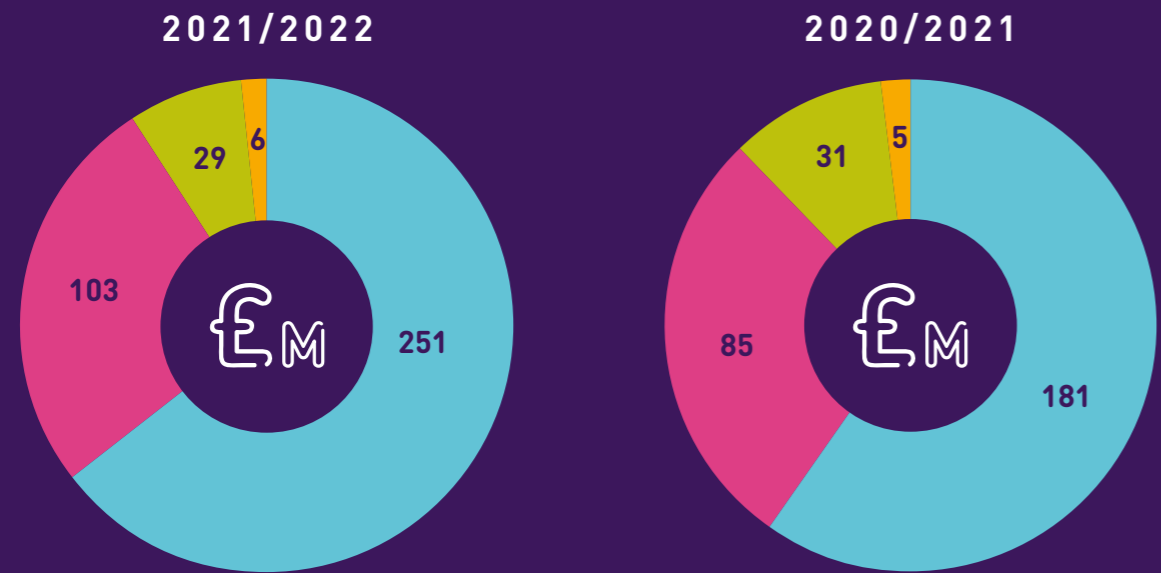
As in previous years, the majority of expenditure (65%) relates to staff costs, which increased by £70.3m (39%) to £251.0m, largely due to a revaluation of the USS provision (£71.2m) referenced above. Removing the impact of this and other non-cash pension adjustments, underlying staff costs have increased 0.5%; reflecting general staff inflation offset by recruitment challenges in a difficult employment market.

Other Operating Expenditure has increased £17.2m (20%) to £102.7m, resulting from a return to more normal levels of spending and increased variable costs in our commercial operations.

Depreciation decreased by £1.9m (7%) to £29.2m, reflective of the increasing allocation of capital expenditure to IT, which generally has a shorter period of depreciation, and the reduced levels of capital spend in recent years.



## TOTAL EXPENDITURE



	2021/22	2020/21	% Change
	£m	£m	
Staff costs*	251	181	+39%
Other operating expenses	103	85	+21%
Depreciation	29	31	-7%
Interest and other finance costs	6	5	+20%
<b>Total expenses</b>	<b>389</b>	<b>302</b>	<b>+29%</b>

\*Excluding the £71.2m USS pension provision revaluation (2020: £1.7m) Staff costs have increased by 0.5%

## Future financial outlook

At the time of preparation of these financial statements we are driving forward with our new strategy, 'Creating Better Futures. Together'. With the appointment of our new Vice-Chancellor, two new PVCs and a Chief Financial Officer in the year, we are already progressing significant workstreams, and have a robust financial base to build upon. The mitigations we implemented during the pandemic protected the investment funds that we have; our debt is largely at fixed interest rates; the positive REF 2021 results underpin our funding body grant income for coming years; we continue to recruit strongly; and our commercial operations have fully recovered post the pandemic.

However, we are not complacent. The volatility of the external landscape means the financial resilience of the University remains, as always, a key focus. We have actively managed our cost base to mitigate, as much as possible, the inflationary pressures; for example, our hedging strategy on utilities has limited our prices to below that of the government support rates. Our ability to do this is limited though, and it should be noted that Home Tuition Fees have remained fixed at £9,250 since 2017, only marginally up from the £9,000 fees introduced in September 2012. As these fees have remained flat, they are therefore declining in real terms as inflation pushes costs upwards. The University continues to model plausible downside scenarios given the risk environment we operate within. In addition to our strategic risks and those mentioned above, we are actively managing other specific challenges, such as:

### Cost of living crisis

The broader economic challenges that impact the University also impact our students and colleagues. We are working hard to support our community and their wellbeing remains our priority.

### Supply chain and sourcing

Brexit, the global pandemic and the war in Ukraine have disrupted supply chains. In addition to the inflationary pressures this has contributed to, it presents operational challenges when running a complex organisation such as a university.

### Employment costs and market

The University has limited influence over the continued growth in wages and salaries, as this is driven by contractual increments and the national pay bargaining. However, this challenge is further complicated by the buoyant employment market.

### Net zero challenge

Climate change and net zero is one of our three strategic themes. The challenge of achieving this with our extensive and ageing campus is a significant one, exacerbated by supply chain challenges, inflationary pressures on capital developments, and the evolving working patterns of our colleagues and tenants post-pandemic. However, we have significant internal expertise to support this journey and the full engagement and support of our students and colleagues.

# DELIVERY OF PUBLIC BENEFIT

Loughborough University is an independent corporation established by Royal Charter and has exempt charity status.

This information describes how the University has delivered activity for the benefit of the public, taking into consideration the guidance on public benefit, as set out in the Charities Act 2011. Due regard has also been given to the University's responsibilities as a charitable body, which is regulated by the Office for Students (OfS).

## OUR MISSION

By delivering public benefit at a local, national and global level, the University contributes to:

- knowledge and understanding across all sectors
- the drive to make education accessible to everyone
- industry and economic growth
- the level of talent and excellence in industry
- Loughborough's economy, community and social environment.

## ACADEMIC BENEFIT

Delivery of public benefit through our core academic objectives – teaching, research and innovation.

### Teaching and learning

We are committed to supporting students throughout their educational journey and helping them to reach their full potential by removing unnecessary barriers. The statistics below evidence some of the work being done in this area.

### Employable graduates

The Loughborough experience is designed to create employable graduates that will go on to contribute significantly to society.

### Research

Our research helps shape public policy, improves lives, and enables businesses and industries to compete more effectively.

### Innovation

Innovation enhances the impact of our public benefit by connecting the work we do with the outside world across industry, public bodies and charities. The impact can be localised but significant, linking to global issues such as reducing pollution and improving human health.

## CORPORATE

Our approach to social responsibility: how we run our business; the way we work with external organisations, and the impact our actions have on the local community and economy.

### Sustainability

We recognise that many of our activities have environmental impacts and we take responsibility for these whilst also responding to global challenges such as climate change; human wellbeing; and food, water and energy security.

### Community

We are committed to delivering opportunities and support for those beyond our campus boundaries, including local charities and community groups, and delivering initiatives and events for the public to attend.

### Fundraising and volunteering

Both the University and Loughborough Students' Union have a long history of fundraising and volunteering to support local, national and international causes. Examples of activity in 2021/22 can be found below.

### Economic impact

External evaluations have shown that the University's impact on the economy is around £1.0bn and supports approximately 14,400 full-time equivalent (FTE) jobs.

Examples of the public benefit we deliver across these areas can be found in the review of the year section of this report.

## PUBLIC BENEFIT IN NUMBERS (2021/22)

OVER  
£4.6M

awarded in bursaries and tuition fee waivers to over 2,800 undergraduate students through the Loughborough University Bursary (LUB) and other awards programmes

In total, over  
£8.5M

was awarded to new and existing postgraduate research students during 2021/22

228

new postgraduate research students (with start dates in 2021/22) received funding from the Doctoral College, equating to over £2.3m

OVER  
£4.2M

awarded in scholarships and bursaries to over 1,300 postgraduate taught students in both Loughborough and London

OVER  
1,600

students went on year-long placements with more than 1,000 companies worldwide

The team worked with more than  
400

schools and colleges across the country to raise the aspirations of younger generations

OVER  
34,000

prospective students engaged with outreach and recruitment activities, delivered by the School and College Liaison team

OVER  
£375K

raised for Rag by Loughborough Students' Union

OVER  
11,000

hours of volunteering were completed by student volunteers through LSU Action



LSU awarded Queen's Platinum Jubilee award for supporting local community

# STATEMENT OF CORPORATE GOVERNANCE

**The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures applied by the University's governing body (Council).**

The Royal Charter sets out the objectives which form the University's charitable purpose:

*"to advance knowledge, wisdom, understanding and professional competence through teaching, research and collaboration with industrial and other bodies and to develop the character of its students by virtue of its corporate life".*

The University is committed to observing good practice in all aspects of Corporate Governance. Council initiated a review of its own effectiveness in March 2021. Advance HE were engaged as external consultants and the final report was submitted to Council at its meeting in November 2021. Implementation of the recommendations has been undertaken in 2021/22 including a revised committee structure which was approved by Council in June 2022. The changes include widening the scope of the Nominations Committee which was renamed Governance and Nominations Committee in early 2022.

The University has continued to keep its compliance with the Higher Education Code of Governance published by the Committee of University Chairs (CUC) under review and is confident its processes comply with the revised Code published in September 2020. A number of enhancements were made based on recommendations from the 2021 effectiveness review referred to above.

## The University's Structure of Corporate Governance

The operation of the University is governed by its Charter, Statutes, Ordinances and Regulations.

The Council, the governing body of the University, comprises independent (lay), academic staff, non-academic staff and student members appointed or elected under the Statutes and Ordinances of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's chief executive, the Vice-Chancellor.

The Vice-Chancellor is the University's senior academic and administrative officer, who also serves as the Accountable Officer to the Office for Students. Professor Nick Jennings CB, FREngs, FRS took up the post of Vice-Chancellor on 04 October 2021 and a new university strategy was approved by Council in March 2022 and formally launched in April 2022.

In accordance with the CUC Code (2020), Council has published a list of its primary responsibilities and these include the ongoing strategic direction of the University and approval of major developments. The University holds full registration as a higher education provider with the Office for Students. Along with its own governing instruments, this means that final decision-making on certain key matters is specifically reserved for Council. Council meets at least four times a year and is advised by the Senate on academic issues. A review of the effectiveness of Senate is planned for 2022/23.

The University also has the status of an exempt charity. This means that members of Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations, overseen in the HE sector by the OfS.

Both Council and Senate conduct their routine business through a committee structure; some of the committees are jointly composed and many include lay representation. As noted above, the structure has recently been reviewed and a revised process has been agreed for committees to reflect regularly on their own effectiveness.

The financial management of the University rests with the Operations and Finance committees. The Operations Committee, comprising executive officers, has responsibility for the integration of academic, financial and physical planning and the allocation of resources to academic schools and Professional Services. The Operations Committee monitors the budget holders on a regular basis. Finance Committee is responsible for advising Council on both the University's financial strategy and treasury management; the Committee is chaired by the Vice-Chancellor and comprises executive officers and lay members of Council.

The external auditors address their report on the financial statements to Council through the Audit and Risk Committee which comprises lay (independent) members of Council, who are not otherwise involved in the management of the University, and other independent persons appointed by Council. Both internal and external auditors report to the Audit and Risk Committee on a regular basis. The Committee considers their detailed reports together with any recommendations on the systems and controls in operation. The Secretary of Council leads a working group of relevant staff which oversees compliance with the Office for Students conditions of registration. The Audit and Risk Committee also pays due regard to the terms of the University's registration with the Office for Students. The Committee appoints the internal auditors whilst Council appoints the external auditors.

Both internal and external auditors have direct access to the Chair of Council, the Chair of Audit and Risk Committee and the Vice-Chancellor at any time.

The Governance and Nominations Committee of Council is chaired by the Chair of Council and includes lay members, academic members and the Vice-Chancellor with lay members in the majority. Its role is to make recommendations to Council on the appointment of senior lay officers (excluding the Chair of Council) and on the appointment of other lay members of Council as well as advise on other matters related to lay contributions to the governance of the University.

The Remuneration Committee of Council, which is composed of lay members and is chaired by the Chair of Council, determines the remuneration of professorial and senior administrative staff. The Deputy Chair of Council takes the chair for consideration of the Vice-Chancellor's remuneration. The Committee's operations were reviewed carefully in light of the additional CUC guidance on senior staff remuneration issued in June 2018.

The University ensures the transparency of its corporate governance, risk management, statutory and other regulatory responsibilities via the active involvement of experienced and independent lay members, together with the work outlined above of University committees and the internal and external auditors. Council agendas and minutes are available to the public on the University website.

## Internal control and management of risk

The Council, as the governing body of Loughborough University, has responsibility for maintaining a sound system of internal control that supports the achievement of strategic objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Charter, Statute XIII and the terms of registration with the Office for Students.

The system of internal control is designed to manage rather than eliminate the 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 review process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2022 and up to the date of approval of the financial statements, and accords with the Office for Students guidance.

The University maintains a strategic risk register which is aligned with the previous University strategy Building Excellence. A new risk register, aligned with the new strategy Creating Better Futures. Together (approved in March 2022), is currently being designed and is due to be implemented from the start of the 2023/24 academic year.

Risk management processes and procedures continue to evolve with input from our internal auditors with all work being overseen by the Audit & Risk Committee. The Committee has been renamed from its former name Audit Committee to emphasise its role in the University's risk oversight and governance.

Council, both directly and through its committees, is responsible for ensuring the delivery of value for money, defined as economical, effective and efficient use of resources.

Council is responsible for the safeguarding of assets and oversight of systems to prevent and detect fraud.

The system of internal control provides for a comprehensive financial planning process, assessment of income, expenditure, capital and cash flow budgets during the year and periodic review of management information including the reporting of material variances and the projection of out-turn for the year.

On behalf of Council, the Audit & Risk Committee monitors the effectiveness of control, governance, the management of risk and gains assurance on the University's arrangements to secure value for money and data quality. It receives regular reports from the internal auditors, and where relevant, the external auditors. Periodic reports concerning internal control are received by Council from the Audit & Risk Committee.

Reports on the progress of key projects and regular reports from senior management on the steps they are taking to manage risks in their area of responsibility are received by the Council and its principal committees.

## Going concern

The financial statements of the Group and the parent university have been prepared on a going concern basis which the Council believes to be appropriate for the following reasons.

The Council has prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements. After reviewing these forecasts, including analysis of severe but plausible downsides, including the residual impact of COVID-19, and stress testing key assumptions such as student intake and the level of campus operation, the Group and the parent university are expected to 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).

The Group ended 2021/22 with strong liquidity and access to significant undrawn borrowing facilities. This, together with robust expenditure controls, means that we anticipate maintaining substantial strategic cash reserves throughout the going concern assessment period.

Consequently, the Council is confident that the Group and parent university will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.



## Officers of the University

The University's formal principal officer is its Chancellor, who has responsibility for conferring Loughborough's academic awards at congregations and plays an important role in the advancement of the University. The Lord Coe CH KBE (Sebastian Coe) was reappointed as Chancellor in June 2022.

The Senior Pro-Chancellor serves as the Chair of Council and also chairs the Governance and Nominations Committee and Remuneration Committees.

The day-to-day running of the University is the responsibility of the Vice-Chancellor and President, who is the academic and executive head and the accountable officer to the Office for Students.

Visitor	Paul Michell
The Chancellor	Lord Sebastian Coe
The Senior Pro Chancellor (Chair)	Christine Hodgson
The Pro Chancellors	Jennifer Maxwell-Harris John Sinnott
Honorary Treasurer	Andrea Davis
The Vice-Chancellor	Professor Nick Jennings <i>(from 4 October 2021)</i>
Deputy Vice-Chancellor	Professor Chris Linton <i>(also Acting Vice-Chancellor 1 August-3 October 2021)</i>
Pro Vice-Chancellor (Education and Student Experience)	Professor Rachel Thomson
Pro Vice-Chancellor (Research)	Professor Steve Rothberg <i>(until 31 August 2022)</i>
Pro Vice-Chancellor (Research and Innovation)	Professor Dan Parsons <i>(from 1 September 2022)</i>
Pro Vice-Chancellor (Equity, Diversity and Inclusion)	Professor Charlotte Croffie <i>(from 1 September 2022)</i>
Chief Operating Officer	Richard Taylor
Director of Finance	Andy Stephens <i>(until 31 January 2022)</i>
Chief Financial Officer	Alex Owen <i>(from 20 April 2022)</i>

## Chairs of key committees

Council	Christine Hodgson
Senate	Professor Nick Jennings
Remuneration Committee	Christine Hodgson <i>For matters relating to the Vice-Chancellor's remuneration the committee is chaired by Deputy Chair Jennifer Maxwell-Harris</i>
Finance Committee	Professor Nick Jennings
Audit and Risk Committee	Graham Corfield

## Members of the University Council

who served during 2021/22 and up to 23 November 2022

The Chancellor	Lord Sebastian Coe
The Senior Pro Chancellor (Chair)	Christine Hodgson
The Pro Chancellors	Jennifer Maxwell-Harris John Sinnott
Honorary Treasurer	Andrea Davis
The Vice-Chancellor	Professor Nick Jennings
Deputy Vice-Chancellor	Professor Chris Linton <i>(also Acting Vice-Chancellor 1 August-3 October 2021)</i>
Appointed by the Alumni Association	Oliver Sidwell <i>(until 31 July 2022)</i> Dr Luke Stott <i>(from 1 August 2022)</i>
Appointed by the Students' Union	Freya Mason <i>(until 31 July 2022)</i> Charlotte Style <i>(until 31 July 2022)</i> Harry Hughes Mason <i>(from 1 August 2022)</i> Danny Smith <i>(from 1 August 2022)</i>
Elected by the Senate	Professor Malcolm Cook Professor Claudia Eberlein <i>(until 31 July 2022)</i> Dr Kerri Akiwowo <i>(from 1 August 2022)</i>
Elected by the General Assembly	Dr Marcus Collins Professor Lianne Gibson <i>(from 1 October 2021)</i>
Other elected members	Pauline Matturi <i>(until 31 July 2022)</i> Emma Nadin <i>(from 1 August 2022)</i>
Co-opted members	Penny Briscoe <i>(from 1 October 2021)</i> Graham Corfield <i>(from 1 August 2021)</i> Andrew Fisher <i>(until 31 July 2022)</i> Sally-Ann Hibberd <i>(until 31 July 2022)</i> Paul Hodgkinson <i>(until March 2022)</i> Naomi Hudson <i>(from 13 October 2022)</i> Nicky Morgan The Rt Hon the Baroness Morgan of Cotes <i>(from 1 November 2022)</i> Professor David Price <i>(from 13 October 2022)</i> Peter Saraga Professor Surinder Sharma <i>(from 1 August 2022)</i> Paul Taylor <i>(from 1 August 2022)</i> Steve Varley <i>(until 31 July 2022)</i> Mike Wedderburn <i>(from 1 August 2021)</i> Tony Williams <i>(until 31 July 2022)</i>

## Key advisers

External auditor	KPMG LLP
Internal auditor	PwC LLP



# STATEMENT OF THE RESPONSIBILITIES OF COUNCIL

The University Charter establishes Council as the Governing Body of the University, subject to other terms of the Charter and the Statutes, and its responsibility for:

- 1** general control over the University and all its affairs, purposes and functions.
- 2** the management and administration of the revenue and property of the University.
- 3** the custody and use of the Common Seal of the University.

The Council has identified a number of primary responsibilities arising from these general duties under the Charter:

### Planning and monitoring

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
3. To ensure appropriate arrangements are in place to monitor and evaluate the student academic experience and maintain the quality and standards of academic awards.

### Financial, legal and risk

4. To approve the annual budget and financial statements, to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
5. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, and to have overall responsibility for the University's assets, property and estate.
6. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal and regulatory obligations, including those arising from contracts and other legal commitments made in the institution's name.
7. To ensure that the University has appropriate procedures for the management of risk and to oversee the operation of these procedures.

### Employment

8. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
9. To appoint the Vice-Chancellor as Chief Executive and Principal Academic and Administrative Officer of the University, in accordance with paragraph 7 of the Charter, and to put in place suitable arrangements for monitoring his/her performance.

### Governance arrangements

10. To appoint the Secretary to Council, and to ensure that, if they have managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
12. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
13. To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.
14. In accordance with paragraph 19 of the Charter, to consider any recommendations from Senate on matters with academic implications and to refer the same to Senate for consideration where the Senate has not previously been consulted.
15. To delegate authority to the Vice-Chancellor for the appointment of University nominees to the boards of public bodies, limited companies and other institutions.

### General

16. To safeguard the good name and values of the University.
17. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
18. To promote equality, diversity and inclusivity throughout the University, including in relation to its own operation.
19. To ensure that appropriate provision is made for the preservation of health, safety and environmental standards.

It follows from the above that Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiary companies and enable it to ensure that the financial statements are prepared in accordance with the relevant parts of the Royal Charter, company law, the Statement of Recommended Practice on Accounting for Further and Higher Education and other Accounting Standards.

In addition, within the terms and conditions of funding for higher education institutions between the Office for Students and the terms and conditions of the Research England Grant the University, through its accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiary companies, and of the surplus or deficit and cash flows of the University and its subsidiary companies for that year.

In preparing the financial statements, Council has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed
- the going concern basis is used unless it is inappropriate to presume that the University will continue in operation.

Council has taken reasonable steps to:

- ensure that funds from the Office for Students (OfS) and Research England are used only for the purposes for which they have been given and in accordance with the terms of conditions of funding for higher education institutions and the terms and conditions of Research England Grant respectively, and any other conditions which OfS/Research England may from time to time prescribe
- ensure that income from the Department for Education is applied for the purpose for which it has been received and in accordance with the funding agreement with the Department
- ensure that income from the Education & Skills Funding Agency and research councils is applied for the purpose for which it has been received and in accordance with the funding agreement with the relevant body
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and its subsidiary companies and prevent and detect fraud, and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary companies

23 November 2022  
Christine Hodgson CBE  
Chair of Council

# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Loughborough University ("the University") for the year ended 31 July 22 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

### Basis for opinion

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

### Going concern

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

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

Our conclusions based on this work:

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

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

### Fraud and breaches of laws and regulations – ability to detect

#### Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit & Risk Committee and Finance Committee minutes.
- Obtaining a copy of the Group's fraud register.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls, the risk of fraudulent revenue recognition, in particular the risk that research grant income is inappropriately recognised due to either incorrect overhead recovery or non-compliance with terms and conditions of the grant, and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing a revenue impact posted to unusual accounts, those containing a cash impact posted to unusual accounts, those containing a borrowing impact posted to unusual accounts and those containing specific comments.
- Assessing significant accounting estimates for bias.

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

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

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with the regulatory framework of the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

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

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

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

#### Other information

The Council is responsible for the other information, which comprises the Annual Review 2021/22, including the Review of the Year 2021/22, the Financial Review and the Statement of Corporate Governance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

#### Council responsibilities

As explained more fully in its statement set out on page 32, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities

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

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

#### Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

#### The purpose of our audit work and to whom we owe our responsibilities

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

**Mark Dawson**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snow Hill, Snowhill Queensway  
Birmingham B4 6GH

23 November 2022

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**FINANCIAL  
STATEMENTS  
2021/22**

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

## 1. General information

Loughborough University is an independent corporation established by Royal Charter and has the status of an exempt charity which is regulated by the Office for Students (OfS).

## 2. Statement of compliance

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, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant.

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

## 3. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets and derivative financial instruments).

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

## 4. Going concern

The financial statements of the Group and the parent university have been prepared on a going concern basis which the Council believes to be appropriate for the following reasons.

The Council has prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements. After reviewing these forecasts, including analysis of severe but plausible downsides, including the anticipated impact of COVID-19, and stress testing key assumptions such as student intake and the level of campus operation, the Group and the parent university are expected to 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).

The Group ended 2021/22 with strong liquidity and access to significant undrawn borrowing facilities. This, together with robust expenditure controls, means that we anticipate maintaining substantial strategic cash reserves throughout the going concern assessment period.

Consequently, the Council is confident that the Group and parent university will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## 5. Exemptions under FRS102

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure

exemptions available to it in respect of its separate financial statements. Exemption has been taken in these separate company financial statements in respect of presentation of a cash flow statement.

## 6. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2022. Intra-group transactions are eliminated on consolidation. Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

The consolidated financial statements do not include the accounts of Loughborough Students' Union, as it is a separate body over which the University does not exert control and nor does it have a dominant influence over policy and operational decisions.

## 7. Recognition of income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### Tuition fees

Tuition fee income is recognised over the period of study to which the fee relates. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

### Grant funding

Grant funding including funding council/OfS block grants, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and any performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grants are recognised in income when the University is entitled to the funds and any performance-related conditions have been met.

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.

### Other income

Income, from trading activities, is recognised when the goods or services are supplied to the customers or the terms of the contract have been satisfied. Investment income is recognised on a receivable basis.

### Donations and endowments

Resources received from non-government bodies as part of a non-exchange transaction will either be treated as a donation, or as an endowment in the event the donor either wishes an endowment fund to be established, or places

sufficiently large restrictions on expenditure such that the funds will need to be retained over an extended period.

Donations are recognised as income when the University is entitled to the funds and any performance related conditions have been met. Where income is received in advance of performance related conditions being met, it is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Where a donor imposes restriction on the use of the donated resources, income is retained within a restricted reserve until such time as expenditure is incurred in accordance with the restrictions. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Endowment income is recognised on entitlement to the income. The income is retained within an endowment reserve until such time as expenditure is incurred in accordance with the restrictions of the endowment. Endowments are classified as either a permanent endowment, when the donor specifies that the capital is to be retained for the benefit of the institution, or as an expendable endowment where no such requirement exists.

Investment income received on endowments and restricted funds is recorded as income in the year in which it arises, and is held in the restricted or endowment reserve to the extent it has not been spent in line with restrictions of the donation or endowment. Investment gains and losses on endowment funds invested for the longer term are recognised in the surplus or deficit and are credited/debited to the capital portion of the endowment reserve.

## 8. Pension schemes

The University participates in the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the Teachers' Pensions Scheme (TPS).

The USS scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The TPS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities attributable to University members and therefore is accounted for as a defined contribution retirement benefit scheme. Contributions made are recognised as an expense in surplus or deficit in the periods during which services are rendered by employees. TPS is valued every five years by the Government Actuary. It is an unfunded scheme and contributions are made at the rate set by the Government Actuary.

The LGPS is a defined benefit scheme which is externally funded.

### Defined contribution plan

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

### Multi-employer schemes

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

### Defined benefit schemes

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

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

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

Annually the Institution engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high-quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments. The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Institution's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

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

## 9. Employment benefits

Short-term employment benefits such as salaries and compensated absences 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.

## 10. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 11. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. The assets are depreciated over the life of the arrangement.

Payments under the service concession arrangements are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

## 12. Operating leases

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

## 13. Land and buildings

Land held at 31 July 2014 is stated at deemed cost which is equivalent to the market value on this date. Land additions since 31 July 2014 are stated at cost.

Buildings are capitalised at cost on initial recognition or, in the case of buildings acquired as a result of the merger with Loughborough College of Art and Design, at valuation: the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International Property Advisors. Improvements to buildings and long-term maintenance projects with a value in excess of £50,000 are capitalised, to the extent that they increase the expected future benefits to the Institution.

After initial recognition land and buildings are subsequently measured at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold buildings between 10 and 60 years depending on the method of construction used.
- Leasehold land and buildings – lifetime of the lease up to a maximum of 60 years.

No depreciation is charged on assets in the course of construction. Depreciation is charged from the year of completion and is calculated based on the remaining life of the improved building or building-related plant. Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

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

## 14. Fixtures, fittings, plant and equipment

All such items, where the cost is less than £20,000 per individual item or group of related items, are recognised as an expense in the year of acquisition. All other items are capitalised.

Items are stated at cost and depreciated over their expected useful life, as follows:

- Computer equipment – between 4 and 7 years
- Equipment acquired for specific research projects – project life (generally 3 years) unless a research grant is received for a specific facility, in which case, the item would be depreciated over the life of the facility
- Motor vehicles and other equipment – 4 years
- Plant, furniture and fixtures – between 5 and 25 years

## 15. Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## 16. Heritage assets

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

Works of art and other valuable artefacts valued at over £10,000 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. The assets are subject to an annual impairment review in accordance with applicable accounting standards.

## 17. Investment properties

Investment property is land or a building, or part of a building, or both held for rental income and/or capital appreciation rather than for use in delivering services. Mixed-use property is separated between investment property and property, plant and equipment.

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised immediately in the Surplus or Deficit for the year.

## 18. Stocks

Stocks of goods are stated at the lower of cost and net realisable value.

## 19. Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

## 20. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates.

The resulting exchange differences are recorded in surplus or deficit for the financial year.

## 21. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through surplus or deficit, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that:
  - the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or
  - the new rate is a market rate of interest and satisfies condition (a).

d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year of initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through surplus or deficit.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.

### (ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through surplus or deficit. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the University Balance Sheet, investments in subsidiaries and associates are measured at cost less impairment.

### (iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit.

### (iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

## 22. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- The University has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risk specific to the liability.

A contingent liability arises from a past event that gives the Institution a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

## 23. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## 24. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Schedule 6 Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by sections 478-488 of the 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 to exclusively charitable purposes.

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## 25. Reserves

Reserves are classified as unrestricted, restricted or endowment. Endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

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

## 26. Critical accounting judgements and key sources of estimation uncertainty

In the application of the University's accounting policies, which are described in points 1 to 25 above, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the University's accounting policies

The following are the judgements, apart from those involving estimations (which are dealt with separately below), that have been taken in the process of applying the University's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### Revenue recognition

In the operating of a performance model for government grants and non-exchange transactions, agreements with funders are evaluated for performance conditions, and revenue is recognised when these conditions are judged to have been met.

### Investment property

The University has reviewed all rental-generating properties in line with the accounting policy for investment properties. As part of this process management has evaluated whether an asset is held for the furtherance of the University's enterprise objectives (which form part of the University's core operations), or whether it is held primarily for the generation of rental income (and so represents an investment property).

### Service concession arrangements

In determining which operations involving third party operators should be accounted for as service concession arrangements, the agreements with the third party operators are reviewed to identify those that meet the relevant conditions outlined in section 34 of FRS102.

### Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

### Pensions – USS

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements. This required estimates in respect of future headcount, salary changes and the discount rate to apply. USS is valued every three years by professionally qualified independent actuaries, and a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. During the year the 2020 valuation was completed and details of the outcome of this are included in notes 21 and 25 to the Financial Statements. As part of the 2020 valuation outcome a new deficit recovery plan was put in place, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been prepared using a discount rate of 3.33% (2021: 0.89%) as at 31 July 2022. Details of the liability are included in note 25 to the Financial Statements.

The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

### Change to current position at 31 July 2022

0.5% pa decrease in discount rate	£5.9m
0.5% pa increase in discount rate	£4.5m
0.5% pa increase in salary inflation over duration	£4.7m
0.5% pa increase in salary inflation year 1 only	£0.5m
0.5% increase in staff changes over duration	£4.9m
0.5% increase in staff changes year 1 only	£0.5m

### Pensions – LGPS

The LGPS deficit is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities. The carrying value of the net defined benefit obligation in respect of the scheme at 31 July 2022 is £8.5m (2021: £122.1m).

Change in assumptions at 31 July 2022	Approximate increase in scheme liabilities	
	%	£'000
0.1% decrease in real discount rate	2	4,416
0.1% increase in the salary increase rate	0	309
0.1% increase in the pension increase rate (CPI)	2	4,129
1 year increase in member life expectancy	4	8,600

### Market value of investment properties

In determining the market value of the University's investment properties, valuations have been performed by professionally qualified valuers using assumptions determined using market standard methodology. However should any of these assumptions be incorrect this could have a significant impact on the valuation of these properties.

### Useful lives of tangible fixed assets

Tangible fixed assets represent a significant proportion of the University's total assets (31 July 2022: 70%, 2021: 75%). Therefore the estimates of the useful lives over which these assets are depreciated could have a significant impact on the University's financial performance. The useful lives and residual values of the University's assets are determined at the time the asset is acquired or construction is completed, and these are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as the expiry of leases. Historically, disposal of assets at the end of their lives has not resulted in material loss on disposal charges.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 31 July 2022

	Notes	Consolidated		University	
		Year ended	Year ended	Year ended	Year ended
		31 July 2022	31 July 2021	31 July 2022	31 July 2021
		£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	179,970	172,461	179,970	172,461
Funding body grants	2	40,447	42,170	40,447	42,170
Research grants and contracts	3	39,181	35,532	39,181	35,532
Other income	5	74,587	56,800	65,241	54,062
Investment income	6	574	125	622	104
Donations and endowments	7	2,502	4,607	2,502	4,601
<b>Total income</b>		<b>337,261</b>	<b>311,695</b>	<b>327,963</b>	<b>308,930</b>
<b>Expenditure</b>					
Staff costs	8	250,961	180,643	246,814	177,249
Other operating expenses		102,653	85,413	98,742	83,413
Depreciation	13	29,243	31,190	28,300	30,179
Interest and other finance costs	9	5,534	5,230	5,534	5,230
<b>Total expenditure</b>	10	<b>388,391</b>	<b>302,476</b>	<b>379,390</b>	<b>296,071</b>
<b>(Deficit)/Surplus before other gains and losses</b>		<b>(51,130)</b>	<b>9,219</b>	<b>(51,427)</b>	<b>12,859</b>
(Loss)/Gain on disposal of fixed assets		(426)	434	(425)	434
Loss on investments		(467)	(547)	(667)	(547)
<b>(Deficit)/Surplus before tax</b>		<b>(52,023)</b>	<b>9,106</b>	<b>(52,519)</b>	<b>12,746</b>
Taxation	12	(140)	411	-	-
<b>(Deficit)/Surplus for the year</b>		<b>(52,163)</b>	<b>9,517</b>	<b>(52,519)</b>	<b>12,746</b>
Actuarial gain in respect of pension schemes	25	112,885	4,440	112,885	4,440
<b>Total comprehensive income for the year</b>		<b>60,722</b>	<b>13,957</b>	<b>60,366</b>	<b>17,186</b>
Represented by:					
Endowment comprehensive income for the year	23	128	202	128	202
Restricted comprehensive income for the year	24	712	3,571	712	3,571
Unrestricted comprehensive income for the year		59,882	10,184	59,526	13,413
		<b>60,722</b>	<b>13,957</b>	<b>60,366</b>	<b>17,186</b>

All items of income and expenditure relate to continuing activities.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

	Notes	Consolidated		University	
		31 July 2022	31 July 2021	31 July 2022	31 July 2021
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Fixed assets	13	467,662	474,272	464,727	462,037
Heritage assets	14	1,165	1,165	1,165	1,165
Investments	16	21,453	19,524	35,998	34,415
<b>Total Non-current assets</b>		<b>490,280</b>	<b>494,961</b>	<b>501,890</b>	<b>497,617</b>
<b>Current assets</b>					
Stock		626	537	573	507
Trade and other receivables	17	35,086	28,730	34,752	35,003
Investments - Current	18	79,950	-	79,950	-
Cash and cash equivalents		58,655	104,134	53,302	100,962
<b>Total Current assets</b>		<b>174,317</b>	<b>133,401</b>	<b>168,577</b>	<b>136,472</b>
Less Creditors: amounts falling due within one year	19	(76,890)	(63,168)	(76,594)	(61,823)
<b>Net current assets</b>		<b>97,427</b>	<b>70,233</b>	<b>91,983</b>	<b>74,649</b>
<b>Total assets less current liabilities</b>		<b>587,707</b>	<b>565,194</b>	<b>593,873</b>	<b>572,266</b>
Creditors: amounts falling due after more than one year	20	(101,140)	(106,933)	(101,140)	(106,933)
<b>Provisions</b>					
Pension provisions	21	(134,700)	(166,963)	(134,700)	(166,963)
Other provisions	21	(303)	(456)	-	(703)
<b>Total net assets</b>		<b>351,564</b>	<b>290,842</b>	<b>358,033</b>	<b>297,667</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	23	2,360	2,232	2,360	2,232
Income and expenditure reserve - restricted reserve	24	64,154	63,442	64,154	63,442
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		285,050	225,168	291,519	231,993
<b>Total reserves</b>		<b>351,564</b>	<b>290,842</b>	<b>358,033</b>	<b>297,667</b>

These Financial Statements were approved by Council on 23 November 2022 and were signed on 23 November 2022 on its behalf by:

**Professor Nick Jennings CB, FEng, FRS**  
Vice-Chancellor and Accountable Officer

**Christine Hodgson CBE**  
Chair of Council

## CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2022

Consolidated	Income and expenditure reserve			
	Endowment	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2020</b>	<b>2,030</b>	<b>59,871</b>	<b>214,984</b>	<b>276,885</b>
Surplus from the income and expenditure statement	202	3,571	5,744	9,517
Other comprehensive income	-	-	4,440	4,440
Release of capital grants with expired asset use restrictions	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>202</b>	<b>3,571</b>	<b>10,184</b>	<b>13,957</b>
<b>Balance at 31 July 2021</b>	<b>2,232</b>	<b>63,442</b>	<b>225,168</b>	<b>290,842</b>
Surplus/(Deficit) from the income and expenditure statement	128	725	(53,016)	(52,163)
Other comprehensive income	-	-	112,885	112,885
Release of capital grants with expired asset use restrictions	-	(13)	13	-
<b>Total comprehensive income for the year</b>	<b>128</b>	<b>712</b>	<b>59,882</b>	<b>60,722</b>
<b>Balance at 31 July 2022</b>	<b>2,360</b>	<b>64,154</b>	<b>285,050</b>	<b>351,564</b>

University	Income and expenditure reserve			
	Endowment	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2020</b>	<b>2,030</b>	<b>59,871</b>	<b>218,580</b>	<b>280,481</b>
Surplus from the income and expenditure statement	202	3,571	8,973	12,746
Other comprehensive income	-	-	4,440	4,440
<b>Total comprehensive income for the year</b>	<b>202</b>	<b>3,571</b>	<b>13,413</b>	<b>17,186</b>
<b>Balance at 31 July 2021</b>	<b>2,232</b>	<b>63,442</b>	<b>231,993</b>	<b>297,667</b>
Surplus/(Deficit) from the income and expenditure statement	128	725	(53,372)	(52,519)
Other comprehensive income	-	-	112,885	112,885
Release of capital grants with expired asset use restrictions	-	(13)	13	-
<b>Total comprehensive income for the year</b>	<b>128</b>	<b>712</b>	<b>59,526</b>	<b>60,366</b>
<b>Balance at 31 July 2022</b>	<b>2,360</b>	<b>64,154</b>	<b>291,519</b>	<b>358,033</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
<b>Cash flow from operating activities</b>			
(Deficit)/Surplus for the year		(52,163)	9,517
<b>Adjustment for non-cash items</b>			
Taxation	12	140	(411)
Depreciation	13	29,243	31,190
(Increase) in stock		(89)	(2)
(Increase)/decrease in debtors		(6,226)	1,558
Increase in creditors		8,984	6,586
LGPS service costs less contributions paid	25	9,285	6,564
USS deficit provision expense less contributions paid		68,904	(199)
Increase in other provisions	21	125	151
Receipt of donated equipment		(1,039)	(2,739)
Service concession agreement nominal rent	15	(701)	(684)
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(574)	(125)
Interest payable	9	5,534	5,230
Endowment income	7	(187)	-
Loss on investments		467	892
Loss/(Gain) on the sale of fixed assets		426	(434)
Capital grant income		(3,315)	(5,517)
<b>Net cash inflow from operating activities</b>		<b>58,814</b>	<b>51,577</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		5,880	5,449
Investment income received		574	119
Proceeds from sales of fixed assets		17	595
Payments made to acquire fixed assets		(22,846)	(14,380)
(Placement)/Redemption of deposits with maturity of more than 3 months	18	(79,950)	-
<b>Net cash outflow from investing activities</b>		<b>(96,325)</b>	<b>(8,217)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2,772)	(2,895)
Repayments of amounts borrowed	20	(5,196)	(5,103)
<b>Net cash outflow from financing activities</b>		<b>(7,968)</b>	<b>(7,998)</b>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>		<b>(45,479)</b>	<b>35,362</b>
Cash and cash equivalents at the beginning of the year		104,134	68,772
Cash and cash equivalents at the end of the year		58,655	104,134

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

1 Tuition fees and education contracts	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Full-time UK and EU students	117,354	116,485	117,354	116,485
Full-time international students	58,694	51,048	58,694	51,048
Part-time students	3,922	4,928	3,922	4,928
	<b>179,970</b>	<b>172,461</b>	<b>179,970</b>	<b>172,461</b>

2 Funding body grants	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Recurrent grant</b>				
Office for Students	9,128	8,601	9,128	8,601
Research England	20,490	20,769	20,490	20,769
Education and Skills Funding Agency	585	569	585	569
Capital grant	1,775	4,510	1,775	4,510
<b>Specific grants</b>				
Higher Education Innovation Fund	5,262	4,547	5,262	4,547
Other	3,207	3,174	3,207	3,174
	<b>40,447</b>	<b>42,170</b>	<b>40,447</b>	<b>42,170</b>

3 Research grants and contracts	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Research councils	18,814	16,096	18,814	16,096
Research charities	3,343	3,035	3,343	3,035
Government (UK and overseas)	9,447	10,201	9,447	10,201
Industry and commerce	7,577	6,200	7,577	6,200
	<b>39,181</b>	<b>35,532</b>	<b>39,181</b>	<b>35,532</b>

Research grants and contracts income contains £1,540,000 (2021: £922,000), in respect of capital grants on equipment.

4 Grant and fee income	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
The source of grant and fee income, included in notes 1 to 3 is as follows:				
Grant income from the Office for Students	9,403	10,270	9,403	10,270
Grant income from other bodies	70,226	67,432	70,226	67,432
Fee income for research awards	2,759	3,690	2,759	3,690
Fee income from non-qualifying courses	1,365	1,241	1,365	1,241
Fee income for taught awards	175,846	167,530	175,846	167,530
	<b>259,599</b>	<b>250,163</b>	<b>259,599</b>	<b>250,163</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

5 Other income	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Residences, catering and conferences	50,840	36,492	40,769	32,180
Other revenue grants	3,887	4,021	3,887	4,021
Other capital grants with restrictions	-	85	-	85
Gift aid received from subsidiaries	-	-	112	643
Other income	19,860	16,202	20,473	17,133
	<b>74,587</b>	<b>56,800</b>	<b>65,241</b>	<b>54,062</b>

Included in other revenue grants is £695,000 received in respect of the Turing Scheme to provide funding for international opportunities in education and training across the world.

6 Investment income	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Investment income on endowments	58	55	58	55
Investment income on restricted funds	2	2	2	2
Other investment income	514	68	562	47
	<b>574</b>	<b>125</b>	<b>622</b>	<b>104</b>

7 Donations and endowments	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
New endowments	187	-	187	-
Donations with restrictions	2,239	4,320	2,239	4,319
Unrestricted donations	76	287	76	282
	<b>2,502</b>	<b>4,607</b>	<b>2,502</b>	<b>4,601</b>

8 Staff costs	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Salaries	132,217	134,817	128,459	131,766
Social security costs	12,833	12,549	12,594	12,349
Change in expected contribution to USS deficit recovery plan	71,178	1,670	71,178	1,670
Other pension costs	34,733	31,607	34,583	31,464
	<b>250,961</b>	<b>180,643</b>	<b>246,814</b>	<b>177,249</b>

The University uses remuneration as one of the tools to attract and retain academic and professional services talent.

## Governance

Remuneration for senior staff at the University is governed by the Remuneration Committee, which reports to Council. The Committee comprises three lay members of Council and is chaired by the Senior Pro Chancellor and Chair of Council. An alternative lay Pro Chancellor chairs the meeting while the Vice-Chancellor's pay is being considered. The Chair may invite the Vice Chancellor and Deputy Vice Chancellor to attend to share information related to the remuneration of senior staff who report through them. The Vice-Chancellor and Deputy Vice-Chancellor will never be asked to attend for any discussion about or decision on their own remuneration. In considering the appropriate reward for the senior officers, Remuneration Committee will ensure that the reward arrangements set out by the University are applied consistently and fairly to this group of staff. Remuneration Committee will also consider the following:

- The institution's performance against the University strategy and its strategic ambitions
- The size and complexity of the organisation
- The external market and the University's performance against its competitors
- The University's success in attracting and retaining the most talented people at the highest level
- University and Colleges Employer Association's Senior Staff Remuneration Survey
- Committee of University Chairs' Vice-Chancellor Salary Survey

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

## 8 Staff costs (continued)

### Performance assessment

The University's Performance and Development Review (PDR) system provides a robust basis for managing performance, developing staff and assisting with informing remuneration decisions. Formal performance ratings have been suspended pending a full review of performance management and reward activities through Project Expectations, one of the enabling projects for the new University strategy.

In considering the performance of the Vice-Chancellor the achievements of the University are also considered and the University has had another very successful year and is consolidating its position as a top 10 institution in the UK. Achievements include:

- 7th in the Complete University Guide 2023 out of 130 UK universities
- Ranked 10th in the Guardian League Table 2023
- Ranked 11th out of 132 UK universities in the Times and Sunday Times Good University Guide 2023

### Salary benchmarking

The new Vice-Chancellor's salary was initially set to reflect the market situation, taking into account their current remuneration as well as the remuneration package for the outgoing Vice-Chancellor. CUC benchmarking data was used to inform this process. The Vice-Chancellor's pay was reviewed in relation to the data provided by the UCEA Senior Staff Salary Survey and the CUC Salary Survey. The Committee approved the Chair of Council's recommendation that the Vice-Chancellor should receive an increase in line with the national pay award once this has been finalised.

The Executive Team's pay was reviewed in relation to the data provided by the UCEA Senior Staff Salary Survey and an assessment of pay parity and equity was conducted. The Committee approved the Vice-Chancellor's recommendation that those members of his team who had been in post all year should receive an increase in line with the national pay award once this has been finalised.

### Salary bandings of higher paid staff

The full-time equivalent basic salary of higher paid staff (including the Vice-Chancellor), excluding employer's pension contributions, was within the ranges set out below. The full-time equivalent basic salary is calculated prior to any adjustment for salary sacrifice and includes market supplements but excludes bonuses, allowances, clinical excellence awards and other such payments. Where all or a proportion of salary is reimbursed by another body only any portion paid by or charged to the University is disclosed. Only staff members were in position as at 31st July have been included in the below table:

	2022	2021 (restated)
£100,000 to £104,999	7	5
£105,000 to £109,999	5	7
£110,000 to £114,999	10	14
£115,000 to £119,999	6	5
£120,000 to £124,999	7	4
£125,000 to £129,999	1	3
£130,000 to £134,999	1	2
£135,000 to £139,999	2	1
£140,000 to £144,999	-	-
£145,000 to £149,999	1	-
£150,000 to £154,999	-	-
£155,000 to £159,999	1	2
£160,000 to £164,999	-	1
£165,000 to £169,999	1	-
£170,000 to £174,999	-	-
£175,000 to £179,999	-	1
£180,000 to £184,999	2	-
£185,000 to £189,999	-	1
£190,000 to £194,999	-	-
£195,000 to £199,999	1	1
£200,000 to £204,999	1	-
£205,000 to £209,999	-	-
£210,000 to £214,999	-	-
£215,000 to £219,999	-	-
£220,000 to £224,999	-	-
£225,000 to £229,999	-	-
£230,000 to £234,999	-	-
£235,000 to £239,999	-	-
£240,000 to £244,999	-	-
£245,000 to £249,999	-	-
£250,000 to £254,999	-	-
£255,000 to £259,999	-	-
£260,000 to £264,999	-	-
£265,000 to £269,999	-	-
£270,000 to £274,999	-	-
£275,000 to £279,999	-	-
£280,000 to £284,999	-	-
£285,000 to £289,999	-	-
£290,000 to £294,999	-	-
£295,000 to £299,999	-	1
£300,000 to £304,999	-	-
£305,000 to £309,999	1	-
	<b>47</b>	<b>48</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

## 8 Staff costs (continued)

	2022	2021 (restated)
Average staff numbers by major category :		
Academic	790	830
Teaching and scholarship	188	153
Research	260	251
Management & specialist	636	621
Technical	184	187
Other	1,139	1,161
	<b>3,197</b>	<b>3,203</b>

During 2021/22 the Group paid a total of £376,000 to 50 employees for compensation for loss of office (2020/21: £5,348,000 to 182 employees).

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

The University considers its key management personnel to be the following seven members of staff: the Vice-Chancellor; Deputy Vice-Chancellor; Pro Vice-Chancellor (Research and Innovation); Pro Vice-Chancellor (Education and Student Engagement); Pro Vice-Chancellor (Equity, Diversity and Inclusion); Chief Operating Officer; Chief Financial Officer. Key management personnel compensation excludes amounts paid to the Vice-Chancellor whose remuneration is disclosed below.

During the year there were two Vice-Chancellors and an acting Vice-Chancellor. Whilst the outgoing Vice-Chancellor remained employed to 30 September 2021, the interim Vice-Chancellor was our accountable officer to Office for Students during the period 1 August 2021 to 3rd October 2021, with the new Vice-Chancellor coming into position on 4 October 2021.

	2022 £'000	2021 £'000
<b>Key management personnel compensation</b>	<b>1,037</b>	<b>1,154</b>
<b>Emoluments of the Vice-Chancellors</b>		
<b>Prof R.J Allison to 30 September 2021</b>	<b>£</b>	<b>£</b>
Basic salary	49,595	297,570
Pension contributions to USS	2,898	17,353
Payment in lieu of pension contributions to USS	5,051	30,329
	<b>57,544</b>	<b>345,252</b>
<b>Prof C. Linton 1 August 2021 to 3 October 2021</b>	<b>£</b>	<b>£</b>
Basic salary	33,247	-
Pension contributions to USS	2,572	-
Payment in lieu of pension contributions to USS	2,966	-
	<b>38,785</b>	<b>-</b>
<b>Prof N.R Jenninas 4 October 2021 to 31 July 2022</b>	<b>£</b>	<b>£</b>
Basic salary	250,000	-
Payment in lieu of pension contributions to USS	31,875	-
Taxable relocation payment	24,000	-
	<b>305,875</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 8 Staff costs (continued)

#### Key management personnel (continued)

Pay multiple: Loughborough University is a campus university, operating retail and catering outlets and maintaining significant university-owned student accommodation. The University retains many in-house support services that have been outsourced at other institutions, for example cleaning, catering, security or facilities management functions. The University has also included in its calculations a significant number of staff who will have received remuneration during the year on the basis of atypical claims contracts. These factors may adjust downwards the median salary of staff compared to other institutions and pay multiples should be considered carefully in that context.

The pay multiples of the three Vice-Chancellors in place during the year are as follows:

Basic Salary	2022	2021
Prof R.J Allison	11.6	10.7
Prof C. Linton	7.8	N/A
Prof N.R Jennings	11.7	N/A

Calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

Total Remuneration	2022	2021
Prof R.J Allison	10.7	10.1
Prof C. Linton	7.4	N/A
Prof N.R Jennings	11.7	N/A

Calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

9 Interest and other finance costs	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loan interest	2,798	2,881	2,798	2,881
Finance lease interest (incl. service concession finance charge)	326	335	326	335
Finance charge on USS pension provision	384	314	384	314
Net charge on LGPS pension scheme (note 25)	2,026	1,700	2,026	1,700
	5,534	5,230	5,534	5,230

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

10 Analysis of total expenditure by activity	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Academic and related expenditure	102,147	100,020	102,530	100,316
Academic services	32,750	31,561	31,882	30,655
Administration and central services	31,966	28,721	32,051	28,737
Premises (including service concession costs)	49,357	43,732	49,355	43,886
Residences, catering and conferences	32,574	29,314	24,972	24,062
Research grants and contracts	26,592	26,664	26,592	26,664
Staff and student facilities	29,465	25,639	28,731	25,231
Other operating expenses (including pension provision movements)	83,540	16,825	83,277	16,527
	388,391	302,476	379,390	296,078

#### Other operating expenses include:

External auditor's remuneration in respect of audit services	144	118	107	92
External auditor's remuneration in respect of non-audit services	26	28	26	28
Operating lease rentals:				
Land and Buildings	1,053	1,053	1,053	1,053

11 Access and Participation	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Access Investment (i)	2,537	2,281	2,537	2,281
Financial Support	4,758	5,171	4,758	5,171
Disability Support (i)	1,405	1,107	1,405	1,107
Research and Evaluation (i)	253	223	253	223
	8,953	8,782	8,953	8,782

(i) £2,090,000 (Access Investment), £1,089,000 (Disability Support) and £241,000 (Research and Evaluation) of these costs are already included in the overall staff costs figures included in the Financial Statements, see note 8

Investment in Access and Participation for 2021/22 is not significantly different to the original APP plan, with reportable spend being 0.4% higher. Spend has increased compared to 2020/21 levels due to the easing of COVID restrictions and more activities resuming

The University's published access and participation plan can be accessed at: [www.lboro.ac.uk/study/access-participation/](http://www.lboro.ac.uk/study/access-participation/)

12 Taxation	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Recognised in the Statement of Comprehensive Income and Expenditure</b>				
<b>Current tax</b>				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
<b>Current tax expense</b>	-	-	-	-
<b>Deferred tax</b>				
Origination and reversal of timing differences	140	(411)	-	-
<b>Deferred tax cost/(benefit)</b>	140	(411)	-	-
<b>Total tax expense/(benefit)</b>	140	(411)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

13 Fixed assets						
	Freehold Land and Buildings	Leasehold Improvements	Service concession Land and Buildings (note 15)	Fixtures, Fittings, Plant and Machinery	Assets in the Course of Construction	Total
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 August 2021	499,517	7,563	10,691	259,550	4,049	781,370
Additions	7,673	-	-	9,555	8,698	25,926
Transfers	(2,499)	-	-	1,859	(2,934)	(3,574)
Disposals	(254)	-	-	(6,203)	(306)	(6,763)
<b>At 31 July 2022</b>	<b>504,437</b>	<b>7,563</b>	<b>10,691</b>	<b>264,761</b>	<b>9,507</b>	<b>796,959</b>
<b>Depreciation</b>						
At 1 August 2021	162,812	1,707	3,626	138,953	-	307,098
Charge for the year	11,568	304	518	16,853	-	29,243
Transfers	(1,785)	-	-	250	-	(1,535)
Disposals	668	-	-	(6,976)	-	(6,308)
Impairment	615	-	-	184	-	799
<b>At 31 July 2022</b>	<b>173,878</b>	<b>2,011</b>	<b>4,144</b>	<b>149,264</b>	<b>-</b>	<b>329,297</b>
<b>Net book value</b>						
<b>At 31 July 2022</b>	<b>330,559</b>	<b>5,552</b>	<b>6,547</b>	<b>115,497</b>	<b>9,507</b>	<b>467,662</b>
At 31 July 2021	336,705	5,856	7,065	120,597	4,049	474,272

	Freehold Land and Buildings	Leasehold Improvements	Service concession Land and Buildings (note 15)	Fixtures, Fittings, Plant and Machinery	Assets in the Course of Construction	Total
University	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 August 2021	484,508	7,563	10,691	251,403	4,049	758,214
Additions	16,273	-	-	9,313	8,698	34,284
Transfers	(2,499)	-	-	1,846	(2,934)	(3,587)
Disposals	(254)	-	-	(6,171)	(306)	(6,731)
<b>At 31 July 2022</b>	<b>498,028</b>	<b>7,563</b>	<b>10,691</b>	<b>256,391</b>	<b>9,507</b>	<b>782,180</b>
<b>Depreciation</b>						
At 1 August 2021	156,758	1,707	3,626	134,086	-	296,177
Charge for the year	11,164	304	518	16,314	-	28,300
Transfers	(1,535)	-	-	-	-	(1,535)
Disposals	(146)	-	-	(6,142)	-	(6,288)
Impairment	615	-	-	184	-	799
<b>At 31 July 2022</b>	<b>166,856</b>	<b>2,011</b>	<b>4,144</b>	<b>144,442</b>	<b>-</b>	<b>317,453</b>
<b>Net book value</b>						
<b>At 31 July 2022</b>	<b>331,172</b>	<b>5,552</b>	<b>6,547</b>	<b>111,949</b>	<b>9,507</b>	<b>464,727</b>
At 31 July 2021	327,750	5,856	7,065	117,317	4,049	462,037

At 31 July 2022, freehold land and buildings included £91,292,000 (2021: £87,792,000) in respect of freehold land which is not depreciated.

In accordance with the terms and conditions of funding with OfS, OfS has the right but not the obligation to demand repayment of Exchequer interest in the event of the University ceasing to be designated to be eligible for OfS funding or becoming insolvent.

The Exchequer interest at 31 July 2022 was £21,357,000 (2021: £26,453,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

14 Heritage assets	Consolidated	University
	£'000	£'000
<b>Cost and net book value</b>		
At 1 August 2021	1,165	1,165
<b>At 31 July 2022</b>	<b>1,165</b>	<b>1,165</b>

The University's heritage assets, which were all acquired more than four years ago, consist of seven works of art such as paintings, vases, trophies, medals and sculptures.

### 15 Service concession arrangements

The University has two arrangements where service delivery has commenced which have been recognised on the Balance Sheet.

#### Movement in service concession arrangement assets and liabilities

The total asset values included in the Balance Sheet as at 31 July 2022 were £6,547,000 (2021: £7,065,000). The reduction of £518,000 was as a result of depreciation.

The total liabilities relating to the service concessions included in the Balance Sheet as at 31 July 2022 were £8,277,000. (2021: £8,674,000). The reduction of £397,000 was the result of the £701,000 treated as repaid during the year being offset by a finance charge of £304,000.

#### Future commitments

The following table analyses the University's future commitments in relation to service concession arrangements.

	Payable in <1 year	Payable in 2-5 years	Payable in >5 years	Total
	£'000	£'000	£'000	£'000
Liability repayments	718	2,564	7,637	10,919
Less: future finance charges	(290)	(1,023)	(1,329)	(2,642)
<b>Present value of service concession agreement obligations</b>	<b>428</b>	<b>1,541</b>	<b>6,308</b>	<b>8,277</b>

The notes below give more information on the University's current service concession arrangements:

#### a) On Balance Sheet service concession arrangements

In March 2002, the University entered into a 35 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's balance sheet. Service commenced on 1 August 2002 and the contract will finish on 31 July 2037. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to committed annual payments for the year ended 31 July 2022 of £588,000 (2021: £573,000) recorded within other operating expenses.

In August 2003, the University entered into a 20 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2023. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to annual payments for the year ended 31 July 2022 of £113,000 (2021: £110,000) recorded within other operating expenses.

#### b) Other service concession arrangements not recognised on the balance sheet

In June 2007, the University entered into an agreement with a third party for the provision and maintenance of student accommodation. The agreement expires in 2044 and includes an option to receive the reversionary interest at nil consideration at the expiry date. The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

16 Non-current investments						
Consolidated	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
<b>At 1 August 2021</b>	-	33	17,212	436	1,843	<b>19,524</b>
Additions	-	114	-	127	100	<b>341</b>
Disposals	-	-	-	(95)	-	<b>(95)</b>
Transfers	-	-	2,052	-	-	<b>2,052</b>
Movement in fair value	-	-	(262)	-	(107)	<b>(369)</b>
<b>At 31 July 2022</b>	-	<b>147</b>	<b>19,002</b>	<b>468</b>	<b>1,836</b>	<b>21,453</b>

University	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
<b>At 1 August 2021</b>	8,142	-	24,252	177	1,844	<b>34,415</b>
Additions	-	-	-	-	100	<b>100</b>
Disposals	-	-	-	-	-	<b>-</b>
Transfers	-	-	2,052	-	-	<b>2,052</b>
Movement in fair value	-	-	(461)	-	(108)	<b>(569)</b>
<b>At 31 July 2022</b>	<b>8,142</b>	-	<b>25,843</b>	<b>177</b>	<b>1,836</b>	<b>35,998</b>

Investment properties, which are all freehold land and buildings, were revalued to fair value at 31 July 2022, based on a valuation undertaken by Avison Young, an independent valuer with recent experience in the location and class of the investment property being valued.

A market-based valuation for the assets, using available comparable information was adopted in determining the fair value. Investment valuations assume the continuing benefit of subsisting tenancies. There are no restrictions on the realisability of investment property.

If freehold land and buildings had not been revalued they would have been included with a carrying value of:

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Carrying value of freehold land and buildings	<b>16,272</b>	14,792	<b>20,531</b>	19,309

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

17 Trade and other receivables	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>				
Research grants receivables	<b>5,576</b>	4,616	<b>5,576</b>	4,616
Other trade receivables	<b>20,422</b>	15,937	<b>18,176</b>	14,423
Derivatives	<b>1,439</b>	1,439	<b>1,439</b>	1,439
Prepayments and accrued income	<b>7,649</b>	6,738	<b>7,503</b>	6,614
Amounts due from subsidiary companies	-	-	<b>2,058</b>	7,911
	<b>35,086</b>	28,730	<b>34,752</b>	35,003

Amounts due from subsidiary companies are non-interest bearing and are repayable on demand.

18 Current investments	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Short term deposits	<b>79,950</b>	-	<b>79,950</b>	-
	<b>79,950</b>	-	<b>79,950</b>	-

19 Creditors : Amounts falling due within one year	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Unsecured loans	<b>5,292</b>	5,196	<b>5,292</b>	5,196
Service concession arrangements (Note 15)	<b>428</b>	397	<b>428</b>	397
Trade payables	<b>15,772</b>	13,059	<b>13,374</b>	11,697
Social security and other taxation payable	<b>3,638</b>	3,264	<b>3,638</b>	3,264
Accruals and deferred income	<b>51,760</b>	41,252	<b>51,429</b>	40,967
Amounts due to subsidiary companies	-	-	<b>2,433</b>	302
	<b>76,890</b>	63,168	<b>76,594</b>	61,823

Amounts due to subsidiary companies are non-interest bearing and are repayable on demand.

### Deferred income

Accruals and deferred income includes the following items of income which have been deferred until specific performance related conditions have been met.

Donations	<b>186</b>	141	<b>186</b>	141
Research grants received on account	<b>22,929</b>	21,583	<b>22,929</b>	21,583
Grant income	<b>7,796</b>	691	<b>7,796</b>	691
Other income	<b>6,642</b>	9,135	<b>6,642</b>	9,135
	<b>37,553</b>	31,550	<b>37,553</b>	31,550

20 Creditors : Amounts falling due after more than one year	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Service concession liabilities due after one year (Note 15)	<b>7,849</b>	8,277	<b>7,849</b>	8,277
Unsecured loans	<b>93,113</b>	98,405	<b>93,113</b>	98,405
Other creditors	<b>178</b>	251	<b>178</b>	251
	<b>101,140</b>	106,933	<b>101,140</b>	106,933

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

20 Creditors : Amounts falling due after more than one year (continued)	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Analysis of unsecured loans:				
Due between one and two years	5,391	5,292	5,391	5,292
Due between two and five years	16,846	16,504	16,846	16,504
Due in five years or more	70,876	76,609	70,876	76,609
<b>Due after more than one year</b>	<b>93,113</b>	<b>98,405</b>	<b>93,113</b>	<b>98,405</b>
<b>Due within one year or on demand (Note 19)</b>	<b>5,292</b>	<b>5,196</b>	<b>5,292</b>	<b>5,196</b>
<b>Total unsecured loans</b>	<b>98,405</b>	<b>103,601</b>	<b>98,405</b>	<b>103,601</b>
Unsecured loan repayable by 2035	22,284	23,397	22,284	23,397
Unsecured fixed rate (4.46%) loan repayable by 2039	7,118	7,400	7,118	7,400
Unsecured fixed rate (3.17%) loan repayable by 2041	7,503	7,779	7,503	7,779
Unsecured fixed rate (3.26%) loan repayable by 2043	15,750	16,275	15,750	16,275
Unsecured fixed rate (2.47%) loan repayable by 2037	45,750	48,750	45,750	48,750
<b>Total unsecured loans</b>	<b>98,405</b>	<b>103,601</b>	<b>98,405</b>	<b>103,601</b>

Note on loan repayable by 2035: £10.0m of the loan is charged at 0.20% above base rate and the remaining balance is charged at a fixed rate of 3.48% (3.28% cost of funds plus 0.20% margin). This loan is repayable by instalments over the period to 10 December 2035.

### 21 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Other Provisions including Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	43,151	1,741	122,071	166,963	456	456
Utilised	(2,280)	(69)	6,160	3,811	(153)	(153)
Additions and remeasurements	71,563	97	(107,734)	(36,074)	-	-
<b>At 31 July 2022</b>	<b>112,434</b>	<b>1,769</b>	<b>20,497</b>	<b>134,700</b>	<b>303</b>	<b>303</b>
University	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Other Provisions including Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	43,151	1,741	122,071	166,963	703	703
Utilised	(2,280)	(69)	6,160	3,811	(703)	(703)
Additions and remeasurements	71,563	97	(107,734)	(36,074)	-	-
<b>At 31 July 2022</b>	<b>112,434</b>	<b>1,769</b>	<b>20,497</b>	<b>134,700</b>	<b>-</b>	<b>-</b>

**Obligation to fund deficit on USS pension:** The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating the provision, future staff numbers within the USS scheme and salary inflation (average of 4.33% over the recovery period, 2021: 4.11%) have been estimated for the duration of the contractual period. The provision is discounted at 3.33% (2021: 0.89%). More details on the 2020 actuarial valuation are set out in note 25. Sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements above.

**Pension enhancement on retirement:** The University has an obligation to make payments to a small number of pensioners in relation to a legacy pension enhancement agreement. The provision is calculated based on the University's best estimate of the future cash flows required to settle the obligation. The provision is not discounted as the time value of money is not material to the valuation. The assumptions in respect of life expectancy for calculating this provision are the same as those shown in Note 25, however given the shorter duration of the expected cash flows inflation has been estimated at 3.39% (2021: 1.77%).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

22 Financial instruments	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>The carrying values of the Group and University's financial assets and liabilities are summarised by category below:</b>				
<b>Financial assets</b>	Notes			
<b>Measured at fair value through income and expenditure</b>				
Investments in listed ordinary shares	-	-	-	-
Investments in common investment funds	1,695	1,802	1,695	1,802
<b>Debt instruments measured at amortised cost</b>				
Long-term loans receivable	16	468	436	177
<b>Measured at undiscounted amount receivable</b>				
Trade and other receivables	17	25,998	20,553	25,810
<b>Equity instruments measured at cost less impairment</b>				
Non-current asset investments in unlisted equity instruments		289	75	142
		<b>28,450</b>	<b>22,866</b>	<b>27,824</b>
				28,971

### Financial liabilities

<b>Measured at amortised cost</b>				
Loans payable	20	98,405	103,601	98,405
Obligations under service concession agreements	15	8,277	8,674	8,277
<b>Measured at undiscounted amount payable</b>				
Trade and other creditors	19	19,410	16,323	19,445
		<b>126,092</b>	<b>128,598</b>	<b>126,127</b>
				127,538

**The Group's income, expense, gains and losses in respect of financial instruments are summarised below:**

<b>Interest income/(expense)</b>				
Total interest income for financial assets at amortised cost	6	574	125	622
Total interest expense for financial liabilities at amortised cost	9	(3,124)	(3,216)	(3,124)
		<b>(2,550)</b>	<b>(3,091)</b>	<b>(2,502)</b>
				(3,112)

### Fair value gains/(losses)

On financial assets measured at fair value through income and expenditure	16	(369)	156	(569)
		<b>(369)</b>	<b>156</b>	<b>(569)</b>
				156



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

23 Endowment reserves				
Restricted net assets relating to endowments are as follows:				
	Restricted permanent endowments	Restricted expendable endowments	2022	2021
Consolidated	£'000	£'000	£'000	£'000
At 1 August 2021				
Capital	1,241	499	1,740	1,589
Accumulated income	322	170	492	441
	1,563	669	2,232	2,030
New endowments	-	186	186	-
Investment income	39	19	58	55
Expenditure	(4)	(6)	(10)	(4)
(Decrease)/Increase in market value of investments	(73)	(33)	(106)	151
<b>Total endowment comprehensive income for the year</b>	<b>(38)</b>	<b>166</b>	<b>128</b>	<b>202</b>
<b>At 31 July 2022</b>	<b>1,525</b>	<b>835</b>	<b>2,360</b>	<b>2,232</b>
<b>Represented by:</b>				
Capital	1,167	469	1,636	1,740
Accumulated income	358	366	724	492
	1,525	835	2,360	2,232
University	Restricted permanent endowments	Restricted expendable endowments	2022	2021
	£'000	£'000	£'000	£'000
At 1 August 2021				
Capital	1,241	499	1,740	1,589
Accumulated income	322	170	492	441
	1,563	669	2,232	2,030
New endowments	-	186	186	-
Investment income	39	19	58	55
Expenditure	(4)	(6)	(10)	(4)
(Decrease)/Increase in market value of investments	(73)	(33)	(106)	151
<b>Total endowment comprehensive income for the year</b>	<b>(38)</b>	<b>166</b>	<b>128</b>	<b>202</b>
<b>At 31 July 2022</b>	<b>1,525</b>	<b>835</b>	<b>2,360</b>	<b>2,232</b>
<b>Represented by:</b>				
Capital	1,167	469	1,636	1,740
Accumulated income	358	366	724	492
	1,525	835	2,360	2,232
<b>Analysis of consolidated funds by type of purpose:</b>				
Prizes and scholarships	791	255	1,046	1,078
Hardship funds	111	129	240	244
Travel awards and other	110	186	296	115
Lectures	-	264	264	269
Post and departmental support	513	-	513	526
	1,525	834	2,359	2,232
<b>Analysis of consolidated funds by asset:</b>				
Current and non-current asset investments			1,636	1,740
Cash & cash equivalents			724	492
			2,360	2,232

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

24 Restricted reserves						
Reserves with restrictions are as follows:						
Consolidated	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	57,631	-	5,697	114	63,442	59,871
Grant income	-	641	-	38,362	39,003	36,885
Donation income	-	-	2,239	-	2,239	4,320
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	(13)	-	-	-	(13)	-
Expenditure	-	(641)	(1,512)	(38,362)	(40,515)	(37,641)
(Decrease)/increase in market value of investments	-	-	(4)	-	(4)	5
<b>Total restricted comprehensive income for the year</b>	<b>(13)</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>712</b>	<b>3,571</b>
<b>At 31 July 2022</b>	<b>57,618</b>	<b>-</b>	<b>6,422</b>	<b>114</b>	<b>64,154</b>	<b>63,442</b>
					2022	2021
					£'000	£'000
<b>Analysis of consolidated donations with restrictions by type of purpose:</b>						
Post and departmental support					1,145	1,254
Prize funds					15	15
Other					5,279	4,429
					6,439	5,698
University	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	57,631	-	5,697	114	63,442	59,871
Grant income	-	641	-	38,362	39,003	36,885
Donation income	-	-	2,239	-	2,239	4,319
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	(13)	-	-	-	(13)	-
Expenditure	-	(641)	(1,512)	(38,362)	(40,515)	(37,641)
(Decrease)/increase in market value of investments	-	-	(4)	-	(4)	5
Reserves transferred from subsidiary	-	-	-	-	-	1
<b>Total restricted comprehensive income for the year</b>	<b>(13)</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>712</b>	<b>3,571</b>
<b>At 31 July 2022</b>	<b>57,618</b>	<b>-</b>	<b>6,422</b>	<b>114</b>	<b>64,154</b>	<b>63,442</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

## 25 Pension schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities Superannuation Scheme (USS)
- The Local Government Pension Scheme (LGPS) which is administered by Leicestershire County Council
- The Teachers' Pension Scheme (TPS)

The total charge to the consolidated income and expenditure account (excluding finance expense) is noted below.

	2022	2021
	£'000	£'000
Contributions paid to USS (excluding amounts paid under the USS deficit recovery plan)	17,864	17,849
Movement on USS provision	71,178	1,670
	<b>89,042</b>	19,519
LGPS	16,527	13,584
Other pension schemes	342	174
	<b>105,911</b>	33,277

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

The total cost charged to the income and expenditure account is £89,042,000 (2021: £19,519,000).

Deficit recovery contributions due within one year for the institution are £6,681,000 (2021: £5,293,000).

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

#### CPI assumption

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a to 2030, reducing linearly by 0.1% p.a to a longterm difference of 0.1% p/a from 2040

#### Pension increase (CPI)

CPI assumption plus 0.05%

#### Discount rate (forward rates)

Fixed interest gilt yield curve plus:

Pre-retirement: 2.75% p.a

Post retirement: 1.00% p.a

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

Mortality base table	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions. Future staff numbers within the USS scheme and salary inflation (average of 4.33% over the recovery period, 2021: 4.11%). The provision is discounted at 3.33% (2021: 0.89%).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

## 25 Pension schemes (continued)

### (ii) Local Government Pension Scheme (LGPS)

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

For LGPS, the actuary has indicated in the 2019 valuation that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations.

Under the definitions set out in FRS102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2022.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

#### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2022	2021
	%pa	%pa
Pension increase rate (CPI)	2.75	2.85
Salary increase rate (RPI)	3.25	3.35
Discount rate	3.50	1.60

The pension increase assumption is set in line with the Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, an estimate is used to calculate the long-term gap between RPI and CPI to derive a CPI assumption for accounting purposes. The RPI-CPI gap is 0.5% over short durations; and 0.4% over medium and long durations. A 0.1% change in assumption results in a change of £4.1m to the Defined Benefit Obligation, sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males	Females
Current pensioners	21.5 years	24.0 years
Future pensioners	22.4 years	25.7 years

#### Scheme assets and expected rate of return for LGPS

The assets in the scheme, measured at fair value, were:

	31 July 2022	31 July 2021
	£'000	£'000
Equities	119,799	110,263
Bonds	64,031	55,131
Property	18,590	13,307
Cash	4,131	11,406
<b>Total</b>	<b>206,551</b>	190,107

	2022	2021
	£'000	£'000

#### Analysis of the amount shown in the Balance Sheet

Scheme assets	206,551	190,107
Scheme liabilities	(227,048)	(312,178)
<b>Deficit in the scheme</b>	<b>(20,497)</b>	(122,071)

#### Analysis of the amount charged to staff costs within operating surplus

Current service cost	16,233	13,238
Past service costs (including curtailments)	294	346
<b>Total operating charge</b>	<b>16,527</b>	13,584

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

25 Pension schemes (continued)		
	2022	2021
	£'000	£'000
<b>Analysis of the amount charged to interest payable</b>		
Interest cost on defined benefit obligation	5,087	3,866
Interest income on plan assets	(3,061)	(2,166)
<b>Net charge to interest and other finance costs</b>	<b>2,026</b>	<b>1,700</b>
<b>Analysis of other comprehensive income for LGPS</b>		
Return on assets excluding amounts included in net interest	10,681	31,771
Changes in financial assumptions	113,724	(27,258)
Changes in demographic assumptions	1,171	(3,847)
Other experience	(12,691)	3,774
<b>Total other comprehensive income before deduction for tax</b>	<b>112,885</b>	<b>4,440</b>
<b>Analysis of movement in the present value of scheme liabilities</b>		
<b>Present value at the start of the year</b>	<b>312,178</b>	<b>271,766</b>
Current service cost	16,233	13,238
Past service cost including curtailment	294	346
Interest cost	5,087	3,866
Actual member contributions	1,620	1,564
Actuarial (loss)/gain	(102,204)	27,331
Actual benefit payments	(6,160)	(5,933)
<b>Present value at the end of the year</b>	<b>227,048</b>	<b>312,178</b>
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>190,107</b>	<b>153,519</b>
Interest income on plan assets	3,061	2,166
Actuarial gain on assets	10,681	31,771
Actual contributions paid by University	7,242	7,020
Actual member contributions (including notional contributions)	1,620	1,564
Actual benefit payments	(6,160)	(5,933)
<b>Fair value of scheme assets at the end of the year</b>	<b>206,551</b>	<b>190,107</b>
Actual gain on scheme assets in the year	13,742	33,937

LGPS assets do not include any of the University's own financial instruments or any property occupied by the University.

The estimated employer's contribution payable to LGPS in the financial year 2022/23 is £7,420,000.

In determining the valuation of the Leicestershire County Council Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the University:

- Discount rate;
- Inflation rate; and
- Life expectancy

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

The 2022 figures make an allowance for actual observed inflation to July 2022, which has been assumed to be 9.9% compared to the financial assumption rate of 2.75%. This reflects a constructive obligation as at 31 July 2022 to increase pensions in line with actual CPI inflation, although this level of inflation will only be applied from April 2023 following approval of the pensions increase order by parliament in March 2023. The impact of this experience is to increase our liability by £12,047,000, which is recognised as an actuarial loss.

### iii) Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts. As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023. A copy of the latest valuation report can be found in the following link: <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

26 Subsidiary undertakings		
Company name	Shareholding	Principal activity
Imago @ Loughborough Limited	100%	Market, sell and operate accommodation, catering and conference space located at Loughborough University.
Loughborough University Enterprises Limited	100%	Marketing of the expertise and facilities of the University in applicable specialist areas
Loughborough University Nursery Limited	100%	Provision of childcare services
Loughborough University Development Trust (non-trading)	Limited by guarantee	Promotion of the charitable purposes of the University

### 27 Associated undertakings

The Group has the following interests in associated undertakings:

Company name (registered office)	Shareholding	Principal activity
Dinetiq Limited (Holywell Building 1st Floor, Holywell Way, Loughborough, England, LE11 3UZ) (incorporated on 20 January 2022)	49.5%	Commercialisation of biomechanical research and development of a virtual coaching system.
Zayndu Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	28.7%	Exploitation of 'Plasma Drum Reactor: Seed Disinfection' technology
Figura Analytics Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	33.6%	Exploitation of 'Flow Resistive Pulse Sensors to Detect Bacteria in Liquids' technology

The Group's share of the profit or loss for the year and the net assets of the associated undertaking is not material to these Financial Statements in either the current or prior year and has therefore been excluded from the consolidation.

The University holds no investment in the East Midlands Institute of Technology, a company limited by guarantee with the University's liability limited to a maximum of £1.

### 28 Connected charitable institutions

One charitable institution (Loughborough University Development Trust) is administered by or on behalf of the University and has been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, this connected institution is exempt from registration with the Charity Commission. This charity is included as a subsidiary undertaking in these consolidated financial statements and the movements in the year on the total funds of the connected institution, as reported in its own accounts, were as follows:

	Loughborough University Development Trust £'000
<b>At 1 August 2021</b>	-
Income	-
Transfers to Loughborough University	-
<b>At 31 July 2022</b>	-

On 31 July 2018 the assets and operations of Loughborough University Development Trust were transferred to Loughborough University and the Trust ceased to operate on the same date. Transactions shown above represent income received in relation to agreements entered into by the Trust prior to ceasing to trade and the subsequent transfer of these assets to Loughborough University

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 29 Related party transactions

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. All balances outstanding at the year-end are held on normal credit terms and do not carry any interest.

	2022 Income £'000	2022 Expenditure £'000	Balance due to the University at 31 July 2022 £'000	Balance due from the University at 31 July 2022 £'000
<b>Members of Council</b>				
Leicestershire County Council	72	(3)	2	(2)
EPSRC	13,187	(8,482)	1,188	(7,962)
<b>Senior members of the University</b>				
Loughborough Students Union	232	(1,806)	8	(1)
LTA Operations Ltd	1,227	(1,371)	220	(1,248)
BUFDG ( British Universities Finance Directors Group)	51	-	3	-
Commonwealth England (John Steele)	138	-	24	-
Loughborough College	225	(129)	-	2
Manufacturing Technology Centre	145	-	-	-
Loughborough Schools Foundation	13	(290)	1	9
British Triathlon	185	-	5	-
<b>Associated undertakings</b>				
Figura Analytics Limited			92	
Dineticq Limited			100	

The total expenses paid to or on behalf of 10 council members were £4,764 (2020: £3,121 to 7 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and any other events in their official capacity. The University Officers and Members of Council have also had access to the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

The University has taken advantage of the exemption allowed by FRS102 not to disclose transactions between wholly owned group companies. No information has been listed above for organisations where income or expenditure is less than £50,000 in the current year.

	2021 Income £'000	2021 Expenditure £'000	Balance due to the University at 31 July 2021 £'000	Balance due from the University at 31 July 2021 £'000
<b>Members of Council</b>				
Leicestershire County Council	81	(11)	35	(2)
Royal Holloway UOL	58	(18)	-	-
<b>Senior members of the University</b>				
Loughborough Students Union	493	(2,581)	7	(40)
Rolls Royce	4,532	(1,352)	126	(864)
EPSRC	11,365	(9,035)	946	(8,234)
Loughborough College	198	(96)	-	-
Manufacturing Technology Centre	193	-	-	-
Loughborough Schools Foundation	1	(172)	-	-
Office for Students Advisory Committee	5	(144)	-	-
<b>Associated undertakings</b>				
Zayndu Limited	-	-	100	-
Previsico Limited	-	-	95	-
Micropore Technologies	-	-	30	-
Figura Analytics Limited	-	-	65	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 30 Consolidated reconciliation of net debt

	at 1 August 2021 £'000	Cash flows £'000	Non-cash changes £'000	at 31 July 2022 £'000
Cash in hand	104,134	(45,479)	-	58,655
Current investments	-	79,950	-	79,950
Debt due within one year	(5,593)	(96)	(31)	(5,720)
Debt due after one year	(106,682)	5,292	428	(100,962)
	(8,141)	39,667	397	31,923
Fixed investments	2,312	-	20	2,332
<b>Total</b>	<b>(5,829)</b>	<b>39,667</b>	<b>417</b>	<b>34,255</b>

### 31 Financial commitments

	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Commitments contracted	17,417	12,715	17,385	12,695

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022			2021	
Consolidated	Land and buildings £'000	Plant and machinery £'000	Other leases £'000	Total £'000	Total £'000
<b>Payable during the year</b>	1,053	100	-	1,153	1,053
<b>Future minimum lease payments due:</b>					
Not later than one year	1,053	449	1,674	3,176	3,315
Later than one year and not later than five years	4,720	488	71	5,279	4,599
Later than five years	1,386	-	-	1,386	2,718
<b>Total lease payments due</b>	<b>7,159</b>	<b>937</b>	<b>1,745</b>	<b>9,841</b>	<b>10,632</b>

	2022			2021	
University	Land and buildings £'000	Plant and machinery £'000	Other leases £'000	Total £'000	Total £'000
<b>Payable during the year</b>	1,053	511	1,466	3,030	3,502
<b>Future minimum lease payments due:</b>					
Not later than one year	1,053	387	1,674	3,114	3,304
Later than one year and not later than five years	4,720	387	71	5,178	4,594
Later than five years	1,386	-	-	1,386	2,718
<b>Total lease payments due</b>	<b>7,159</b>	<b>774</b>	<b>1,745</b>	<b>9,678</b>	<b>10,616</b>

Significant leases include the lease of the London campus (included in land and buildings), sports equipment (plant and machinery) and software licences (other).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

32 Leases receivable	Consolidated		University	
At the Balance Sheet date, the following future minimum lease payments were receivable from tenants under operating leases for land and buildings:				
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Future minimum lease payments receivable:</b>				
Not later than one year	2,226	2,436	3,156	3,181
Later than one year and not later than five years	4,536	6,497	8,256	9,477
Later than five years	1,490	2,595	23,070	19,364
<b>Total lease payments receivable</b>	<b>8,252</b>	<b>11,528</b>	<b>34,482</b>	<b>32,022</b>

Significant leases include the lease of hotel and conferencing facilities to a subsidiary company and leases to tenants of the University's Science and Enterprise Park.

### 33 Events after the reporting period

There are no events after the reporting period requiring disclosure.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 34 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the 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);

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.

#### Primary Reserve Ratio

Page	Expendable Net Assets	2022		2021	
		£'000	£'000	£'000	£'000
49	Statement of Financial Position - Income and expenditure reserve - unrestricted	-	297,097	-	225,168
49	Statement of Financial Position - Income and expenditure reserve - endowment reserve, restricted reserve	-	66,514	-	65,674
69	Note of the Financial Statements - Related party transactions - Balance due to the University	1,556	-	1,404	-
69	Note of the Financial Statements - Related party transactions - Balance due to the University	-	1,556	-	1,404
74	Appendix A Note for Property Plant and Equipment	468,827	-	475,437	-
74	Appendix A Note for Property Plant and Equipment	-	405,657	-	431,132
	Not applicable	-	-	-	-
74	Appendix A Note for Property Plant and Equipment	-	54,472	-	40,972
74	Appendix A Note for Property Plant and Equipment	-	8,698	-	3,333
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-
49	Statement of Financial Position - Pension provisions	-	-	-	-
61	Note of the Financial Statements - Creditors : Amounts falling due after more than one year - Total unsecured loans	98,405	-	103,601	-
61	Note of the Financial Statements - Creditors : Amounts falling due after more than one year - Total unsecured loans	-	98,405	-	103,601
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-
	Not applicable	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 34 Financial Responsibility Supplemental Schedule Audit Requirement (continued)

#### Primary Reserve Ratio (continued)

Page	Expendable Net Assets (continued)		2022		2021	
			£'000	£'000	£'000	£'000
	Not applicable	Pre-implementation right-of-use leases	-	-	-	-
	Not applicable	Post-implementation right-of-use leases	-	-	-	-
	Not applicable	Annuities with donor restrictions	-	-	-	-
	Not applicable	Term endowments with donor restrictions	-	-	-	-
	Not applicable	Life income funds with donor restrictions	-	-	-	-
49	Statement of Financial Position - Income and expenditure reserve - endowment reserve, restricted reserve	Net assets with donor restrictions: restricted in perpetuity	-	66,514	-	65,674
<b>Total Expenses and Losses</b>						
48	Statement of Comprehensive Income and Expenditure - Total expenditure	Total expenses without donor restrictions - taken directly from Statement of Activities	-	388,391	-	302,476
48	Statement of Comprehensive Income and Expenditure - Investment Income, Loss on investments, Actuarial gain in respect of pension schemes	Non-Operating and Net Investment (loss)	-	(125,039)	-	(4,018)
48	Statement of Comprehensive Income and Expenditure - Investment income, Loss on Investments	Net investment losses	-	(107)	-	422
	Not applicable	Pension-related changes other than net periodic costs	-	-	-	-
<b>Equity Ratio</b>						
<b>Modified Net Assets</b>						
49	Statement of Financial Position - Income and expenditure reserve - unrestricted	Net assets without donor restrictions	-	297,097	-	225,168
49	Statement of Financial Position - Income and expenditure reserve - endowment reserve, restricted reserve	Net assets with donor restrictions	-	66,514	-	65,674
		Intangible assets	-	-	-	-
69	Note of the Financial Statements - Related party transactions - Balance due to the University	Secured and Unsecured related party receivable	1,556	-	1,404	-
69	Note of the Financial Statements - Related party transactions - Balance due to the University	Unsecured related party receivable	-	1,556	-	1,404
<b>Modified Assets</b>						
49	Statement of Financial Position - Total Non-current assets, Total current assets	Total Assets	-	664,597	-	628,362
	Not applicable	Lease right-of-use asset pre-implementation	-	-	-	-
	Not applicable	Pre-implementation right-of-use leases	-	-	-	-
	Not applicable	Intangible assets	-	-	-	-
69	Note of the Financial Statements - Related party transactions - Balance due to the University	Secured and Unsecured related party receivable	1,556	-	1,404	-
69	Note of the Financial Statements - Related party transactions - Balance due to the University	Unsecured related party receivable	-	1,556	-	1,404
<b>Net Income Ratio</b>						
<b>Net Income Ratio</b>						
48	Statement of Comprehensive Income and Expenditure - Unrestricted comprehensive income for the year	Change in Net Assets Without Donor Restrictions	-	71,929	-	10,184
48	Statement of Comprehensive Income and Expenditure - Total Income (less Investment income plus Gain on disposal of fixed assets)	Total Revenue and Gains	-	336,261	-	312,004

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

### 34 Financial Responsibility Supplemental Schedule Audit Requirement (continued)

#### Appendix A Note for Property Plant and Equipment

	2022		2021	
	£'000	£'000	£'000	£'000
<b>Pre-implementation Property, Plant and Equipment</b>	<b>405,657</b>		<b>431,132</b>	
Construction in progress	8,698		3,333	
<b>Post Implementation Property, Plant and Equipment:</b>				
Freehold Land and Buildings	30,228		23,418	
Leasehold Improvements	-		-	
Service concession Land and Buildings	-		-	
Fixtures, Fittings, Plant and Machinery	24,244		17,555	
<b>Total Property, Plant and Equipment</b>	<b>468,827</b>		<b>475,437</b>	
<b>As per the Statement of Financial Position:</b>				
Fixed Assets	467,662		474,272	
Heritage Assets	1,165		1,165	
	<b>468,827</b>		<b>475,437</b>	

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