

Statements



UNIVERSITY OF
LEICESTER

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Financial Statements

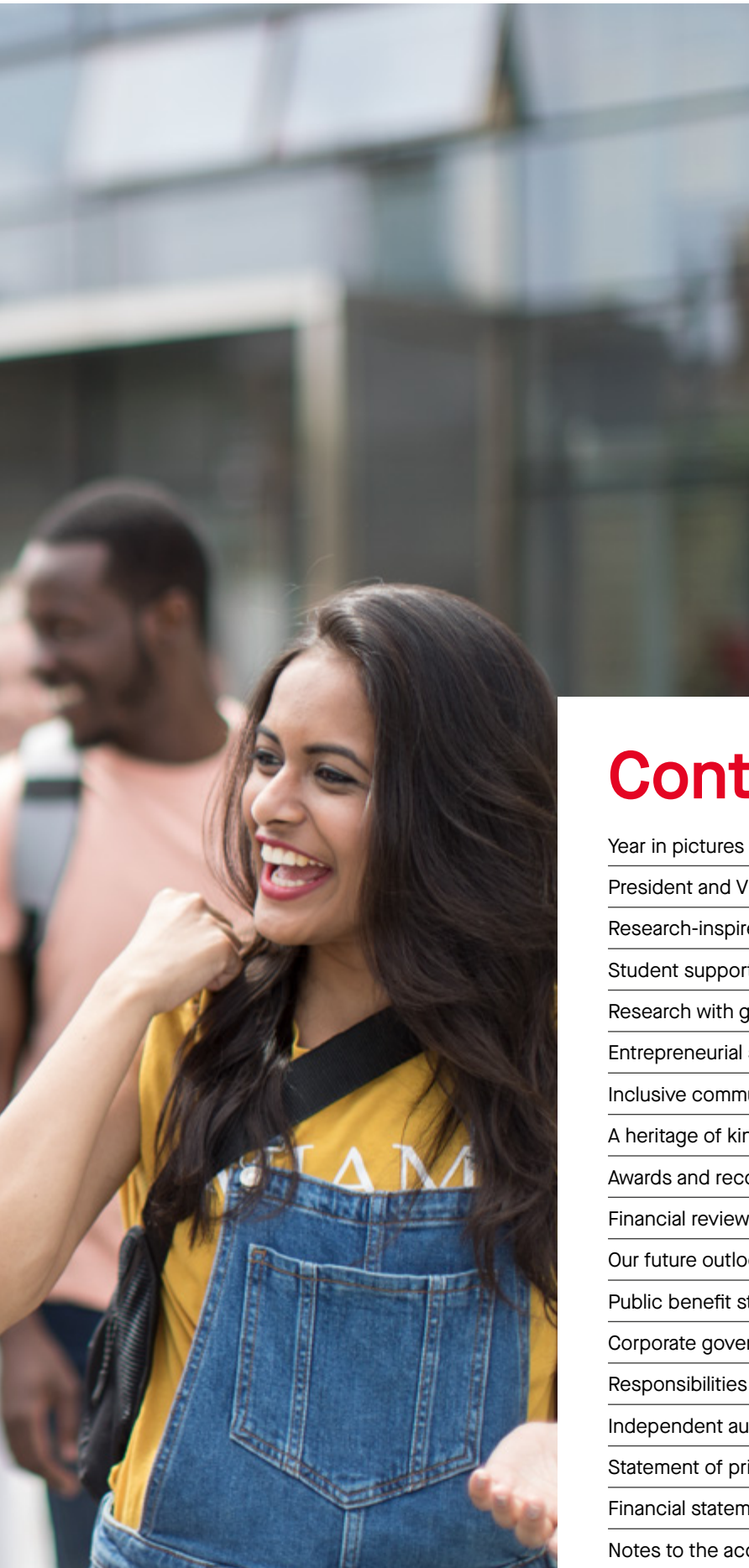
2020-2021



Financial

We are Citizens of Change

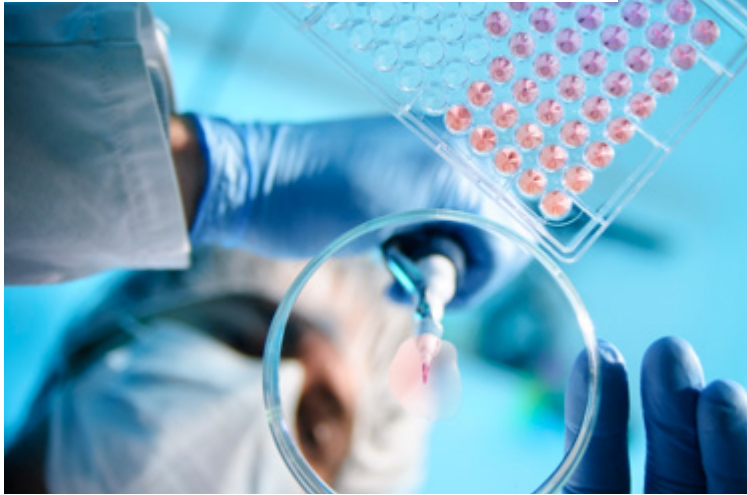




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Year in pictures



£5.3 MILLION FOR COVID-19 RESEARCH



WORLD'S FIRST LARGE-SCALE STUDY OF 'LONG-COVID' PUBLISHED



FIRST-EVER EXPOSED 'CORE' OF A PLANET OBSERVED



PREVIOUSLY UNSEEN PHOTOGRAPHS OF IRENE AND HELGA BEJACH, ADOPTED BY THE ATTENBOROUGHS, PICTURED ON CAMPUS IN THE 1940S

Year in numbers

£68.4 million

research awards



Top 3

performing UK University for COVID-19 research

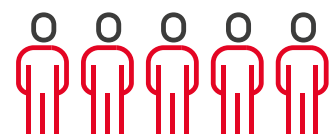


1st in the world

to discover the severe impact of COVID-19 on ethnic minority communities



1,000+



patients recruited for study into long-term effects of COVID-19



NATIONAL RECOGNITION FOR COVID-19 RESPONSE



FIRST START-UP JOINS SPACE PARK LEICESTER'S ESA BUSINESS INCUBATION CENTRE



FIRST DOMESTICATED CAT FOUND IN KAZAKHSTAN



LAUNCH OF THE NAIROBI ALLIANCE

€2 million

European Research Council grant to study historic domestic slavery and sexual exploitation



Top 5

in the world for UN Sustainable Development Goal number 15: Life on Land



30 minutes

to diagnose tuberculosis using pioneering face mask with 3D-printed insert



2,590

free food and care parcels for isolating students



↑ le.ac.uk

and Chair's Foreword



PROFESSOR NISHAN CANAGARAJAH, PRESIDENT AND VICE-CHANCELLOR

I am honoured to be part of a community that inspires and empowers people to become Citizens of Change.

PROFESSOR NISHAN CANAGARAJAH,
PRESIDENT AND VICE-CHANCELLOR

President and Vice-Chancellor and Chair's Foreword



GARY DIXON, CHAIR OF COUNCIL

President and



President and Vice-Chancellor foreword

I am delighted to introduce the University of Leicester's financial statements for the academic and financial year 2020-21. This has been my first full year as President and Vice-Chancellor and I remain humbled to lead such a distinguished institution. Over the past 12 months, our communities endured and met the significant challenges caused by the global pandemic and demonstrated that this University's founding motto – *ut vitam habeant* (so that they may have life) – continues to be an abiding truth.

The people of Leicester, Leicestershire and Rutland brought this University into existence 100 years ago to offer hope to future generations through the power of education. I cannot help but notice the similarities to our current situation. At that time, the world was seeking to repair and recover from the global devastation of the First World War, a conflict which impacted all aspects of society. A century later, higher education remains a path to a brighter future and universities play a crucial role in creating a better, healthier and fairer society, offering hope to future generations.

In every possible way, this University has risen to the challenge of our time, be it in research advances to fight the COVID-19 virus, in supporting the NHS and others, in wellbeing provision for staff and students, and in the delivery of educational resources. We recruited more than three times the number of patients into COVID-19 trials than anywhere else in the UK, secured a number of national firsts for our work on addressing the impact of COVID-19 on ethnically diverse communities, and ranked in the top three universities in the UK for our COVID-19 research.

Looking beyond the health pandemic, we have been working with employers, partners and government leaders to help support the post-Covid economic recovery by encouraging skills growth, creating jobs and helping to develop expertise and knowledge. Space Park Leicester, which opened its doors to its first resident businesses this year, will be a driving force for

economic prosperity in Leicester and beyond. Through its deep partnerships with research and industry, Space Park Leicester can be a catalyst for a space enabled transformation of the region that would propel Leicester's economic recovery and support 'levelling up' in the East Midlands.

I was delighted when Oadby and Wigston Borough Council conferred upon us the Freedom of the Borough – the highest honour the Council can confer – in recognition of the University's "distinguished and eminent services in and associations with the Borough" marking the centenary year of the University. Fittingly, the University has also been recognised in our centenary year for our present day support of armed forces members and their families. It was an honour and privilege for the University to receive the Gold Award in the MOD's Employer Recognition Scheme. This award and our commitment to the Armed Services Covenant is a timely tribute to our founding story.

In a city which was in lockdown longer than any other in the UK, there have undoubtedly been challenging times during the course of the last year.

Our deepest gratitude goes to our staff and student communities. I have been awed by the creativity, ingenuity and responsiveness of our staff during these challenging times. We set in place a phased return to campus for students supported by being one of only a handful of universities in the UK to develop our own screening



President and Vice-Chancellor foreword continued



programme and implemented regular testing to keep our communities safe. We adapted our teaching and student support models for each phase of government restrictions and provided a comprehensive package of wellbeing support for students both on and off campus. We also found ways to continue to welcome new students through groundbreaking digital open days and carefully managed, socially-distanced campus tours and activities.

Leicester has a track record of world-leading research that challenges convention and this has been true this year with seminal research calling for a more diverse and inclusive discussion of heritage, greater inclusion in the curriculum and measures to tackle ethnic health inequalities. This year we have secured more than £68 million in research awards. Awards included £2.5 million to the Diabetes Research Centre; a £1.9 million Strength in Places award to our the School of Engineering, as part of a combined bid led by Rolls Royce, and a £1.8 million AHRC award to our School of Archaeology and Ancient History. Our College of Life Sciences also received three prestigious doctoral training awards, from the Medical Research Council, British Heart Foundation and the Wellcome Trust, to complement our own successful BAME Scholarship Scheme in the College of Social Sciences, Arts and Humanities.

We remain truly committed to international research and scholarship on the global stage. I was delighted to celebrate the graduation of our first ever cohort of students from the Leicester International Institute, Dalian University of Technology, in China. Last year, we also celebrated the forging of new research partnerships with renowned institutes, including with one of the world's

largest universities, Allama Iqbal Open University (AIU), in Pakistan. We continue to drive forward advances in research as part of the Nairobi Alliance, a long-term partnership between the Universities of Leicester, Nairobi, Malawi, Rwanda and Witwatersrand to address key global challenges.

We must continue to focus on what kind of university we want to be in the future. We have embarked upon a journey to create and launch a new University Strategy that sets out our ambitions to be a world-leading research intensive university that delivers research-inspired teaching and makes a positive difference in the world, as Citizens of Change. Fairness and social justice sit at the heart of our vision and we aim to become a University that is a beacon for equality, diversity and inclusion practice.

The centenary celebrations provide a once-in-a-lifetime opportunity for our community to reflect and honour our past, celebrate the present, and look ahead to the future. It is a great privilege for me that I am the custodian of this University at this epoch. It is not a responsibility I shoulder lightly and I look forward to the launch of our new strategy and delivery plan which sets out our ambition and provides a blueprint for success for the next 10 years.

A handwritten signature in black ink, appearing to read 'N. Canagarajah', is written over a light blue background.

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

Chair foreword

The University of Leicester is a great institution that has faced significant, unprecedented challenges over the past year as a result of the global pandemic. Amongst the biggest challenges of the pandemic was the financial impact upon the institution, and I am grateful for the way the colleges, schools, departments and professional services responded to mitigate the impact of these challenges, continue to provide an excellent student experience and world-leading research.

Leicester is the only university in the world that was founded by its community as a living legacy to those who made sacrifices in the First World War. This special heritage and mission to be of benefit to society has been a distinctive part of our ethos and identity ever since. I am pleased that preparations for our centenary celebrations have brought into focus our civic contribution. Reflecting upon the past and considering the present, it has provided a renewed impetus for us to make a demonstrable impact upon our communities in the century to come. Plans have been put in place to mark this historic occasion, not simply as a celebration for the University community, but as an opportunity to mark our impact upon the world and to engage further with our locality, the region and beyond.

Despite the difficulties and challenges of the year, many of our capital projects progressed with work on Brookfield and Percy Gee being completed along with phase one of Space Park Leicester. Investment in our campus to ensure there are state-of-the-art facilities for our staff and students is essential for our future success.

The University also took some tough decisions to focus on key research strengths to build truly world-class capabilities through a Shaping for Excellence programme. By disinvesting in some areas and building strength in others, Leicester is ensuring it is in the best possible position as it enters its second century.

I have a close affinity with Leicester – I was here as a student, I am an alum and proud to be Chair of the University Council. I cannot think of a time when the University has been tested more as a result of such significant external challenges and I am proud to be part of a team of dedicated people striving to take the institution forward.

Staff and students, with members of the alumni community and supporters, have gone above and beyond in supporting others and shining a light of hope. It has been a humbling experience and I could not be prouder of this University and its inspirational community.



GARY DIXON,
CHAIR OF COUNCIL





Research-inspired education

Research. Hands-on teaching. Real-world experience. To ensure they become true Citizens of Change, these are the experiences we strive to provide our students alongside high quality learning in the lecture theatre or virtual classroom.

The best of both worlds

In a year like no other, we are proud to have been able to maintain a sense of normality through the quality of teaching we have delivered to our students around the world. Through ignite, which blends online learning with face-to-face teaching, our students have continued to pursue their passions from the safety of their homes via both live and pre-recorded teaching sessions.

And, to ensure students can have the best learning experience going forward, we have resumed in-person teaching on campus for 2021/22, whilst retaining the best bits of our blended approach. This will allow us to seamlessly adapt to any future Government changes to regulations, with minimal disruption to students.

Safeguarding education

Many students have been significantly impacted by the difficulties placed on them as a result of the COVID-19 pandemic. The introduction of our 2021 Education Safeguard has provided recognition of, and mitigation for, this impact. Although our teaching and assessments were designed to be successfully delivered online and studied remotely, the Education Safeguard ensured assessment remained fair and equitable. Measures introduced for all students regardless of their mode of study or stage include:

- The uncapping of re-assessment opportunities.
- Increased opportunities for self-certification of mitigating circumstances.
- The opportunity to suspend study.

A university created by the people, for the people

The University's current student population is the most diverse in its history. This year, we have made great progress on our Access and Participation plan, which draws together in one place all the initiatives and effort going on across the University to support students from under-represented groups. These groups include those from traditionally low participation neighbourhoods, those with Black or minority ethnicities, mature students (over 21 at point of entry), care leavers, students from gypsy, Roma or military families, disabled students, or those from socio-economically deprived postcode areas. As part of our commitment, we have delivered a broad range of activities, including outreach activities for students of all ages, financial support, development of an inclusive curricula and employability support.

Launch of HeadStart

Our new online platform – HeadStart – has provided resources, guidance and support to new students before they officially started their university journey with us.

Beginning as a combination of events, HeadStart has evolved, based on insight into student experiences during the pandemic, becoming an initiative to increase conversion and sense of belonging within the incoming student cohort.

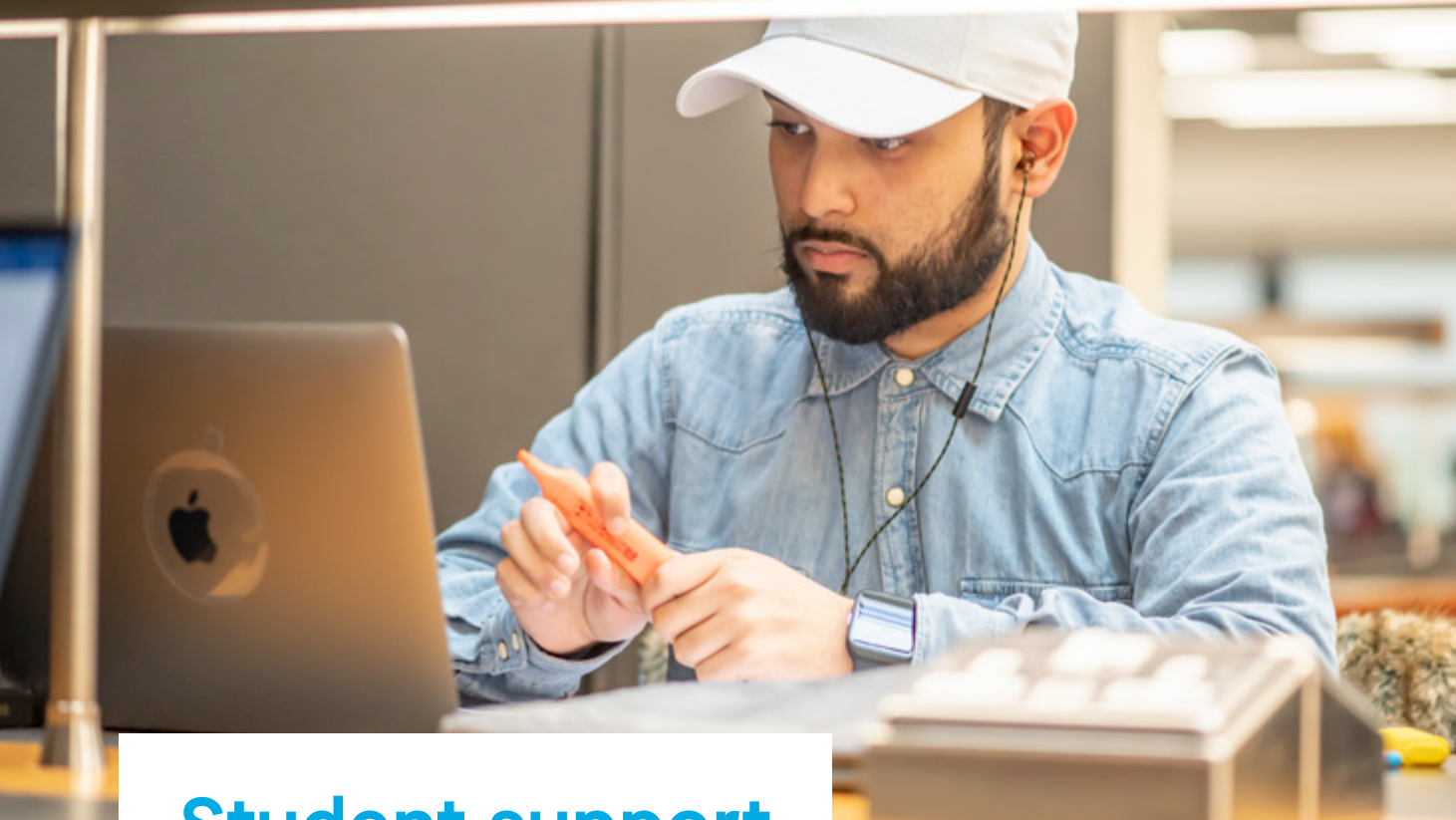


Launching with a series of study skills sessions during February half term, HeadStart also delivered a programme for Offer Holders during May and June. These sessions combined study skills refreshers with friendly introduction sessions around spaces on campus, sports, a day in the life of... and other topics. In August, prior to A-Level results day, we held a number of smaller events and trialed an on-campus event in conjunction with Pathways. The final phase for September 2021 included further sessions on student life and study skills, finishing in time for the Welcome events.

In research commissioned by the University, 58% of students said that they valued the support available to them for transitioning from school to University life. Part of this support came from HeadStart.

Celebrating our citizens

We create citizens of the real world who are prepared to challenge the narrative, question established thinking, and change the things that matter. Like PhD Geology, Geography and the Environment student, Daryl Blanks, who published her first lead-author paper in the journal Nature Communications. Daryl and collaborators from around the world propose that CO₂ bubbles in the deep lithosphere can physically transport metals such as nickel, copper, gold, tellurium and platinum-group metals from the mantle and up into the crust. Or Informatics student, Rohan Bhui, who won gold at the British Ethnic Diversity Awards Young Sports Personality of the Year and MBA graduate, Mital Thanki, who won the Association of MBA's (AMBA) Student of the Year 2021 Award, beating hundreds of nominees from around the world. Not to mention the 10 first-year Physics and Astronomy undergraduates who have been awarded Virgin Galactic Unit Scholarships.



Student support

The welfare and wellbeing of our students has remained our number one priority for 2020/21. To ensure our students were still able to access appropriate support and services, we successfully increased our digital presence, offering regular digital activities and opportunities for students to socialise safely, and continued to provide welfare services through a virtual platform.

When lockdown restrictions ended, we launched our new Life at Leicester 2021 web pages, a hub of information for students (as well as staff) about studying on campus, accommodation, life on campus and resources around health, safety and wellbeing. We wanted to make it as easy as possible for students to transition back to face-to-face life, or to take their first steps as a student on campus, without worrying about the impact of COVID-19. Our Summertime21 programme of events was a popular reintroduction to socialising in-person on campus.

Focus on finance

COVID-19 hasn't just impacted students in terms of their educational experience or mental wellbeing, but for some it's had a financial impact too, due to part-time job losses or reduced working hours. We recognised this and alongside additional government monies, provided students facing financial difficulty with over £1 million of support, more than £100,000 of which was donated by our alumni and supporters. In addition, a 50% accommodation fee rebate was given to students living in University-managed accommodation who were unable to access their rooms because of lockdown and students received refunds for gym and Team Leicester memberships, as well as free gym access for Term 3.

Prioritising wellbeing

As well as financial reassurance, the dedicated COVID-19 Response Team continued providing support and expertise over the phone, email and in person to our students. This comprehensive support was provided to students not just in University halls of residence, but in private accommodation, both locally and to students further afield.

Isolation was a daunting prospect for students and equally concerning for their families. Whether that

was because they had arrived from overseas, they were shielding or they'd tested positive for COVID-19. To make isolation less stressful, the University delivered 2,590 parcels, containing food and essentials to students. And to encourage connection and friendship-making, 400 free games packs were delivered, with free safety packs and sports packs given out at the start of term, too.

Two members of staff delivering this support to our students have received national recognition during 2020-21. Sarah Cavendish, Head of Student Support Services, has been accepted as a Fellow of the Mental Health Collective and was invited to be on the advisory board of b1oke, a charity for men's mental health and Sharron Sturgess, AccessAbility Centre, has been asked to join the editorial board of the National Association of Disability Practitioners Journal.

Making the 'dream job' a reality

Our award-winning careers support has continued to ensure our students can practice what we teach. The Career Development Service successfully moved online at the start of the pandemic, providing, on average, 200+ appointments each week to match student demand. Engagement was also high with the Service's online material, including 331 careers workshops and events, which were attended virtually by 3,035 students.

Social life: online and on campus

Our extensive campus redevelopment has continued this year, and we were excited for the completion of the newly refurbished Percy Gee Building, home not just to the Students' Union, but to the new Campus Kitchen – a high quality catering and socialising space for students and staff – student services and much more.

More than 6,000 engagements were recorded for our 2020/21 Welcome events programme, with over 2,000 students taking part. The varied events calendar included Living in the UK workshops, student meet and greet sessions, Leicester city walking tours and even scavenger hunts.

Throughout lockdown and beyond, Sport and Active Life continued to provide a wide range of activities to support students' health and wellbeing. In the first quarter, many sessions remained online through Let's Do Leicester, such as Yoga, Zumba and HIIT sessions. Alongside these, a Couch to 5K initiative

was created to encourage students to start running throughout lockdowns.

Team Leicester Sports Clubs continued to actively engage students through virtual or remote sessions, before welcoming the return of face-to-face activities when restrictions allowed. Students also received a free sports membership for the remainder of the academic year following the ease of restrictions, allowing them to book onto and access our gym, swim, fitness classes and courts sessions.

Numerous other wellbeing and awareness activities took place in line with Feel Good February, Mental Health Awareness Week and International Women's Day to provide students with not only an abundance of activity but important information, too.

In December, the University held a month of Advent activities, with events running daily. Engagement with online Residence Life activities such as Bake and Decorate and Let's Get Cooking were consistently high, with students taking the opportunity to get creative and festive, all while staying safe.

Across the summer, we held our Summertime21 programme of events, with 123 events and activities attended by 3,013 students. Popular activities included Big Pub events, Food and Film Nights and Afternoon Teas on the Square.

Celebrating students' achievements virtually

We are always immensely proud of the achievements of our students, but this year we are especially grateful to be able to celebrate with them through a series of virtual graduation celebrations.

With the uncertainty of large scale events, each college chose to hold a separate online event for their graduating students. Heads of College, Schools and Departments joined the large-scale Zoom meeting to congratulate the graduands and announce the winners of this year's School prizes. There were also messages from the President and Vice-Chancellor and the Students' Union Executive Officers.

We will provide all graduating students from the cohorts of July 2020, January 2021 and July 2021, whose graduation ceremonies were cancelled due to COVID-19, with the opportunity to attend an in-person graduation ceremony at De Montfort Hall in January or July 2022.



Research with global impact

To be a researcher is to make a difference. To be a researcher is to change the world. Every day, world-changing research happens right here at the University of Leicester.

With our vibrant, robust, and inclusive environment, and our research-intensive roots, there is nowhere better placed to research the unknown and the unanswered.

As Citizens of Change, our researchers are dedicated to researching some of today's most critical issues, from viruses and disease to air quality, preserving our natural world, and ensuring social justice for all.

Just as we are diverse in our makeup, we are equally diverse in our research. Our five areas of research strength: Space Power and AI, Human Health,

Sustaining the World, Cultural and Natural Heritage, and Social Justice and Inclusion, allow our researchers to significantly improve lives and societies through the power and impact of their research, and are the reason why we are a top 30 UK research-intensive university.

Our researchers are nationally and internationally recognised for their expertise. We're delighted to celebrate their many achievements during 2020-21, including: Professor Emma Bunce, School of Physics, who has been elected President of the Royal Astronomical Society; Professor Edmund Burke, Deputy Vice-Chancellor, who has been made a Fellow of the Royal Academy of Engineering; Professor Neil Chakraborti, School of Criminology, who has been appointed onto the Crown Prosecution Service's National External Consultation Group on Hate Crime and Professor Anna Hansell, Centre for Environmental Health and Sustainability, who has been appointed Chair of the Committee on the Medical Effects of Air Pollution.

Our research portfolio is worth £300 million

We are a UK top 30 research-intensive university, winning £68.4 million in research funding in 2020-21.

A leading light in health research

With £40 million of funding secured annually for health research, we are world-leading in the study of cardiovascular diseases, respiratory diseases, diabetes, and cancer.

We see what others don't

We were the first institution to raise concerns about the disproportionate number of COVID-19 deaths in ethnic minorities. This led to £2.1 million UKRI funding to investigate the risks of COVID-19 on ethnic minority healthcare workers.

A top 3 UK COVID-19 researcher

We are proud to be in the top 3 UK universities for COVID-19 research, and secured more than £5.3 million of funding in 2020/21. With the UK's largest respiratory health department and world-leading research on ethnic health, we are leading one of the world's largest studies into the long-term health impacts of COVID-19.

Our lasting impression on space

Over the past 60 years, we have built 90 instruments that have been launched into space, six of which were on live space missions and the first of which was launched in 1961. There has been at least one piece of Leicester-built equipment operating in space every year since 1967.

We're making life 3D

We lead the Midlands Cryo-Electron Microscopy Facility. The facility generates 3D structures of biomolecules, revealing how our cells perform the key functions of life.

Our research gets people talking

Our citations per publication are ranked 9th in the UK and 59th in the world in the 2021 THE World University Rankings.



We are international

Our top 10 corporate co-authors include Airbus, AstraZeneca, GlaxoSmithKline, Nordisk, and Pfizer.

A brand-new space park

Space Park Leicester is a £100 million world-leading cluster for innovative research in space and earth observation. It is set to produce up to 2,500 jobs and contribute £750 million to the UK economy (KPMG).

Breaking down subject boundaries

We aren't afraid to forge new subject areas. We're researching the Anthropocene, a new geological period dominated by human impact on our planet. This new area of research combines physical and social sciences – turning 'disciplines' on their head.





Entrepreneurial spirit

Changing the world can take many forms. As well as our world-leading research, we support business and innovation to provide solutions to the world's challenges.

We make sure that our University and our students are prepared for change by embedding entrepreneurship in our approach to teaching and learning.

Supporting innovation

The Innovation Hub supports the next generation of enterprising graduates. A £5.1 million programme of investment from the University and the European Regional Development Fund enables us to offer a dedicated incubation and innovation space that provides a 'front door' for launching great ideas.

Leadership for COVID-hit businesses

The School of Business has been accredited to run the Small Business Leadership Programme, a ten-week Government-funded scheme to help support local small to medium-sized businesses recover from the impact of coronavirus.

Business that's out of this world

The first co-location partners to join the University's flagship Space Park Leicester were announced in 2020-21. Partners who have joined the research, enterprise and education cluster include EarthSense, AST SpaceMobile, the Satellite Applications Catapult and the first start-up to join the prestigious ESA Business Incubation Centre. EarthSense was developed following 15 years of research at the University of Leicester, eventually spinning out in 2016. The company was formed to develop and launch new commercial services to provide better air quality monitoring services on the back of cutting-edge research. The start-up, LENKÉ Space and Water Solutions Ltd, is led by a Leicester graduate and current PhD researcher, and will continue their study of resources in the Great Rift Valley in Africa. Space Park Leicester is home to the headquarters of the Natural Environment Council (NERC)-funded National Centre for Earth Observation (NCEO).

Inclusive community

Leicester is one of the most ethnically and culturally diverse cities in the UK, and we are proud of the fact that this is reflected throughout our University.

Every year, we welcome students from over 100 countries, and we celebrate the richness that diversity brings.

Pioneering research

The University has led the way in examining the disproportionate effect of COVID-19 on minority ethnic groups, as well as studies on vaccine hesitancy among healthcare workers. We received over £2 million of Government funding for this work – the first meta-analysis of the effect of ethnicity on clinical outcomes in patients with COVID-19, pooling data from more than 18 million people across the world.

Widening access

We are proud to be a University of Sanctuary. Our dedicated programme provides English language classes to more than 100 refugees and asylum seekers, and our scholarship programme offers opportunities for those who have been forcibly displaced from their homes and forced to seek sanctuary elsewhere, to study at the University via distance learning.

Additionally, our research has raised awareness of how a lack of a sufficiently diverse curriculum and faculty could make it difficult for black students to be able to connect content and assessments directly to their own lived realities. Our findings suggest that widening taught curricula could enable course content to become more directly relevant and relatable to the experiences of all people in a 21st century global Britain.

Economic benefit

The University is worth £600 million a year to the UK economy and supports 10,000 jobs nationally. Our local impact is just as impressive. Every year, almost 20,000 of our students spend around £100 million with



local businesses, including the city's shops, bars and restaurants. Even after university, many continue to contribute to the lifeblood of the region, with 23% of our graduates choosing to make Leicester their home.

Caring for our world

Our Climate Change Strategy, underpinned by the UN's Sustainable Development Goals (SDGs), demonstrates that, both operationally and academically, we will lead on the solution and avoid contributing to the problem through environmental management, education for sustainable development, and wider research and engagement with the SDGs.

Projects include work with the Leicester and Leicestershire Enterprise Partnership (LLEP) on improving the carbon literacy and environmental sustainability of local businesses, while researchers are also collaborating with Leicester City Council to better understand the needs of the city's waterways.

Our Materials Centre provides a world-leading research and enterprise environment to develop innovative and environmentally-friendly processes that have wide-ranging implications for more efficient use of natural resources, as well as recycling and the 'circular economy', energy storage and zero-emission vehicles.

EarthSense, a University spinout was recently recognised with a prestigious Queen's Award for Enterprise for their innovative work in studying air quality. Their innovations enable businesses to gain a holistic understanding of air pollution sources, trends and patterns, providing valuable insights to companies globally.

of kindness



A heritage of kindness

Established as a living memorial to those who made sacrifices during the First World War, our motto, *ut vitam habeant* (so that they may have life), is testament to that legacy – it defines what we have stood for over these past 100 years, and inspires us to look ahead to the next 100, as Citizens of Change.



A heritage



Our first Citizens of Change

One hundred years on from the admission of our first undergraduates, we stand proudly in the shadow of College House and the family who inspired us.

We have long been proud of our association with the Attenborough family: Richard, David and their brother John grew up on the campus of what was then University College Leicester, of which their father, Frederick, was Principal.

Through their commitment to science and the arts, Sir David Attenborough and Lord Attenborough have always embodied the University's fundamental principles – as true Citizens of Change, we prize the values generosity, social conscience and inclusivity.

Our Centenary

Centenary events will begin in the next academic year, to recognise the people and events which have shaped the first 100 years of our University. We are proud to celebrate the students, staff, local people and other Citizens of Change who have made Leicester the vibrant university it is today, and look ahead to the next 100 years of teaching, learning and world-changing research.

We have also compiled 'Our 100', a collection of 100 objects, concepts and people that define our past, present, and future – from the Attenborough family on campus to the discovery of a King in a car park.

And to mark our centenary year, the University has provided 100 Citizens of Change scholarships to UK, EU and international students from a wide variety of backgrounds who reflect Leicester's story so far.

All 100 have been selected for their answers to the question "What do you want to change?", and assessed for the impact, realism and creativity of their ideas – with submissions ranging from students' future to reducing crime in the community, solving the climate crisis to improving people's health.





Awards and recognition

Here we celebrate a selection of the achievements of our inspiring students and staff from 2020-21.

Student achievements

Rohan Bhui, School of Informatics, won gold at the British Ethnic Diversity Awards Young Sports Personality of Year.

Daryl Blanks, School of Geography, Geology and the Environment PhD, published her first lead-author paper in *Nature Communications*. Daryl and collaborators from around the world propose that CO₂ bubbles in the deep lithosphere can physically transport metals such as nickel, copper, gold, tellurium and platinum-group metals from the mantle and up into the crust.

Nick Cummins, history PhD student and sports scholar, won gold as part of Great Britain's Wheelchair Rugby squad at the Tokyo 2020 Paralympic Games, held in August 2021.

Viktorija Figula-Dera, School of Criminology, successfully obtained a place on the Unlocked Graduate Scheme following her summer 2020 graduation. Viktorija has started her training as a prison officer, and now embarks on the two-year leadership development programme.

Maeva Kamtcheu won the Midlands Maternity and Midwifery Festival Student Midwife Award for her outstanding contribution to the University's midwifery programme and local maternity services.



Dr Courtney Lightfoot, a Research Associate working with the Leicester Kidney Lifestyle Team, Department of Health Sciences has been awarded second-place prize in the 2021 CJASN (Clinical Journal of American Society of Nephrology) Trainee of the Year Award. This is a prize contest for the best article submitted to the journal by a trainee as first author. This competition recognises outstanding work done by junior colleagues in the early stages of their careers in nephrology.

Niamh McHugh, School of Geography, Geology and the Environment PhD student, secured a UKRI funded internship from September-December 2021 at the Northern Ireland Assembly, working in the Research and Information Service (RalSe).

Holly Morris, School of Criminology, successfully obtained a coveted placement with the National Crime Agency.

Students from the School of Museum Studies have been working on a National Lottery Heritage Fund research project – *So that they may have life* – into the University's heritage. The students' impressive and comprehensive work can be viewed online:
<https://leicester.omeka.net/so-that-they-may-have-life>

Ten new Virgin Galactic Unit Scholarships have been awarded to first-year undergraduates in the **School of Physics and Astronomy**.

Dan Potts, School of Physics and Astronomy, published a paper in collaboration with a team from across the sector on diagnosing air quality changes in the UK during the first COVID-19 lockdown. This showed decreases in nitrogen oxides and aerosol particles nationally but also modelled a small increase in ozone in cities related to the large decreases in emissions.

Harriet Renton, School of Geography, Geology and the Environment PGT graduate, won The GIScRG Dissertation Competition. The GIScience Research Group of the Royal Geological Association awards two annual prizes for the two best postgraduate dissertations on any issue relating to GIS/Sc, spatial analysis, spatial modelling or geocomputation.

Mital Thanki, School of Business MBA graduate, won the Association of MBA's (AMBA) Student of the year 2021 Award. The candidates for the award are nominated by AMBA accredited schools and the competition is fierce with hundreds of nominees from around the world.

Staff achievements

The stellar efforts of our staff in the **School of Allied Health** led to our nursing course being commended by the Nursing and Midwifery Council at a recent accreditation visit.

Professor Emma Bunce, School of Physics, was elected President of the Royal Astronomical Society.

Professor Edmund Burke, Deputy Vice-Chancellor, was made a Fellow of the Royal Academy of Engineering.

The School of Business had its Small Business Charter award re-accredited for 3 years. This has many benefits, including allowing us to deliver the Small Business Leadership Programme from which we expect to earn over £500,000.

Sarah Cavendish, Head of Student Support Services, was accepted as a Fellow of the Mental Health Collective and was also invited to be on the advisory board of b1oke, a charity for men's mental health

Professor Neil Chakraborti, School of Criminology, was appointed onto the Crown Prosecution Service's National External Consultation Group on Hate Crime; the Police and Crime Commissioner's Strategic Partnership Board for Leicester, Leicestershire and Rutland; the Leicester City Council Knife Crime Strategy Steering Group; and the Expert Advisory Panel for the national 'Black Lives Matter in the Stix' campaign.

Dr Emma Chung, Department of Cardiovascular Sciences, was awarded the Chief Scientific Officer's Excellence in Healthcare Sciences award – highly commended.

Dr Rachel Crellin and Dr Ollie Harris, School of Archaeology and Ancient History, had a collaborative book, *Archaeological Theory in Dialogue: Situating Relationality, Ontology, Posthumanism, and Indigenous Paradigms*, published by Routledge.

Professor Adam Cygan, School of Law, received a POST (Parliamentary Office for Science and Technology) Fellowship with the House of Commons Library Research Service.

Professor Sarah Davies, Head of College of Science and Engineering, was awarded the British Sedimentological Research Group *Perce Allen Award*.

Professor Corinne Fowler, School of Arts, published *Green Unpleasant Land: Creative Responses to Rural England's Colonial Connections* (Peepal Tree Press), which explores the repressed history of rural England's links to transatlantic enslavement and the East India Company.

Professor Glenn Fulcher, School of Education, was the 2021 recipient of the US-based Educational Testing Service's Messick Memorial Award, in recognition of his outstanding contribution to validation theory.

Professor John Goodwin, School of Media, Communication and Sociology, was appointed to the Research Excellence Framework panel for Unit of Assessment 21 (Sociology). He was also elected as a Fellow of The Academy of Social Sciences.

Professor Anna Hansell, Centre for Environmental Health and Sustainability, was appointed Chair of the Committee on the Medical Effects of Air Pollution.

Dr Tom Wong Hearing, a PhD graduate from the School of Geography, Geology and the Environment, received the Geological Society of London's Lyell Fund, which recognises "contributors to the Earth Sciences on the basis of noteworthy published research in 'soft' rock studies... awarded to early career geoscientists who have made excellent contributions to geoscience research and its application".

Dr Joerg Kaduk and Professor Sue Page, School of Geography, Geology and the Environment, were part of a team of scientists, led by the UK Centre for Ecology and Hydrology (UKCEH), who estimated the potential reduction of around 500 million tonnes in greenhouse gas (GHG) emissions by restoring all global agricultural peatlands. The study, 'Overriding water table control on managed peatland greenhouse gas emissions', was published in Nature.

Dr Prashant Kidambi, School of History, Politics, and International Relations, won The Lord Aberdare Literary Prize 2020 for his book: *Cricket Country: An Indian Odyssey in the Age of Empire*.

Drs Tom Knott, Mike Branney, Marc Reichow, David Finn, School of Geography, Geology and the Environment, published a paper in Geology, titled: 'Discovery of two new super-eruptions from the Yellowstone hotspot track (USA): Is the Yellowstone hotspot waning'. The discovery received significant media attention, including articles in the *New York Times* and *Scientific American*.

Professor Loretta Lees, School of Geography, Geology and the Environment, was appointed Chair of the London Housing Panel to help shape the Mayor of London's housing policies.

Ms Lin Marvin, School of Geography, Geology and the Environment, has had her experience of her placement of supporting the Christmas Lectures at the Royal Institute published online as part of the 'Technicians make it happen' campaign. This was written as part of a series of



technician profiles to encourage children/young adults to pursue a career as a Technician.

Dr Angela Muir, School of History, Politics and International Relations, won the 2020 Francis Jones Prize in Welsh History for her first research monograph, *Deviant Maternity: Illegitimacy in Wales, c. 1680–1800* (London: Routledge, 2020). The prize is awarded annually via Jesus College, Oxford.

Dr Fabrizio Ortu, School of Chemistry, was part of a team who won the 2021 Dalton Division Horizon Prize issued by the Royal Society of Chemistry. This prize was awarded for contributions to molecular magnetism.

Professor Sergey Piletsky, School of Chemistry, has been re-appointed as a Member of MOD Independent Scientific and Technical Advice (ISTA) for another three years.

The School of Chemistry's resident glassblower, **Gayle Price**, teamed up with David Rickard for the artist's latest work 'International Airspace', to celebrate the signing of the 1919 Paris Convention by 27 countries. For the piece, packages containing air from each country were sealed in a glass vessel specially created by Gayle. The artwork was initially on display at Copperfield in London, and is now exhibited at Museum Kranenburg in the Netherlands.

Professor Guy Ruddy, East Midlands Forensic Pathology Unit, was awarded a Fellowship of the Academy of Medical Sciences.

Dr Ian Somerville, School of Media, Communication and Sociology, et al have had a book published by Routledge: *Public Relations, Society and the Generative Power of History*.

Sharron Sturgess, AccessAbility Centre, has joined the Editorial Board of the *National Association of Disability Practitioners Journal*.

Dr Matt Tonkin, School of Criminology, was appointed onto the Cabinet Office's What Works Trial Advice Panel to provide advice on prisons and evaluation.

Professors Mark Williams and Jan Zalasiewicz, School of Geography, Geology and the Environment, had their book, *The Anthropocene, A Multidisciplinary Approach*, published.

Professor Katja Ziegler, School of Law, was awarded an AHRC/ESRC-funded Knowledge-Exchange Fellowship in the Foreign and Commonwealth Office.

Financial review:

Our results for the year

We generated £35.2 million (2019-20: £26.3 million) of operating cash flows in the year, a positive result in a challenging year. With large capital commitments in the prior year that continued into this year the resulting financial risk from reduction in cash levels was mitigated by short-term borrowing in order to provide additional headroom. We borrowed £60 million from the Government Covid Corporate Finance Facility (CCFF) in March 2021, repayable in March 2022, to make the University's finances more resilient. As we mitigated many of the risks we faced during the year, none of this funding needed to be used and we also retained £20.8 million of internally generated funds which took our year end cash balance to £75.8 million which is sufficient to meet the current operational cash needs of the University.

As a result, we have not and do not forecast triggering the Office for Students reportable event threshold of falling below the equivalent of 30 days liquidity in the next 12 months. Beyond the planned repayment of the CCFF in March 2022, we secured medium-term headroom in our liquidity forecasts by arranging a revolving credit facility with Barclays in February 2021.

We achieved a consolidated surplus of £15.4 million (2019-20: £0.5 million) before movement on USS pension provision; a good result given the financial challenges faced across the sector and wider economy. Income reduced by 2.6% year on year, after a 2% fall in the prior year, largely driven by the COVID-19 pandemic, the interruption in trading for our commercial activities and a 3.2% reduction in tuition fee income.

Robust and detailed planning for the year mitigated the loss of income. The planning process considered a range of financial scenarios and set budgets based upon what we considered the most likely of those scenarios that included the aforementioned reduction in income. Across the University, this involved careful management of discretionary expenditure, continuing to limit staff recruitment to only essential posts, reducing external contractor use and utilising the job retention scheme as well as the natural decrease in expenditure related to physical travel and event attendance. These steps led to a year on year reduction in staff costs of £4.2 million and other operating expenses of £14.6 million. The results for the year also show an increase in research income with growth of nearly 8% to achieve a research income record for the University.

The mitigation of income reductions was managed whilst continuing to operate with many staff based from home, prioritising student experience and continuing research in which the University has contributed to the national effort in tackling coronavirus. The result of the planning and mitigations meant financial performance was managed effectively and all commitments were met.

	2020/21	2019/20
	£m	£m
Operating cash flows	35.2	26.3
Investing cash flows	(44.1)	(46.8)
Financing cash flows	52.6	(9.0)
Net cash flows	43.7	(29.5)
Cash and cash equivalents	75.8	32.0
Income	316.7	325.7
Expenditure before USS pension movement	(307.2)	(325.3)
Surplus before other gains and USS pension movement	9.5	0.4
Other gains	5.9	0.1
Surplus for the year before USS pension movement	15.4	0.5
USS pension movement	(1.8)	32.3
Surplus for the year before tax	13.6	32.8
Non-current assets	508.6	475.2
Current assets	127.6	69.7
Current liabilities	(180.8)	(102.4)
Non-current liabilities	(249.2)	(246.6)
Provisions	(99.2)	(117.9)
Total net assets	107.0	78.0

Capital investment

We have invested £58 million (2019-20: £93 million) in our estate and infrastructure. Three major projects completed in the year:

- the renovation of our Brookfield campus, the new state-of-the-art home for our School of Business.
- the redevelopment of the Percy Gee building, home to our Students' Union, including a new food court and Student Library and Information Services.
- the first phase of Space Park Leicester, a national hub for space research and industry. The second phase is well underway and due to complete later in 2021.

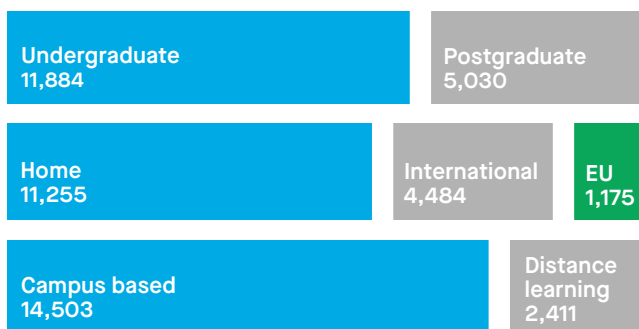
The £150 million development of our Freeman's Common Village, which will provide 1,164 student rooms, academic building, multi-storey car park, café and two public squares is progressing well and is due to fully complete in 2022. The first phase of student rooms and the multi-storey car park opened in autumn 2021.

Pension schemes

We hold two pension provisions on our balance sheet in relation to the University of Leicester Pension and Assurance Scheme (PAS) and the Universities Superannuation Scheme (USS). At 31 July 2021 the PAS provision was £56 million, a decrease of £18 million from the prior year. The USS provision was unchanged at £43 million. Uncertainty regarding the funding of the USS pension scheme as a sector continues to be one of our key risks. More information can be found in notes 19 and 31.

Student numbers

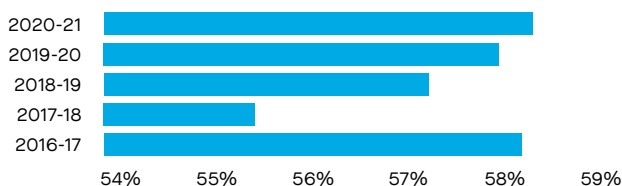
In 2020-21 we had 16,914 students studying with us, a decrease of 1,298 students (7%) from the prior year driven by a reduction in postgraduate applications and increase in deferrals resulting from the COVID-19 pandemic. The distribution of students in 2020-21 was:



Student census data as at 1st December. Postgraduate registrations in January 2021 resulted in an additional 1,033 students of which 975 were international students.

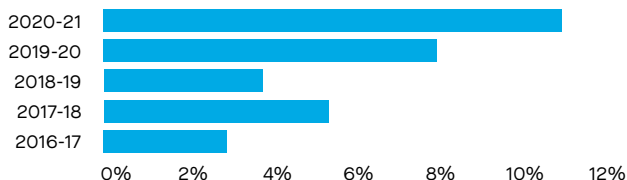
Our key performance indicators

Staff cost as a percentage of income



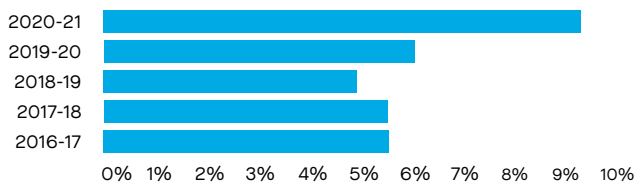
Staff costs decreased by £4 million (2%) from the prior year to £185 million reflecting a continued reduction in temporary staff and recruitment to essential posts only in response to the pandemic. Staff costs as a % of income increased slightly from the prior year to 58.3% due to the impact of COVID-19 on our income levels. Our target is to move towards the sector average of 55%.

Operating cash flow as a percentage of income



There was a net cash inflow of £35 million from operating activities during the year compared to £26 million in the previous year, an increase of £9 million. This was largely due to expenditure management and working capital movements. Operating cash flow as a % of income was 11% which exceeded our target of 10%.

EBITDA* as a percentage of income



*EBITDA is a measure of surplus: earnings before interest, tax, depreciation and amortisation. This has also been adjusted for the release of deferred capital grants and the change in USS pension provision. EBITDA increased by £9 million from the prior year to £29 million. EBITDA as a % of income increased by 3.2% in 2020-21 reflecting careful expenditure management in response to the pandemic.

Our future outlook

Future financial outlook and going concern

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

The University's new strategy has three strategic aims: Research-Inspired Education, World-Changing Research and Our Citizens. To compete with the best in research, we need to invest in people (staff, early career researchers, PGRs) and infrastructure (equipment, pump-priming funds, matched funding for bids). We also need to invest in our education and student life to enhance the experience we offer to our students. To improve educational outcomes we need to invest in our teaching staff, manage staff workload and invest in our educational infrastructure (learning platforms, student wellbeing support, employability outcomes). In order to make these investments we took the decision to stop activity in some areas of the University during 2020-21, reshaping the University and creating headroom to grow in our areas of excellence.



As we move into 2021-22 student numbers are forecast to grow. This growth is forecast in the number of both UK and international undergraduate students and significant growth in international postgraduate students where the demand to study our programmes has remained very strong despite the challenges the pandemic has presented. Research activity and income is also forecast to grow in the forthcoming year, as the University builds upon research funding awards and returns to full scale research activity on campus.

Focus on the cash we are generating and removal of short-term borrowing underpins our financial plans for the next two years. We are forecasting operating cash as a percentage of income in excess of 10% every year whilst also delivering a focused capital expenditure programme building on the recent investment in transforming our campus.

Careful expenditure management is again needed to balance areas requiring further resources to enable us to emerge from the impact of the COVID-19 pandemic against the finite resources we have available.

The focus on planning and mitigations has enabled the Council to thoroughly assess our outlook as a going concern. In the 2021-22 financial year income is forecast to be £343 million with operating cash as a percentage of income of 10%. This balances resource for expected growth in student numbers against generating the cash we need to support our operations. The most obvious threats to remaining a going concern are breach of lending covenants and/or running out of cash. We are forecasting to be compliant with all lending covenants in 2021-22 and maintain a resilient monthly cash balance to ensure the University can withstand any unforeseen downsides on performance.

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

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

Other risks and opportunities

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

RISKS

- Pension costs will increase due to additional costs of funding the PAS or USS schemes. Uncertainty regarding the USS provision is one of our key risks – see note 19 for further details.
- Changes in the higher education funding landscape.
- The trading environment we experience which is linked to the continued return to normal levels of campus activity. This includes the impact on our commercial subsidiaries and student accommodation demand.

OPPORTUNITIES

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





Public benefit statement



We are proud to play an important role within the city of Leicester and beyond.

Our close partnerships with our local businesses, Leicester's hospitals, our local authorities and charities have been paramount throughout the pandemic, and overall there has a real sense of coming together as one community.

In addition, the groundbreaking work of our academics and clinicians has led the way for some of the biggest breakthroughs in COVID-19 research with global impact – particularly the £8.4 million Government-funded PHOSP-COVID study, which has provided the first ever insight into the long-term impact of COVID-19.

We are dedicated to delivering the objectives set out in our Charter, in providing "a University within our city and county of Leicester for the

advancement of knowledge, the diffusion and extension of arts, sciences and learning, the provision of liberal, professional and technological education". As such, we have been able to positively benefit the local community, regionally, nationally and internationally.

Local benefit

Excellent community relations have never mattered more, and this has been particularly highlighted throughout the pandemic through which the University has seamlessly worked in partnership with the local authorities on a joint response to COVID-19 prevention. As one of the few cities in the UK under long-term lockdown, the University introduced a pioneering student screening programme – one of the few in the UK – which helped to minimise infection rates.

The University also supported the County and City Council-led 'It is Down to Us' campaign and the LOROS Rocket Round Leicester art trail. 'It is Down to Us' encouraged responsible behaviour in the local area to prevent the spread of COVID-19 and the University commissioned our very own rocket, inspired by the Attenborough family, to support local charity LOROS.

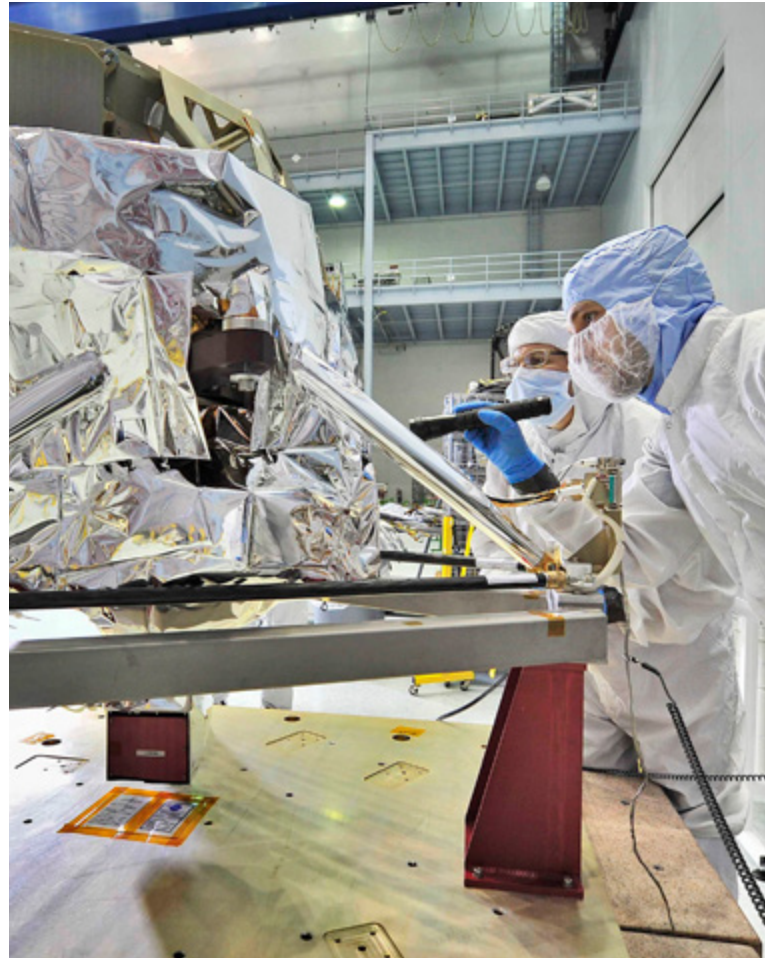
Local recognition

In March, the University was awarded the prestigious honour of the Freedom of the Borough by Oadby and Wigston Borough Council. The highest civic honour the Council can award, this tremendous honour for our second century year is in recognition of the University's contribution and impact within the Borough.

National impact

In addition to our work on long term COVID-19 and the disproportionate effects of the virus and lockdown measures on certain ethnic communities, the Higher Education Business Continuity Network (HEBCoN) – a consortium of HE institutions set up to respond to disruptive sector-changing events – selected the University's approach to the pandemic for its prestigious Contribution to Sector Award.

The University also welcomed the news that East Midlands Airport is to become one of the UK's new Freeport sites. The new Freeport will play an important role in supporting local businesses through generous tax reliefs, customs benefits and wider government support, whilst bringing in essential investment, trade and jobs to the region – including within Leicester and Leicestershire, which could present important opportunities in collaboration with the new Space Park Leicester.



Global impact

This year saw the highly anticipated completion of Phase I of Space Park Leicester, a major collaborative partnership with local, national and international industrial partners, which will help to position the East Midlands as a central hub for the space industry. Space Park Leicester will play a key role in attracting new businesses to the city, supporting the post-COVID economic recovery of the region.

We have committed more than £100 million into this new facility, which will create an unparalleled experience for our students through the opportunity to work on cutting-edge space applications with some of the biggest companies on the planet, and to use the data from such applications to solve real-world problems, such as climate and health.

Corporate governance

For the year ended 31 July 2021

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

Summary of the University's Structure of Corporate Governance

THE COUNCIL

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

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

le.ac.uk/about/governance-and-management/governance/council/minutes

In the financial year 2020-21, the standing Committees of Council were as shown in the structure diagram on page 28 and included its four key compliance committees covering Audit, Finance, Nominations and Remuneration matters.

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

management team. Council and its committees undertake regular reviews of their terms of reference and membership, to ensure that they remain relevant and appropriate and that their responsibilities are discharged effectively.

AUDIT COMMITTEE

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

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

FINANCE COMMITTEE

The Finance Committee is responsible for endorsing to Council the University's annual financial statements, financial forecasts and annual budgets and subsequent budget monitoring in year. The Committee also monitors the University's overall financial health, advises on overall financial strategy, and provides oversight of key campus and capital projects and programmes.

NOMINATIONS COMMITTEE

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

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

The Nominations Committee reflects regularly on the balance of relevant knowledge, experience and skills amongst the membership of Council, and also on matters in relation to ethnicity and gender balance.

REMUNERATION COMMITTEE

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

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

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

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

INTERNAL CONTROL

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

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

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

The COVID-19 pandemic has led to changes in how the University operates and measures have been taken to maintain a robust control environment during the disruption, including additional meetings of key committees. Governance has remained strong throughout the pandemic with many areas now subject to increased scrutiny and enhanced controls. Steps were taken to ensure the internal audit programme was completed in full and the opinion for the year was 'generally satisfactory with some improvements required'.

PROFESSIONAL DEVELOPMENT

The Chairs of Council and the Standing Committees of Council are responsible for addressing the development needs of each committee, with a view to enhancing their effectiveness. Resources, including dedicated development sessions, are provided to develop and refresh the knowledge and skills of committee members.

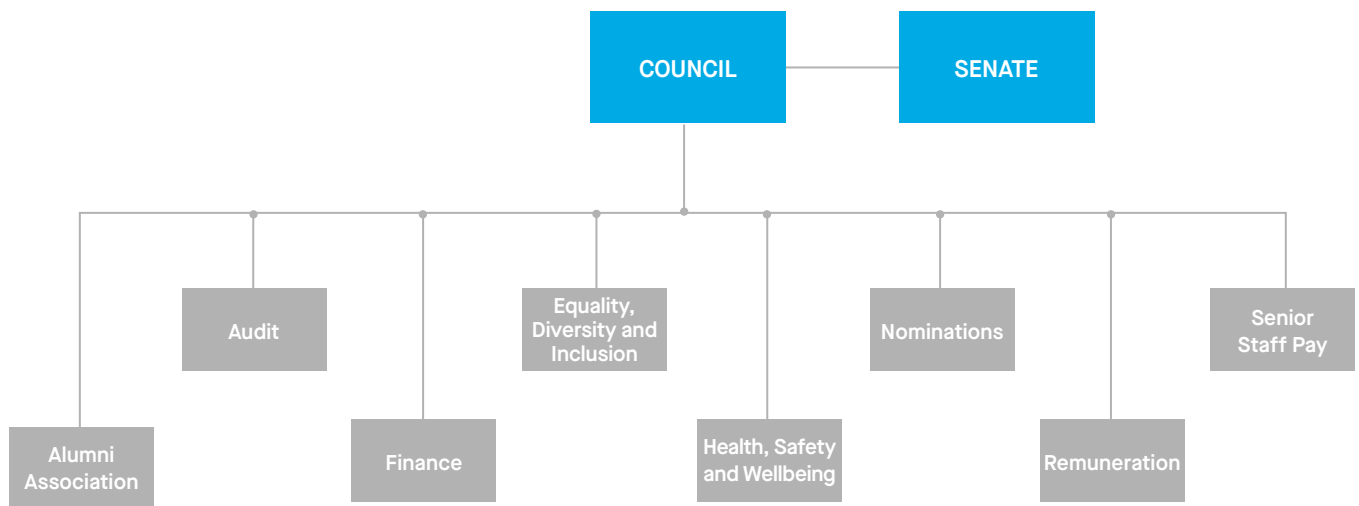
ATTENDANCE MONITORING

As part of Council's ongoing commitment to the efficiency and transparency of its activities the attendance record of its members at meetings of Council and the Audit, Finance, Nominations and Remuneration committees is published within the University's financial statements. The attendance record for meetings held in 2020-21 is shown in the table on page 29.

Corporate governance

Continued

STANDING COMMITTEES OF COUNCIL



Corporate governance

Attendance at key university compliance committees of which they were members during 2020-2021

	Council		Audit Committee		Finance Committee		Nominations Committee		Remuneration Committee	
	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended
Janet Arthur (Lay)	7	6					3	3		
Huw Barton (Staff)	7	6								
Craig Brown (Lay)	7	7								
Edmund Burke (Staff)	7	5			6	6	3	3		
Nishan Canagarajah (Staff)	7	7			6	6	3	3		
Martin Cullen (Lay)	7	7	7	6			3	3		
Sophie Dale-Black (Lay)	7	7					3	3		
Sarah Davies (Staff) to 31/10/2020	1	1								
Sandra Dudley (Staff)	7	7								
Gary Dixon (Lay)	7	7			6	6	3	2	4	4
Mehmooda Duke (Lay)	7	5								
Cathy Ellis (Lay)	7	6			6	5				
Stephen Garrett (Staff) from 1/11/2020	6	6								
Alison Goodall (Staff)	7	7								
Martin Hindle (Lay)	7	7	7	7					4	4
Rhiannon Jenkins (Students' Union) from 01/07/2021	1	1								
Ian Johnson (Lay)	7	7			6	6	3	2	4	4
Azam Mamujee (Lay)	7	5			6	4				
Andrew Morgan (Lay)	7	7			6	6				
Mia Nembhard (Students' Union) to 30/06/21	6	4			6	4				
Vijay Sharma (Lay)	7	7							4	4
Richard Tapp (Lay)	7	7	7	7						
Carole Thorogood (Lay)	7	4					3	2	4	3

Council: 30 September 2020, 25 November 2020, 15 January 2021 (special meeting), 25 February 2021, 17 March 2021, 10 May 2021, 6 July 2021

Audit: 16 September 2020, 12 November 2020, 14 December 2020 (Extraordinary), 20 January 2021 (Extraordinary), 16 February 2021, 27 April 2021, 15 June 2021

Nominations: 11 September 2020, 4 February 2021, 4 June 2021

Finance: 8 September 2020, 29 October 2020, 3 December 2020, 23 February 2021, 19 April 2021, 21 June 2021

Remuneration: 30 September 2020, 25 November 2020, 17 March 2021, 10 May 2021

Responsibilities of the Council of the University of Leicester

For the year ended 31 July 2021

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

During 2020-21, the primary responsibilities of the Council were as follows:

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

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

The Council is required to present audited financial statements for each financial year and is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institution and enable it to ensure that the financial statements are prepared as set out in the Statement of principal accounting policies on page 36 and give a true and fair view of the state of affairs of the Institution.

The Council must ensure that:

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

The Council has taken reasonable steps to:

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

- Use public funds for proper purposes and seeks to achieve value for money from public funds;
- Secure the economical, efficient and effective management of the Institution's resources and expenditure; and
- Comply with the mandatory requirements relating to audit and financial reporting, set out in the OfS Audit Code of Practice and in the OfS annual accounts direction (see page 36).

The key elements of the Institution's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- A medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of financial results including variance analysis and forecast updates;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approved levels set by the Council;
- Comprehensive Financial Regulations, detailing financial controls and procedures and the responsibilities of budget holders, approved by the Finance Committee; and
- A professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by the Council. The internal audit manager provides the Council with an annual report on internal audit activity within the Institution and an opinion on the adequacy and effectiveness of the Institution's system of internal control, including internal financial control.



SIGNED FOR ON BEHALF OF THE COUNCIL
GARY DIXON, CHAIR OF COUNCIL
17 DECEMBER 2021

Members of Council

The Members of Council who served in the 2020-21 financial year, and up to the date of the signing of this report, were as follows:

- Janet Arthur
- Huw Barton
- Craig Brown
- Edmund Burke
- Nishan Canagarajah
- Martin Cullen
- Sophie Dale-Black
- Sarah Davies (until 30 September 2020)
- Gary Dixon
- Sandra Dudley (until 31 July 2021)
- Mehmooda Duke
- Cathy Ellis
- Stephen Garrett (from 11 November 2020)
- Alison Goodall (until 31 October 2021)
- Martin Hindle (until 31 July 2021)
- Rhiannon Jenkins (from 1 July 2021)
- Ian Johnson
- Azam Mamujee
- Andrew Morgan
- Mia Nembhard (until 30 June 2021)
- Richard Tapp
- Vijay Sharma
- Carole Thorogood

New appointment from 1 August 2021:

- Mark Purnell

New appointment from 1 November 2021:

- Jacqui Shaw

Registered Office

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

The University of Leicester
University Road
Leicester
LE1 7RH

Entity number: RC000659



Independent Auditor's Report

To the members of the Council of the University of Leicester

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Leicester ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

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

INDEPENDENCE

We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The Council are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the 'Year in' highlights, the Strategic Report, the Financial Review, the Public Benefit Statement and the Statement of Corporate Governance and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

Continued

OPINION ON OTHER MATTERS REQUIRED BY THE OFFICE FOR STUDENTS ("OFS") AND RESEARCH ENGLAND

In our opinion, in all material respects:

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

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

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

RESPONSIBILITIES OF THE COUNCIL

As explained more fully in the Statement of Council Responsibilities set out on pages 34 and 35, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

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

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

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

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant

regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;

- Discussions with management and Audit committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to assumptions applied in calculating the pension liabilities, the recoverability of debtors, Useful economic lives of property, plant and equipment and fair value measurements;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and
- Identifying and testing journal entries, in particular journals to cash and revenue codes, material journals, duplicate entries and journals containing specific text.

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

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

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

USE OF OUR REPORT

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

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date: 17 December 2021

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

Statement of principal accounting policies

For the year ended 31 July 2021

1. ACCOUNTING CONVENTION

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

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

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

2. BASIS OF PREPARATION INCLUDING GOING CONCERN ASSESSMENT

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

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

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

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

FINANCIAL PERFORMANCE AND 31 JULY 2021 YEAR END POSITION

In the financial year to 31 July 2021, the Institution made a surplus of £15.8 million (2020: surplus of £0.5 million) before exceptional pension items for the year. At the balance sheet date of 31 July 2021 the Institution held net debt of £103.4 million (2020: net debt of £96.5 million), including gross cash of £80.8million (2020: gross cash of £32.0 million), while net current liabilities were £53.0 million (2020: net current liabilities of £32.7 million).

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

The Institution has continually reassessed its latest forecast in light of the changing conditions, such as changing government restrictions due to the pandemic.

The latest base case, prepared in June 2021, takes into account actual performance in year. The Institution has also run a severe but plausible downside scenario. The key variables that are subject to most judgement are UK and international student tuition fees, student accommodation income and commercial revenue streams. The scenarios model the period to July 2023, being the going concern period for the financial statements which is beyond the customary 12 months. The base case, and plausible downside scenario, has been considered by the Council.

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

The severe but plausible downside scenario assumed further reductions in tuition fees, student accommodation income, commercial revenue and property sales. This forecast before any mitigating actions shows a cash low point in July 2023 of £30.5 million.

FINANCING ARRANGEMENTS THROUGH GOING CONCERN ASSESSMENT PERIOD

The Institution had long-term external financing arrangements totalling a balance of £118.9 million at

31 July 2021 (2020: £121.8 million). This comprised debt with European Investment Bank (EIB), private placement noteholders (Lincoln National Life and Pacific Life) and Barclays. The Institution also accessed the CCFF to support short-term cash forecast needs.

The Institution is due to repay its draw down from the CCFF of £60 million in March 2022. This repayment represents a significant refinancing requirement for the Institution and would impact the Institution's minimum cash forecast covenant compliance at the end of February 2022. To address the repayment requirement the Institution has secured a revolving credit facility (RCF) with Barclays, providing additional access to liquidity of £40 million through to February 2023. Based on current forecasts £30 million of the RCF funding will be utilised to retain operational and covenant headroom through monthly cash flow fluctuations after the CCFF is repaid March 2023.

The following loan agreements are subject to covenant terms; EIB, private placement and Barclays. Following the impact of COVID-19, the Institution sought to amend covenants with its lenders, and agreed amendments to three of five covenants. The Institution was fully compliant with the covenant terms during the year to 31 July 2021. The Institution has forecast its position against all existing covenants through its going concern assessment period, in particular at the year-end measurement date of 31 July 2022, 31 July 2023 and a minimum monthly cash requirement. Based on its forecast scenarios outlined above the Institution calculates minimum headroom against its most stringent covenant of £3.5 million in 2021/2 and £13.3 million in 2022/23.

FURTHER MITIGATING ACTIONS

The Institution will continue to maintain tight control over its expenditure and monitoring of its activities in relation to teaching and research to identify potential slippage in forecast income. Work is being undertaken to consider further savings and efficiencies that could be made should it be required to further reduce costs should the Institution's forecast position deteriorate.

In the event of downside risks materialising, there are additional mitigations within its control that the Institution can implement, including further reductions in discretionary expenditure through the going concern

period, in particular planned capital expenditure currently forecast at £29.1 million in 2021-22.

The Institution now also has access to the £40 million RCF referenced above, of which £30 million is planned to repay the CCFF as required, providing £10 million additional liquidity through to February 2023, allowing time to plan and action these mitigations and others that it identifies.

CONCLUSION

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

3. EXEMPTIONS UNDER FRS 102

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

4. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Institution and all its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2021.

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

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

Statement of principal accounting policies

Continued

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

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

5. INCOME RECOGNITION

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

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

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

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

Funds the Institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the Institution where the Institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

GRANT FUNDING

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the Institution recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the Institution

is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors in the Statement of Financial Position and released to income as the conditions are met.

DONATIONS AND ENDOWMENTS

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

Donations and endowments with donor imposed restrictions are recognised in income when the Institution is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Institution is entitled to the funds.

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

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the Institution.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible assets, and the Institution has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate

asset category when the Institution is entitled to receive the asset.

CAPITAL GRANTS

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

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

6. ACCOUNTING FOR RETIREMENT BENEFITS

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

A small number of staff are members of other pension schemes.

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

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

DEFINED CONTRIBUTION PLANS

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

MULTI-EMPLOYER SCHEMES

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

Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the

Institution will contribute to a deficit recovery plan, the Institution recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

DEFINED BENEFIT PLANS

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

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

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

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

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

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

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

Statement of principal accounting policies

Continued

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.

Further detail is provided on the specific pension schemes in note 31 to the accounts.

7. EMPLOYMENT BENEFITS

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

8. FINANCE LEASES

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

9. SERVICE CONCESSION ARRANGEMENTS

Fixed assets held under service concession arrangements are recognised in the Statement of Financial Position at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

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

10. OPERATING LEASES

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

11. FOREIGN CURRENCY

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

12. PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

Land and buildings are capitalised at cost on initial recognition.

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

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

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

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

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

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

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

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

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

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

EQUIPMENT

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

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

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

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

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

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

IMPAIRMENT

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

BORROWING COSTS

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

13. HERITAGE ASSETS

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

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

14. INTANGIBLE ASSETS

Intangible assets purchased separately are initially recognised at cost.

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

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

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

Statement of principal accounting policies

Continued

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

15. INVESTMENTS

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

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

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

Initial investments in spinout companies are written off.

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

16. STOCK

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

17. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash includes GBP and foreign currency balances (see 11).

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

18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

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

- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and

- (c) A reliable estimate can be made of the amount of the obligation.

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

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

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

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

19. TAXATION

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

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

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

Deferred tax assets and liabilities are not discounted.

The Institution is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institution is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

20. FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest

rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

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

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

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

FINANCIAL LIABILITIES

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

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

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

Statement of principal accounting policies

Continued

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate.

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

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

21. RESERVES

Reserves are classified as restricted or unrestricted.

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

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

22. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

CRITICAL ACCOUNTING ESTIMATES

Recoverability of debtors

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

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

Retirement benefit obligations

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 31.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

FAIR VALUE MEASUREMENT

The Institution recognises the following items at fair value:

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

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

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

INCOME RECOGNITION

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

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

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

UNIVERSITIES SUPERANNUATION SCHEME (USS)

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

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2017 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme.

The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 19 and note 31.

TANGIBLE ASSETS: PERCY GEE

An extension to the Percy Gee building was completed during the year. Due to an ongoing dispute between the Institution and the main contractor, judgement has been applied in the value recognised in tangible assets at 31 July 2021. The Institution was legally obliged to settle the final valuation certificate in full, despite management disputing the final account.

The matter has been referred to adjudication which is ongoing at the date of signing these financial statements. Management have determined that until the outcome of the adjudication is known, there is uncertainty about the timing, probability and value of any inflow of economic benefits to the Institution. Consequently, management have determined the project should be recognised in tangible assets (note 13) at full cost.

A contingent asset has been disclosed in note 20 in relation to a potential settlement following completion of the adjudication process.

Consolidated and institution statement of comprehensive income

Year ended 31 July 2021

Income	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Tuition fees and education contracts	1	166,510	166,510	171,998	171,998
Funding body grants	2	47,566	47,566	47,480	47,480
Research grants and contracts	4	61,592	61,592	57,018	57,018
Other income	5	37,446	36,761	46,732	43,927
Investment income	6	5	211	340	535
Donations and endowments	7	3,565	3,565	2,145	2,145
Total income		316,684	316,205	325,713	323,103
Expenditure					
Staff costs	8	184,773	182,582	188,972	185,499
Exceptional staff costs	8	1,833	1,833	(32,307)	(32,307)
Other operating expenses		93,101	93,307	107,680	107,860
Depreciation	13	25,827	25,530	22,756	22,458
Amortisation	12	448	448	338	338
Interest and other finance costs	9	3,073	3,073	5,564	5,564
Total expenditure	10a	309,055	306,773	293,003	289,412
Surplus before other gains		7,629	9,432	32,710	33,691
Gain on disposal of fixed assets		611	611	-	-
Gain on investments		5,297	5,297	146	146
Surplus before tax		13,537	15,340	32,856	33,837
Taxation		(157)	(157)	-	-
Surplus/(deficit) for the year		13,380	15,183	32,856	33,837
Other comprehensive income					
Actuarial gain/(loss) in respect of pension schemes	31	15,715	15,715	(15,519)	(15,519)
Total comprehensive income for the year		29,095	30,898	17,337	18,318
Represented by:					
Endowment comprehensive income for the year		4,573	4,573	(1,047)	(1,047)
Restricted comprehensive income for the year		(400)	(400)	68	68
Unrestricted comprehensive income for the year		24,922	26,725	18,316	19,297
		29,095	30,898	17,337	18,318
Attributable to:					
Non-controlling interest		(381)	-	(152)	-
Institution		29,476	30,898	17,489	18,318
		29,095	30,898	17,337	18,318
Surplus/(deficit) for the year attributable to:					
Non-controlling interest		(381)	-	(152)	-
Institution		13,761	15,183	33,008	33,837
		13,380	15,183	32,856	33,837

All items of income and expenditure relate to continuing activities. The notes on pages 54-87 form part of these financial statements.

Consolidated and institution statement of changes in reserves

Year ended 31 July 2021

Consolidated

	Income and Expenditure Account				
	Endowment £'000	Restricted £'000	Unrestricted £'000	Non Controlling Interest £'000	Total £'000
Balance at 1 August 2019	21,008	2,436	38,036	(886)	60,594
Surplus for the year	1,172	908	30,928	(152)	32,856
Other comprehensive income / (expenditure)	-	-	(15,519)	-	(15,519)
Release of endowment and restricted funds spent in year	(2,219)	(840)	3,059	-	-
Total comprehensive income for the year	(1,047)	68	18,468	(152)	17,337
Balance at 1 August 2020	19,961	2,504	56,504	(1,038)	77,931
Surplus/(deficit) for the year	6,505	1,394	5,862	(381)	13,380
Other comprehensive income / (expenditure)	-	-	15,715	-	15,715
Release of endowment and restricted funds spent in year	(1,932)	(1,794)	3,726	-	-
Total comprehensive income for the year	4,573	(400)	25,303	(381)	29,095
Balance at 31 July 2021	24,534	2,104	81,807	(1,419)	107,026

Institution

	Income and Expenditure Account				
	Endowment £'000	Restricted £'000	Unrestricted £'000	Non Controlling Interest £'000	Total £'000
Balance at 1 August 2019	21,008	2,436	42,100	-	65,544
Surplus/(deficit) for the year	1,172	908	31,757	-	33,837
Other comprehensive income / (expenditure)	-	-	(15,519)	-	(15,519)
Release of endowment and restricted funds spent in year	(2,219)	(840)	3,059	-	-
Total comprehensive income for the year	(1,047)	68	19,297	-	18,318
Balance at 1 August 2020	19,961	2,504	61,397	-	83,862
Surplus/(deficit) for the year	6,505	1,394	7,284	-	15,183
Other comprehensive income / (expenditure)	-	-	15,715	-	15,715
Release of endowment and restricted funds spent in year	(1,932)	(1,794)	3,726	-	-
Total comprehensive income for the year	4,573	(400)	26,725	-	30,898
Balance at 31 July 2021	24,534	2,104	88,122	-	114,760

The notes on pages 54-87 form part of these financial statements.

Consolidated and institution statement of financial position

Year ended 31 July 2021

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Non-current assets					
Intangible asset	12	1,380	1,380	1,113	1,113
Tangible assets	13	496,851	496,805	465,992	465,639
Investments	14	10,362	9,157	8,089	6,884
		508,593	507,342	475,194	473,636
Current assets					
Stock		326	316	458	446
Trade and other receivables	15	33,777	42,249	27,411	34,153
Investments	16	17,777	17,777	9,753	9,753
Cash and cash equivalents	24	75,764	75,753	32,047	32,021
		127,644	136,095	69,669	76,373
Less: Creditors: amounts falling due within one year	17	(180,787)	(180,317)	(102,434)	(101,729)
Net current liabilities		(53,143)	(44,222)	(32,765)	(25,356)
Total assets less current liabilities		455,450	463,120	442,429	448,280
Creditors: amounts falling due after more than one year	18	(249,216)	(249,152)	(246,567)	(246,487)
Provisions					
Pension provisions	19	(98,401)	(98,401)	(116,676)	(116,676)
Other provisions	19	(807)	(807)	(1,255)	(1,255)
Total net assets		107,026	114,760	77,931	83,862
Restricted reserves					
Income and expenditure reserve - endowment reserve	22	24,534	24,534	19,961	19,961
Income and expenditure reserve - restricted reserve	23	2,104	2,104	2,504	2,504
Unrestricted reserves					
Income and expenditure reserve - unrestricted		81,807	88,122	56,504	61,397
		108,445	114,760	78,969	83,862
Non-controlling interest		(1,419)	-	(1,038)	-
Total reserves		107,026	114,760	77,931	83,862

The notes on pages 54-87 form part of these financial statements.

The financial statements were approved by Council on 17 December 2021 and were signed on its behalf on that date by:

Gary Dixon, Chair of Council

Professor Nishan Canagarajah, President and Vice-Chancellor

Martyn Riddleston, Chief Operating Officer





Consolidated statement of cash flows

Year ended 31 July 2021

Cash flow from operating activities	Notes	July 2021 £'000	July 2020 £'000
Surplus/(deficit) for the year		13,537	32,856
Adjustment for non-cash items:			
Depreciation	13	25,827	22,756
Amortisation	12	448	338
Gain on investments		(5,297)	(146)
(Increase) / decrease in stock		132	(37)
Decrease / (increase) in debtors	15	(5,968)	9,122
Increase in creditors	17	20,146	3,846
(Decrease) / increase in pension provision	19	(3,873)	(37,864)
(Decrease) / increase in other provisions	19	(448)	570
Adjustment for investing or financing activities:			
Investment income	6	(5)	(340)
Interest payable	9	3,073	5,564
Endowment income	22	(2,217)	(1,122)
Gain on the sale of fixed assets		(611)	-
Capital grant income		(9,524)	(9,270)
Net cash inflow from operating activities		35,220	26,273
Cash flows from investing activities			
Proceeds from sales of fixed assets		1,324	1,600
Capital grant receipts		17,729	16,518
Investment income		5	342
Payments made to acquire fixed assets		(57,457)	(63,334)
Payments made to acquire intangible assets		(715)	(748)
New investments		(5,000)	(1,192)
		(44,114)	(46,814)
Cash flows from financing activities			
Interest paid		(4,364)	(4,485)
New endowments		1,819	601
Endowment payments		(1,901)	(2,219)
New unsecured loans		60,000	-
Repayments of amounts borrowed		(2,943)	(2,835)
		52,611	(8,938)
Increase / (decrease) in cash and cash equivalents in the year		43,717	(29,479)
Cash and cash equivalents at beginning of the year	23	32,047	61,526
Cash and cash equivalents at end of the year	23	75,764	32,047

The notes on pages 54-87 form part of these financial statements.

Notes to the accounts

Year ended 31 July 2021

1	Tuition fees and education contracts	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
	Full-time home and EU students	93,421	93,421	92,490	92,490
	Full-time international students	56,635	56,635	61,017	61,017
	Part-time students	12,687	12,687	14,523	14,523
	Research training support grant	3,767	3,767	3,968	3,968
		166,510	166,510	171,998	171,998

2 Funding body grants

Recurrent grant

Office for Students	12,865	12,865	13,333	13,333
Research England	20,290	20,290	20,460	20,460

Specific grants

Higher Education Innovation Fund	6,624	6,624	7,190	7,190
Capital grant	4,561	4,561	5,165	5,165
Other	3,226	3,226	1,332	1,332
	47,566	47,566	47,480	47,480

Capital grant comprises amounts received from the above bodies for the purposes of capital development and expenditure. Funds are held within creditors and released to income over the useful life of the asset. Of the amounts disclosed **£3.1 million (2020: £3.4 million)** relates to buildings and **£1.5 million (2020: £1.7 million)** relates to equipment.

3 Sources of grant and fee income

Grant income from OfS	14,022	14,022	14,370	14,370
Grant income from other bodies	33,544	33,544	33,110	33,110
Fee income for taught awards	154,419	154,419	157,404	157,404
Fee income for research awards	6,519	6,519	6,610	6,610
Fee income from non-qualifying courses	5,572	5,572	7,984	7,984
Total grant and fee income (notes 1 and 2)	214,076	214,076	219,478	219,478

Notes to the accounts

Year ended 31 July 2021

4	Research grants and contracts	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
	Research councils	16,816	16,816	17,251	17,251
	Research charities	9,744	9,744	8,786	8,786
	Government (UK and overseas)	19,587	19,587	17,067	17,067
	Industry and commerce	5,176	5,176	4,983	4,983
	Research capital grants	3,602	3,602	3,519	3,519
	Other	6,667	6,667	5,412	5,412
		61,592	61,592	57,018	57,018

Of the amounts disclosed as research capital grants **£2,931,261 (2020: £2,327,981)** is funded by research councils, **£115,587 (2020: £370,572)** is funded by research charities, **£289,242 (2020: £754,759)** is funded by other government sources and **£265,797 (2020: £65,371)** is funded by other sources.

5 Other income

Residences, catering and conferences	13,148	12,936	19,724	17,446
NHS funded posts	11,804	11,804	12,248	12,248
Other services rendered	4,412	4,412	3,849	3,849
Retail	39	39	75	68
Other capital grants	1,361	1,361	586	586
Coronavirus Job Retention Scheme income	2,558	1,872	3,918	3,266
Other income	4,124	4,337	6,332	6,464
	37,446	36,761	46,732	43,927

741 people (2020: 1,089) were furloughed by the Institution under the government's coronavirus job retention scheme during the period 1 August 2020 to 31 July 2021. The value of furlough claimed by the Institution was **£1,872,000 (2020: £3,266,000)**. The consolidated group number for the same period was **856 people (2020: 1,398)**.

6 Investment income

Investment income on endowments	21	-	-	215	215
Other investment income		5	5	125	125
Interest receivable on intercompany loans		-	206	-	195
		5	211	340	535

7 Donations and endowments

New endowments	21	2,217	2,217	1,122	1,122
Donations with restrictions	22	1,135	1,135	879	879
Unrestricted donations		213	213	144	144
		3,565	3,565	2,145	2,145

Notes to the accounts

Year ended 31 July 2021

8 Staff costs	Year ended Saturday, 31 July 2021		Year ended Friday, 31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Salaries	143,544	141,801	150,633	147,539
Social security costs	14,418	14,283	14,922	14,719
Pension costs	24,589	24,478	22,484	22,333
Severance costs	2,222	2,020	933	908
	184,773	182,582	188,972	185,499
Movement on USS provision (note 19)	1,833	1,833	(32,307)	(32,307)
Total	186,606	184,415	156,665	153,192

A further breakdown of pension costs is included in note 31.

Total remuneration of the President and Vice-Chancellor	Year ended 31 July 2021		Year ended 31 July 2020	
	Professor Nishan Canagarajah £'000	Professor Edmund Burke 01.08.2019 to 3.11.2019 £'000	Professor Nishan Canagarajah 04.11.2019 to 31.07.2020 £'000	
Basic salary	250	57		187
Performance related pay and other bonuses	-	10		-
Taxable benefits:				
Subsidised accommodation	-	-		3
Pension contributions to USS	53	1		39
	303	68		229
Non-taxable benefits:				
Living accommodation	-	-		-
	303	68		229

Notes to the accounts

Year ended 31 July 2021

8 Staff costs (continued)

The President and Vice-Chancellor's basic salary is **6.7 times (2020: 7.0)** the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Institution to its staff.

The President and Vice-Chancellor's total remuneration is **6.9 times (2020: 7.3)** the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Institution of its staff.

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

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

Remuneration Committee consider two key factors in order to determine any increase to salary, bonus

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

Notes to the accounts

Year ended 31 July 2021

8 Staff costs (continued)

OTHER HIGHER PAID STAFF

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

Basic salary per annum	2020-21 No.	2019-20 No.
£100,000 - £104,999	20	18
£105,000 - £109,999	4	6
£110,000 - £114,999	12	11
£115,000 - £119,999	5	4
£120,000 - £124,999	2	4
£125,000 - £129,999	4	4
£130,000 - £134,999	4	4
£135,000 - £139,999	1	2
£140,000 - £144,999	3	3
£145,000 - £149,999	3	3
£150,000 - £154,999	3	3
£155,000 - £159,999	-	-
£160,000 - £164,999	-	-
£165,000 - £169,999	-	-
£170,000 - £174,999	-	-
£175,000 - £179,999	-	-
£180,000 - £184,999	-	-
£185,000 - £189,999	-	-
£190,000 - £194,999	1	1
£195,000 - £199,999	1	-
£200,000 - £204,999	1	1
£205,000 - £209,999	-	-
£210,000 - £214,999	-	-
£215,000 - £219,999	-	-
£220,000 - £224,999	-	-
£225,000 - £229,999	-	-
£230,000 - £234,999	-	-
£235,000 - £239,999	-	-
£240,000 - £244,999	-	-
£245,000 - £249,999	-	-
£250,000 - £254,999	1	1
	65	65

Notes to the accounts

Year ended 31 July 2021

8 Staff costs (continued)

Average staff numbers by major category

	2020-21		2019-20	
	Consolidated	Institution	Consolidated	Institution
Academic and clinical	908	908	913	913
Research	456	456	442	442
Administration, library, computer and other related	874	860	914	899
Technical	297	297	294	294
Clerical, manual and ancillary	887	814	1,086	988
	3,422	3,335	3,649	3,536

The total compensation for loss of office paid to **168 (2020: 91)** people during the year was **£2,019,784 (2020: £907,873)**.

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

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. Staff costs includes compensation paid to key management personnel. The Institution considers its key management personnel to be members of the Executive Board. Current membership of the Executive Board is detailed on our website: le.ac.uk/about/governance-and-management/vc-office/eb

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

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Key management personnel compensation	1,911	2,084
FTEs for key management	11	12

Notes to the accounts

Year ended 31 July 2021

9 Interest and other finance costs	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Loan interest		2,754	2,754	2,708	2,708
Exchange differences		425	425	12	12
Change in fair value of derivatives		(1,419)	(1,419)	411	411
Unwind of discount on USS pension provision	19	312	312	1,194	1,194
Net charge on PAS pension scheme	31	1,001	1,001	1,239	1,239
		3,073	3,073	5,564	5,564

10a Analysis of total expenditure by activity

Academic and related expenditure	145,253	145,253	155,511	155,659
Administration and central services	56,415	56,415	57,171	57,231
Premises	35,568	35,568	36,304	36,306
Residences, catering and conferences	18,651	16,369	26,027	22,167
Research grants and contracts	47,764	47,764	44,306	44,362
Other expenses including USS provision movement (note 8)	5,404	5,404	(26,316)	(26,313)
	309,055	306,773	293,003	289,412

Other operating expenses include:

External auditors remuneration in respect of audit services (exc. VAT)	135	95	194	111
External auditors remuneration in respect of non-audit services (exc. VAT)	12	12	17	17
Operating lease rentals:				
Land and buildings	264	264	538	538
Other	354	354	529	529

10b Access and participation

Access investment (i)	1,598	1,598	1,611	1,611
Financial support	2,889	2,889	4,195	4,195
Disability support (ii)	509	509	554	554
Research and Evaluation (iii)	55	55	-	-
	5,051	5,051	6,360	6,360

(i) £1,228,302 (2020: £1,300,000), (ii) £481,386 (2020: £501,000) and (iii) 19,323 (2020: £nil) of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

Our Access and Participation Plan is available on our website: le.ac.uk/about/equality/wp or the Office for Students website: officeforstudents.org.uk/the-register

Notes to the accounts

Year ended 31 July 2021

11 Taxation	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Recognised in the statement of comprehensive income					
Current tax					
Foreign tax		157	157	-	-
Current tax expense		157	157	-	-
Deferred tax expense		-	-	-	-
Total tax expense		157	157	-	-

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

Surplus before taxation	13,537	15,340	32,856	33,837
UK corporation tax at 19% (2020: 19%)	2,572	2,915	6,243	6,429
Effect of:				
Surplus falling within charitable exemption	(2,415)	(2,758)	(6,243)	(6,429)
Total tax expense	157	157	-	-

12 Intangible assets

Consolidated and Institution	31 July 2021	31 July 2020
Software	£'000	£'000
Opening balance	1,113	703
Additions in the year	715	748
Amortisation charge for the year	(448)	(338)
Closing balance	1,380	1,113

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

Notes to the accounts

Year ended 31 July 2021

13 Tangible assets		Freehold	Leasehold	Equipment	Fixtures and fittings	Assets in the	Right of	Total
		land and buildings	land and buildings			course of construction	use asset	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated								
Cost	At 1 August 2020	431,745	29,094	30,131	9,314	116,558	-	616,842
	Additions	24,703	7	10,405	929	18,999	2,904	57,947
	Transfers	66,918	(444)	1,358	1,817	(69,649)	-	-
	Disposals	(418)	(740)	(141)	-	(491)	-	(1,790)
	At 31 July 2021	522,948	27,917	41,753	12,060	65,417	2,904	672,999
Depreciation	At 1 August 2020	115,043	8,642	21,656	5,509	-	-	150,850
	Charge for the year	14,981	732	8,471	1,643	-	-	25,827
	Disposals	(126)	(303)	(100)	-	-	-	(529)
	At 31 July 2021	129,898	9,071	30,027	7,152	-	-	176,148
Net book value								
	At 31 July 2021	393,050	18,846	11,726	4,908	65,417	2,904	496,851
	At 31 July 2020	316,702	20,452	8,475	3,805	116,558	-	465,992
Institution								
Cost	At 1 August 2020	431,745	29,094	30,131	6,541	116,558	-	614,069
	Additions	24,703	7	10,405	939	18,999	2,904	57,957
	Transfers	66,918	(444)	1,358	1,817	(69,649)	-	-
	Disposals	(418)	(740)	(141)	-	(491)	-	(1,790)
	At 31 July 2021	522,948	27,917	41,753	9,297	65,417	2,904	670,236
Depreciation	At 1 August 2020	115,043	8,642	21,656	3,089	-	-	148,430
	Charge for the year	14,981	732	8,471	1,346	-	-	25,530
	Disposals	(126)	(303)	(100)	-	-	-	(529)
	At 31 July 2021	129,898	9,071	30,027	4,435	-	-	173,431
Net book value								
	At 31 July 2021	393,050	18,846	11,726	4,862	65,417	2,904	496,805
	At 31 July 2020	316,702	20,452	8,475	3,452	116,558	-	465,639

At 31 July 2021, freehold land and buildings includes **£75,238,818 (2020 : £75,388,818)** in respect of freehold land which is not depreciated. Leasehold land and buildings includes **£830,000 (2020 : £830,000)** in respect of long leasehold land which is not depreciated where the long leasehold interest is deemed to be equivalent to a freehold interest.

Leasehold land and buildings includes:

	Net book value £'000
Michael Atiyah building (125 year lease commencing 1996 from Wyggeston and Queen Elizabeth I College)	4,167
Main campus sports centre (99 year lease commencing 2000 from Wyggeston and Queen Elizabeth I College)	5,426
Various NHS sites	9,112
Other sites and leasehold improvements	141
At 31 July 2021	18,846
At 31 July 2020	20,452

Notes to the accounts

Year ended 31 July 2021

13 Tangible assets (continued)

Included in assets under construction at 31 July 2021 is **£36.9 million (2020: £54.9 million)** in relation to the Freeman's Common project. The Freeman's Common project is a £150 million scheme to provide modern en-suite accommodation for 1,164 students plus a multi-storey car park, teaching and learning centre, social space including a café/meeting areas, an energy centre and accompanying landscaping.

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

- The student accommodation which is being constructed under a 'Design, Build, Operate, Maintain' (DBMO) model whereby Freeman's Common Village LLP, of which the Group has a 10% share, will design, build, fund, manage and operate the new residences under a 50 year lease. At the end of the lease ownership of the property will revert to the Institution. Further information about the financing of the student accommodation element can be found in note 14. At 31 July 2021 a right of use asset of **£2.9 million (2020: £nil)** has been recognised reflecting rooms the Institution has nominated for the following financial year, along with a corresponding nominations liability in creditors (note 17).
- The non-student accommodation, which is formed of the multi-storey car park, teaching and learning centre, social space, energy centre and landscaping and will remain under the ownership of the Institution. The amount in assets under construction relates to the non-student accommodation still in development and represents the Institution's contribution to the construction costs, of which **£24.9 million (2020: £45.1 million)** is a payment on account. The total anticipated cost of the non-residential elements is £66 million.

14 Non-current investments	Investment in subsidiaries £'000	Investment in associates £'000	Other investments £'000	Total £'000
Consolidated				
At 1 August 2020	-	1,505	6,584	8,089
Change in fair value	-	-	2,273	2,273
At 31 July 2021	-	1,505	8,857	10,362
Institution				
At 1 August 2020	300	-	6,584	6,884
Change in fair value	-	-	2,273	2,273
At 31 July 2021	300	-	8,857	9,157

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

Investment in associates

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

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

Notes to the accounts

Year ended 31 July 2021

14 Non-current investments (continued)

Other investments

Other investments consist of:	Consolidated and Institution	
	31 July 2021	31 July 2020
	£'000	£'000
At fair value:		
Permanent endowments invested in market securities	7,016	5,746
Investment in listed shares	1,841	838
	8,857	6,584

Investment in spinouts

The Institution holds the following shares in spinout companies:

Name	Shareholding at 31 July 2021	Principal Activity
Earthsense Systems Limited	33%	A joint venture company owned equally by the Institution, Bluesky International Limited and Professor Roland Leigh. Its principal activity is the development and commercialisation of products and services for monitoring of air quality.
OCB Media Limited	24%	Development and pursuit of electronically distributed high level e-learning material and multimedia products
MIP Diagnostics Limited	3%	Commercialisation of Molecular imprinted Polymers (MIPs)

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

Notes to the accounts

Year ended 31 July 2021

15 Trade and other receivables	Year ended 31 July 2021		Year ending 31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Amounts falling due within one year				
Research grants receivables	14,554	14,554	14,282	14,282
Other trade receivables	10,236	10,235	6,173	6,163
Other receivables	149	146	101	96
Prepayments and accrued income	8,838	8,717	6,855	6,413
Amounts due from subsidiary companies	-	7,258	-	4,132
Amounts falling due after more than one year				
Amounts due from subsidiary companies	-	1,339	-	3,067
	33,777	42,249	27,411	34,153

Other trade receivables includes a bad debt provision of **£3,137,533 (2020: £2,259,113)**.

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

At 1 August 2020	9,753	9,753
Additions	5,000	5,000
Change in fair value	3,024	3,024
At 31 July 2021	17,777	17,777

Other investments consist of:

	31 July 2021 £'000	31 July 2020 £'000
At fair value:		
Expendable endowments invested in market securities	12,749	9,731
Investments in market securities	28	22
Amortised cost:		
Short term deposits	5,000	-
	17,777	9,753

Notes to the accounts

Year ended 31 July 2021

17 Creditors: Amounts falling due within one year	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Unsecured loans	63,045	63,045	2,938	2,938
Trade payables	15,800	15,783	10,477	10,424
Social security and other taxation payable	4,076	4,050	12,368	12,246
Other payables	6,033	6,019	3,227	3,206
Accruals and deferred income	91,833	91,420	73,424	72,915
	180,787	180,317	102,434	101,729

Other payables includes a **£2.9 million (2020: £nil)** nominations liability in respect of the Freeman's Common development detailed in note 13.

Deferred income

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Research grants received on account	50,184	50,184	36,788	36,788
Grant income	2,152	2,152	1,896	1,896
Capital grant income	7,234	7,234	6,184	6,184
Other income	9,410	9,392	9,757	9,647
	68,980	68,962	54,625	54,515

Notes to the accounts

Year ended 31 July 2021

18 Creditors: Amounts falling due after more than one year	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Deferred income	128,100	128,036	120,961	120,881
Derivatives	4,686	4,686	6,105	6,105
Unsecured loans	116,430	116,430	119,501	119,501
	249,216	249,152	246,567	246,487
Analysis of unsecured loans:				
Due within one year or on demand (note 17)	63,045	63,045	2,938	2,938
Due between one and two years	3,157	3,157	3,046	3,046
Due between two and five years	10,184	10,184	9,824	9,824
Due in five years or more	103,089	103,089	106,631	106,631
Due after more than one year	116,430	116,430	119,501	119,501
Total secured and unsecured loans	179,475	179,475	122,439	122,439

Included in loans are the following:

Lender	£'000	Term	Secured Unsecured	Interest Rate %	Borrower
Salix	800	n/a	Unsecured	-	Institution
Bank of England Covid Corporate Financing Facility	60,000	2022	Unsecured	0.26	Institution
Barclays	6,563	2031	Unsecured	6.20	Institution
Barclays	10,829	2036	Unsecured	5.67	Institution
European Investment Bank	24,476	2038	Unsecured	3.47	Institution
European Investment Bank	22,002	2040	Unsecured	2.90	Institution
Private Placement - Lincoln National Life Insurance	20,000	2044	Unsecured	3.18	Institution
Private Placement - Lincoln National Life Insurance	10,000	2049	Unsecured	3.25	Institution
Private Placement - Pacific Life Insurance	25,000	2049	Unsecured	3.25	Institution
Private Placement - transaction costs	(195)				
Total	179,475				

Deferred income

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

Deferred income	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Capital grant income	100,539	100,539	93,384	93,384
Other income	27,561	27,497	27,577	27,497
	128,100	128,036	120,961	120,881

Notes to the accounts

Year ended 31 July 2021

Derivative financial instruments

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

Interest rate swap contacts

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

	Average contract fixed interest rate		Notional principal value		Fair value	
	2021 %	2020 %	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Five years or more	5.86	5.86	17,392	18,363	4,686	6,105

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

Notes to the accounts

Year ended 31 July 2021

19 Provisions for liabilities

Pension provisions

	Obligation to fund deficit on USS pension	Defined benefit obligations (note 31)	Total pensions provisions
Consolidated and Institution	£'000	£'000	£'000
At 1 August 2020	42,697	73,979	116,676
Utilised in year	(2,081)	(4,202)	(6,283)
Additions in the year	2,145	-	2,145
Released in the year	-	(14,137)	(14,137)
At 31 July 2021	42,761	55,640	98,401

Other provisions

	Decommissioning costs	Clawback of government grant	Severance costs	Tuition fee refunds	Total other provisions
Consolidated and Institution	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	260	647	29	319	1,255
Utilised in year	-	(216)	(29)	(203)	(448)
At 31 July 2021	260	431	-	116	807

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Additions in the year reflect these assumptions (£1,833,295) and the unwinding of the discount on the provision (£311,689). The key assumptions are set out below and further information is provided in note 31.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 31. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

The major assumptions used in calculating the provision are:

	2021	2020
	%	%
Discount rate	0.87	0.73
Inflation	1.5 to 2.0	0.0 to 1.5

Notes to the accounts

Year ended 31 July 2021

Sensitivity analysis

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

Change in assumption at 31 July 2021	Approximate impact
0.5% pa decrease in discount rate	£0.85m
0.5% pa increase in salary inflation over duration	£0.84m
0.5% pa increase in salary inflation year 1 only	£0.21m
0.5% increase in staff changes over duration	£0.85m
0.5% increase in staff changes year 1 only	£0.22m
1% increase in deficit contributions	£7.07m

Defined benefit obligations

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

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

Further information is available in note 31.

Other provisions

Decommissioning costs

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

Clawback of government grant

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

Tuition fee refunds

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

20 Contingent asset

An extension to the Percy Gee building was completed during the financial year. There is a contractual dispute between the Institution and the main contractor which is ongoing. The matter has been referred to adjudication which may result in a settlement receipt. A receivable has not been recognised at 31 July 2021 as any receipt is dependent on the outcome of the adjudication process.

Notes to the accounts

Year ended 31 July 2021

21 Financial instruments	31 July 2021		31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
The carrying values of the Institution's financial assets and liabilities are as follows:				
Financial assets				
Measured at fair value through Statement of Comprehensive Income				
Other investments	21,634	21,634	16,337	16,337
Debt instruments measured at amortised cost				
Cash and cash equivalents	75,764	75,753	32,047	32,021
Other investments	5,000	5,000	-	-
Loans receivable	-	3,067	-	3,290
Trade and other receivables	24,939	30,465	20,556	24,450
Equity instruments measured at cost less impairment				
Investments in associates	1,505	-	1,505	-
Investments in subsidiaries	-	300	-	300
	128,842	135,919	70,445	76,398
Financial liabilities				
Measured at fair value through Statement of Comprehensive Income				
Derivative financial instruments	4,686	4,686	6,105	6,105
Measured at amortised cost				
Loans payable	179,475	179,475	122,439	122,439
Trade and other payables	25,909	25,852	26,072	25,876
	210,070	210,013	154,616	154,420

Notes to the accounts

Year ended 31 July 2021

22 Endowment reserves

Restricted permanent endowment	Unrestricted permanent endowment	Total	Total
2021	2021	2021	2020
£'000	£'000	£'000	£'000

Consolidated and Institution

Permanent endowments

Balances at 1 August

Capital	3,238	1,087	4,325	4,309
Unapplied return	1,601	460	2,061	2,170
	4,839	1,547	6,386	6,479

New endowments	232	-	232	23
Investment income	-	-	-	52
Expenditure	(35)	-	(35)	(126)
(Decrease)/increase in market value of investments	855	305	1,160	(42)
Total endowment comprehensive income for the year	1,052	305	1,357	(93)

At 31 July	5,891	1,852	7,743	6,386
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Represented by:

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

Analysis by type of purpose:

Lectureships			466	390
Scholarships and business			3,114	2,516
Research support			441	298
Prize funds			1,042	908
General			2,680	2,274
			7,743	6,386

Analysis by asset:

Non-current asset investments			7,016	5,746
Cash and cash equivalents			727	640
			7,743	6,386

Notes to the accounts

Year ended 31 July 2020

	Total 2021 £'000	Total 2020 £000	
22 Endowment reserves (continued)			
Restricted expendable endowments			
Balance at 1 August			
Capital	9,731	9,967	
Accumulated income	3,844	4,562	
	13,575	14,529	
New endowments	1,985	1,099	
Investment income	-	163	
Expenditure	(1,897)	(2,093)	
Increase in market value of investments	3,128	(123)	
Total endowment comprehensive income for the year	3,216	(954)	
At 31 July 2020	16,791	13,575	
Represented by:			
Capital	12,749	9,731	
Accumulated income	4,042	3,844	
	16,791	13,575	
Analysis by type of purpose:			
Lectureships	2,078	1,877	
Scholarships and bursaries	2,206	1,802	
Research support	11,022	8,662	
Prize funds	57	49	
General	1,428	1,185	
	16,791	13,575	
Analysis by asset:			
Current asset investments	12,749	9,731	
Cash and cash equivalents	2,623	2,823	
Pledged endowments debtor	1,419	1,021	
	16,791	13,575	
Analysis of major endowments:	Capital	Income	Total
	£'000	£'000	£'000
van Geest Foundation Heart and Cardiovascular Disease Research Fund			
Balance at 1 August 2020	5,516	-	5,516
Investment income	(266)	266	-
Expenditure	-	(266)	-
Increase in market value of investments	1,651		(266)
Balance at 31 July 2021	6,901	-	6,901

Notes to the accounts

Year ended 31 July 2021

	Donations £'000	Other restricted funds £'000	Total 2021 £'000	Total 2020 £'000
23 Restricted reserves				

Consolidated and Institution

Balances at 1 August	1,298	1,206	2,504	2,436
New donations	1,135	-	1,135	879
New other restricted funds	-	259	259	29
Expenditure	(1,742)	(52)	(1,794)	(840)
	(607)	207	(400)	68
At 31 July	691	1,413	2,104	2,504

	Total 2021 £'000	Total 2020 £'000
Analysis of restricted funds by type of purpose:		
Scholarships and bursaries	517	718
Research support	1,393	1,247
General	194	539
	2,104	2,504

Notes to the accounts

Year ended 31 July 2021

24 Cash and cash equivalents	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
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Consolidated

Cash and cash equivalents			
Endowed cash and cash equivalents	3,463	(113)	3,350
Non-endowed cash and cash equivalents	28,584	43,830	72,414
	<u>32,047</u>	<u>43,717</u>	<u>75,764</u>

Institution	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents			
Endowed cash and cash equivalents	3,463	(113)	3,350
Non-endowed cash and cash equivalents	28,558	43,845	72,403
	<u>32,021</u>	<u>43,732</u>	<u>75,753</u>

Non-endowed cash and cash equivalents includes **£18,296,000 (2020: £295,381)** of term deposits and notice accounts with a maturity of 3 months or less from the date of placement. At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.08% per annum and the weighted average period for which the interest rate is fixed on these deposits was 33 days.

25 Consolidated net debt reconciliation	At 1 August 2020 £'000	Cash flows £'000	Changes in market value and exchange rates £'000	Other non- cash changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	32,047	43,717	-	-	75,764
Borrowings due within one year					
Unsecured loans	(2,938)	(57,057)	-	(3,050)	(63,045)
Borrowings due after more than one year					
Unsecured loans	(119,501)	-	-	3,071	(116,430)
Derivatives	(6,105)	-	1,419	-	(4,686)
	<u>(125,606)</u>	<u>-</u>	<u>1,419</u>	<u>3,071</u>	<u>(121,116)</u>
Net debt	<u>(96,497)</u>	<u>(13,340)</u>	<u>1,419</u>	<u>21</u>	<u>(108,397)</u>

Notes to the accounts

Year ended 31 July 2020

26 Capital commitments	31 July 2021		31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000

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

Commitments contracted for	3,586	3,586	32,370	32,370
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27 Lease obligations

Total rentals payable under operating leases are as follows:

Consolidated and Institution	Land and buildings £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Future minimum lease payments due:				
Not later than one year	144	312	456	651
Later than one year and not later than five years	553	151	704	459
Later than five years	27	-	27	-
Total lease payments due	724	463	1,187	1,110

28 Subsidiary undertakings

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

Company	Principal activity	Status	Note
College Court Conference Centre Limited	Operation of a conferencing facility	100% owned	14
The Leicester Services Partnership Limited	Operation of catering facilities	50% owned	14
UOL Investments Limited	Investment holdings	100% owned	14
UOL FC Limited	Investment holdings	100% owned	14
Leicester Academic Library Services Limited	Not trading	100% owned	14

The Leicester Services Partnership Limited is a joint arrangement between the Institution and University of Leicester Students' Union. It is accounted for as a subsidiary of the Institution on the basis that the Institution can exercise a majority of voting rights. On 15 June 2021 Leicester Students' Union agreed to transfer its 50% holding to the Institution, making it a fully owned subsidiary. The transfer will take place during the 2021-22 financial year.

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

Notes to the accounts

Year ended 31 July 2021

29 Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July 2021, are detailed below.

The Institution has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

	Relationship	Income transaction £'000	Expenditure transactions £'000	Balance due from the related party £'000	Balance due to the related party £'000
Engineering and Physical Sciences Research Council (EPSRC)	Shared committee member	2,732	4	-	-
Leicester Services Partnership Limited	Shareholder	1,031	1,176	2,546	-
Leicestershire Partnership NHS Trust	Shared committee member	511	84	383	27
Natural Environment Research Council (NERC)	Shared committee member	12,137	-	500	-
Public Health England	Shared committee member	132	74	-	2
Springer Nature Limited	Shared committee member	8	35	-	-
University Hospitals of Leicester NHS Trust	Shared committee member	11,118	5,656	783	113
University of Leicester Students' Union	Shared committee member	7	1,212	9	1
University of Nottingham	Shared committee member	189	1,093	76	-
		27,865	9,334	4,297	143

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

Council members

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

No Council member has received any remuneration or waived payments from the Institution during the year (2020: none).

No Council members claimed expenses in the year (2020: £357 paid to 2 Council members). The amounts paid represent travel and subsistence costs incurred in attending Council, committee meetings and charity events in their official capacity. Where Council members are also employees of the Institution, expenses claimed in their capacity as an employee are not included.

Notes to the accounts

Year ended 31 July 2021

30 Events after the reporting period

As set out in note 31 in respect of the USS pension scheme, a new schedule of contributions based on the 2020 actuarial valuation has been agreed with an effective date of 1 October 2021. This constitutes a non-adjusting event for these financial statements and the adjustment will be reflected in the Institution's financial statements for the year ended 31 July 2022. The new schedule of contributions results in an increase of £66.2 million in the provision for the obligation to fund the deficit on the USS pension, which would instead be £109.0 million.

Notes to the accounts

Year ended 31 July 2021

31 Pension schemes

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

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

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

The three stakeholder schemes are defined contribution schemes.

The NHS scheme is a defined benefit scheme.

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

The amounts charged/(credited) to staff costs in respect of the schemes is as follows:

	Year ended Friday 31 July 2021 £'000	Year ended Wednesday 31 July 2020 £'000
Universities Superannuation Scheme	21,956	20,274
University of Leicester Stakeholder Scheme	1,419	1,454
University of Leicester Pension and Assurance Scheme (PAS)	-	(490)
NHS Pension Scheme	1,103	1,095
College Court Stakeholder Scheme	20	32
Leicester Services Partnership Stakeholder Scheme	91	119
	24,589	22,484

(i) The Universities Superannuation Scheme

As at 31 July 2021 there are **2,184 (2020: 2,251)** active members of USS. Deficit recovery contributions due within one year for the Institution are **£5,335,074 (2020: £2,022,857)**. The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. 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 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

Notes to the accounts

Year ended 31 July 2021

31 Pension schemes (continued)

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI - 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation - Pre retirement
Mortality base table	71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females.
	Post retirement
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.6	24.6
Females currently aged 65 (years)	26.1	26.1
Males currently aged 45 (years)	26.6	26.6
Females currently aged 45 (years)	27.9	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 and 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021 %	2020 %
Discount rate	0.87	1.58
Pensionable salary growth	1.5 to 2.0	2.0 to 2.2

A further full valuation as at 31 March 2020 was finalised after the year end with an effective date of 1 October 2021. The impact of the new schedule of contributions on the deficit provision is detailed in note 30.

Notes to the accounts

Year ended 31 July 2021

31 Pension schemes (continued)

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

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

The scheme closed to new members in July 2003 and then on 31 March 2016 to future benefit accrual. The scheme was contracted out of the State Second Pension Scheme until its closure. Active members of the scheme at the closure date were enrolled into The University of Leicester Stakeholder Plan or, if eligible, the Universities Superannuation Scheme (USS). As at 31 July 2021, there are **987 (2020: 934)** deferred members of the scheme.

The Trustees of the scheme have the responsibility for its management. The scheme administrators are Aon who also act as consultant and actuary to the scheme. The last actuarial valuation was held on 31 July 2019 and this reported a past service deficit of £57.5 million, which represented a funding ratio of 73%. A recovery plan has been agreed with the Institution which provides for repayment of this deficit by 28 February 2030. The next actuarial valuation is due on 31 July 2022.

A one-off past service cost adjustment of £0.5 million was recognised in the prior year in respect of a pension increase exchange exercise within the scheme.

Assumptions

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

	At 31 July 2021 %pa	At 31 July 2020 %pa
Discount rate for scheme liabilities	1.55	1.40
Price inflation (RPI)	3.30	2.90
Price inflation (CPI)	2.90	2.05
Rate of increase in salaries	2.00%, and then 1.50% thereafter	0.00, 0.00 and then 1.50% thereafter
Pension increases	%pa	%pa
Pre 06.04.1988 GMP	0.00	0.00
Post 05.04.1988 GMP	2.40	1.90
Pre 06.04.1997 Non-GMPs	3.20	2.85
Post 05.04.1997	3.20	2.85
Post 01.08.2012	2.85	2.10

Demographic assumptions

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

	Male (currently aged 65)	Male (currently aged 45)	Female (currently aged 65)	Female (currently aged 45)	Female (currently employed deferred member aged 45)
At 31 July 2020 (S3PMA/S3PFA)	20.8	22.1	23.1	24.3	24.3
At 31 July 2021 (S3PMA/S3PFA)	20.7	21.9	23.0	24.2	24.2

Notes to the accounts

Year ended 31 July 2021

	31 July 2021	Fair value as at 31 July 2020
	£'000	£'000
31 Pension schemes (continued)		
Scheme assets		
Equities	41,387	38,558
Bonds	99,867	83,978
Gifts	-	-
Property	9,886	9,360
Diversified growth funds	30,221	31,084
Cash	1,320	859
Other	-	-
Total	182,681	163,839

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

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

	31 July 2021	31 July 2020
	£'000	£'000
Scheme assets	182,681	163,839
Scheme liabilities	(238,321)	(237,818)
Deficit in the scheme – net pension liability recorded within pensions provision (note 19)	(55,640)	(73,979)

Analysis of the amount charged to expenditure for PAS:

	31 July 2021	31 July 2020
	£'000	£'000
Current service cost	-	-
Past service cost	-	(490)
Admin expenses	578	791
Total operating charge	578	301

Analysis of the amount charged to interest payable for PAS:

Interest on net defined benefit liability	1,001	1,239
Total operating charge	1,579	1,540

Analysis of other comprehensive income for PAS:

Gain on assets	19,152	5,944
Experience loss on liabilities	(3,437)	(21,463)
Total other comprehensive income	15,715	(15,519)

Notes to the accounts

Year ended 31 July 2021

31 Pension schemes (continued)

	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Changes in value of defined benefit obligation		
Present value of PAS liabilities at the start of the year	237,818	219,302
Past service cost	-	(490)
Interest expense on defined benefit obligation	3,290	4,532
Actuarial loss	3,437	21,463
Actual benefit payments	(6,223)	(6,989)
Present value of PAS liabilities at the end of the year	238,322	237,818
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	163,839	158,284
Interest income on assets	2,289	3,293
Gain on assets	19,152	5,944
Actual contributions paid by Institution	4,202	4,098
Actual benefit payments	(6,223)	(6,989)
Admin costs incurred	(578)	(791)
Fair value of scheme assets at the end of the year	182,681	163,839
Actual return on scheme assets		
Interest income on scheme assets	2,289	3,293
Gain on scheme assets	19,152	5,944
Fair value of scheme assets at the end of the year	21,441	9,237

Notes to the accounts

Year ended 31 July 2021

31 Pension Schemes (continued)

(iii) NHS Pension Scheme

The NHS Pension Scheme is a multi-employer defined benefit scheme that is treated as a defined contribution scheme as it is not possible to identify the Institution's share of the underlying assets and liabilities. As at 31 July 2021, the Institution has **109 (2020: 105)** employees who are members of the Scheme. The Institution allows continued membership of the Scheme for new employees who are already members of the Scheme. Employees contribute between 5% and 14.5% of pensionable earnings to the scheme, whilst the Institution contributes a standard 20.68% including an 0.08% scheme administration levy **(2020: 20.68%)** of the employees' pensionable earnings. The employee % rate is based on their earnings in a year.

(iv) The University of Leicester Stakeholder Scheme The College Court Stakeholder Scheme The Leicester Services Partnership Scheme

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

As at 31 July 2021, each scheme had active members as follows:

	2021 No.	2020 No.
The University of Leicester Stakeholder Scheme	1,049	1,235
The College Court Stakeholder Scheme	16	30
The Leicester Services Partnership Scheme	66	87

Notes to the accounts

Year ended 31 July 2021

31 Pension Schemes (continued)

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

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

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

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

The Aviva My Future Fund carries a management charge of **0.43%** (2020: **0.43%**) of fund value.

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

Notes to the accounts

Year ended 31 July 2021

32 US Department of Education: Financial Responsibility Supplemental Schedule

This disclosure is included in the Institution's financial statements in order to comply with the conditions of student federal aid provided by the US Department of Education (Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations).

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

Reference	Expendable Net Assets	Year ended 31 July 2021		Year ended 31 July 2020	
		£'000	£'000	£'000	£'000
Statement of Changes in Reserves: unrestricted	Net assets without donor restrictions		81,807		56,504
Statement of Changes in Reserves: restricted + endowment + NCI	Net assets with donor restrictions		25,219		21,427
	Secured and Unsecured related party receivable		-		-
	Unsecured related party receivable		-		-
Note 13 exc. right of use asset	Property, plant and equipment, net (includes Construction in progress)	493,947		465,992	
Note 13 exc. right of use asset and additions	Property, plant and equipment - pre-implementation		346,031		373,119
	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-		-
Note 13 exc. right of use asset: additions	Property, plant and equipment - post-implementation without outstanding debt for original purchase		128,917		9,139
Note 13	Construction in progress		18,999		83,734
Note 13	Lease right-of-use asset, net	2,904		-	
	Lease right-of-use asset pre-implementation		-		-
	Lease right-of-use asset post-implementation		2,904		-
Note 12	Intangible assets		1,380		1,113
Note 19	Post-employment and pension liabilities		98,401		116,676
Note 18	Long-term debt - for long term purposes	119,475		122,439	
Note 18 less new loans in year	Long-term debt - for long term purposes pre-implementation		119,475		122,439
	Long-term debt - for long term purposes post-implementation		-		-
	Line of Credit for Construction in process		-		-
Note 17	Lease right-of-use asset liability	2,904		-	
	Pre-implementation right-of-use leases		-		-
Note 17	Post-implementation right-of-use leases		2,904		-
	Annuities with donor restrictions		-		-
	Term endowments with donor restrictions		-		-
	Life income funds with donor restrictions		-		-
Note 22 + 23	Net assets with donor restrictions: restricted in perpetuity		26,638		22,465

Notes to the accounts

Year ended 31 July 2021

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

Reference	Total Expenses and Losses	Year ended 31 July 2021		Year ended 31 July 2020	
		£'000	£'000	£'000	£'000
Note 10a	Total expenses without donor restrictions - taken directly from Statement of Comprehensive Income		309,055		293,003
Statement of Comprehensive Income: (investment income + other gains + actuarial gain/(loss))	Non-Operating and Net Investment (loss)		(21,017)		15,033
Statement of Comprehensive Income: investment income + other gains	Net investment losses		(5,302)		(486)
	Pension-related changes other than net periodic costs		-		-
Modified Net Assets					
Statement of Changes in Reserves: unrestricted	Net assets without donor restrictions		81,807		56,504
Statement of Changes in Reserves: restricted + endowment + NCI	Net assets with donor restrictions		25,219		21,427
Note 12	Intangible assets		1,380		1,113
	Secured and Unsecured related party receivable	-		-	
	Unsecured related party receivable		-		-
	Modified Assets				
Statement of Financial Position: total assets	Total Assets		636,237		544,863
	Lease right-of-use asset pre-implementation		-		-
	Pre-implementation right-of-use leases		-		-
Note 12	Intangible assets		1,380		1,113
	Secured and Unsecured related party receivable	-		-	
	Unsecured related party receivable		-		-
Net Income Ratio					
Statement of Changes in Reserves: unrestricted	Change in Net Assets Without Donor Restrictions		25,303		18,468
Statement of Comprehensive Income: total income - investment income + gain on disposal of fixed assets	Total Revenue and Gains		317,290		325,373



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