



**University of  
Central Lancashire**  
UCLan



# Financial Statements

For the year ended 31 July 2021

**Where opportunity  
creates success**

# Report and financial statements

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# Legal and Administrative Details

## Members of the Board

D Taylor	R Gurjee
A Adams (Resigned 31 July 2021)	R Hext
F Armstrong	S Ion
G Baldwin	L Lloyd
Z Chikh	R Lowry
N Danino	A McCarthy
M Darby-Walker (Resigned 31 March 2021)	L Norris
J Edney	W McQueen

## Professional Advisors

Auditor - external:	KPMG LLP	
Auditor - internal:	RSM Risk Assurance Services LLP	
Tax advisors:	Corporation Tax	Grant Thornton
	VAT	Grant Thornton
Banker:	Barclays Bank plc	
Insurance broker:	AON Limited	
Solicitors:	Berrymans Lace Mawer LLP	
	Shakespeare Martineau LLP	

# Operating and Financial Review

## Introduction

**The academic year was once again a successful one but like the previous year it was significantly dominated by issues that arose as a consequence of COVID-19. We operated in a number of different ways as a consequence of frequent changes to COVID requirements but at all times we prioritised the welfare of our student, staff and local communities.**

We welcomed students back in September to a campus that was operating in a socially distanced way with a mix of face-to-face and online teaching. We had one-way and keep-left systems in place, hand sanitiser available throughout all buildings and we provided University face coverings for staff and students. We employed additional staff to provide extra support and to remind and reassure students about the new requirements and we deployed an enhanced cleaning regime in all areas. The arrangements worked well and we were fortunate to avoid any major outbreaks of COVID-19 on campus. Where we did have cases these were effectively managed by the Student Services Team who worked very closely with the local authorities and in particular the Director of Public Health.

As the national position with regard to cases worsened and we went back into a lockdown we used the experience gained in the previous year to ensure that we could continue to deliver to our students ensuring that they weren't disadvantaged and that they would be able to complete or progress on time. Once again we made equipment available to support home learning and we redistributed funds from the Hardship Fund to those students in need. We also successfully distributed three tranches of Government funding to those in most need, the total amount of Government and University hardship funding distributed was £2.49m.

From Christmas onwards the Health and Medical students were being taught on campus or were on placement in the local Trusts. We deemed it critical that these students should complete on time, for their own benefit and for the benefit of the health communities where they will work. As a consequence of the efforts made and through successful partnership working, all Medical and Health students did graduate on time, including our very large cohorts of Nursing students. This was not the case elsewhere in the region.

For those students who couldn't return we again waived accommodation fees and again worked with private providers to encourage them to do the same.

Students on practically-based programmes, such as Engineering and Technology, returned to campus in April, just prior to the commencement of the Semester 2 assessment period. To support students at this challenging time and to reduce pressure, we provided free catering in the refectories until the end of the assessment period. This helped by removing the worry of buying and preparing food and freed up time to allow for concentration on the work required.

The year was characterised by considerable effort and expertise demonstrated by colleagues from across the University. This was recognised externally and we were asked to share our practice with other universities across the sector. Our COVID-19 testing arrangements were particularly successful and an example of good practice. We hosted a PCR testing facility as well as running our own lateral flow testing laboratory. In the spirit of our applied 'Real World Learning' approach, the facility was staffed by students from Health and related programmes and overseen by dedicated staff. Staff and students continue to test twice a week. The University also partnered with the NHS to establish and house the first fully operational COVID-19 LAMP testing facility in the UK. This was designed specifically to test NHS staff and has to date processed over 60,000 tests. Once again it provided employment opportunities in a relevant work environment for our students.

It wasn't only COVID-19 that challenged us. Part way through the year we were, along with other universities and large organisations, the victim of a cyber attack. Thankfully this was discovered early and we responded quickly and decisively. We were able to return to normal operation relatively



quickly and thankfully the disruption was minimal. This is a consequence of the robust infrastructure in place and the response of colleagues in the Library and Information Service. We have put further security measures in place and enhanced the levels of security we are working to.

In response to this great work of colleagues during the year and to show its gratitude, the University provided a voucher for all colleagues at Christmas along with an additional day of non-discretionary leave. This was followed by a further day of non-discretionary leave to coincide with the August Bank Holiday. All colleagues were also awarded a non-superannuated payment of £250 in July as a further recognition of the great efforts made during the year.

As well as the challenges of external events beyond our control we successfully managed our 'business as usual' activity. The construction of the Student Centre and University Square was successfully completed and the latter in particular was showcased as it hosted the post-graduation ceremony celebrations as 5,500 students from 2020 and 2021 were finally able to attend their ceremonies. These proved to be a great entrée to the academic year 2021/2022 and a great way to welcome colleagues back to campus.

We also finalised the consultation for the new University Strategy which will run from 2021-2028, culminating with the 200th anniversary of the Institution. We announced the launch of a new School of Veterinary Medicine in collaboration with Myerscough College and we agreed the purchase of new accommodation to enable further expansion of our provision in Burnley. We also successfully submitted our entry into the Research Excellence Framework.

As this report is completed we welcome students back to a much more normal way of operating with the majority of teaching now back to face-to-face and in-person. We continue to play a big part in the recovery from COVID-19 but are also concentrating on developments that support our communities generally and particularly our students. Enhanced support, a return to campus and face-to-face teaching, new facilities and a new strategic plan are all in place with a focus on the student experience.

**David Taylor**  
Pro-Chancellor and  
Chairman of the Board

**Graham Baldwin**  
Vice-Chancellor

## Operating and Financial Review (continued)

### Financial Results

Total income has increased by £21.0m (8.6%) to £265.1m.

Tuition fee income increased by 11.7% compared with 2019/20 to £193.2m. This includes a £12.5m (32.5%) increase in international students to £50.9m as we continue to see strong growth in this area.

Total funding body grants were £35.9m in the year (compared with £34.4m in 2019/20), of which grant funding to the Group from the Education and Skills Funding Agency was £11.5m in the year, an increase of 19.8%, as the University continued to experience growth from its portfolio of Degree Apprenticeships.

Income to fund research projects increased by 7.1% to £7.5m.

The COVID pandemic impacted the income from other sources (including student accommodation charges, catering, and academic trading) which outturned at £28.1m. This was a reduction of £0.2m from 2019/20 but 17.6% less than in 2018/19, the last full trading year prior to the pandemic.

Total expenditure has increased by £3.5m (1.4%) to £256.2m.

Staffing costs reduced by £3.6m (2.2%) to £164.0m, £2.0m of which relates to severance costs of staff leaving through the Voluntary Redundancy scheme the University ran during the year. The average staff FTE reduced by 71 (2.4%) to 2,888.

Other operating expenses increased by £5.3m (7.2%) to £78.5m. The major contributory factors to this were an increase in the bad debt provision of £4.0m (157.3%), with collections in year impacted by the pandemic, and an increase in student bursaries and expenses of £1.9m (27.7%) as we continued to support our students during lockdown.

The University Group returned an operating surplus of £8.8m, a £17.5m improvement on the £8.7m deficit in 2019/20 and a welcome return to surplus after recording operating deficits in the three preceding accounting periods.

Total comprehensive income for the year was £41.0m, including an actuarial gain on defined benefit pension schemes of £31.9m, which is driven by an increase in scheme assets during the year.

Net cash inflow from operating activities was £44.8m. The University repaid its bank loan of £6.2m in full during the year. The University's Masterplan programme continued despite the pandemic, with capital expenditure on the acquisition of fixed assets totalling £35.6m. The Group's net reserves increased in the year by 29.1% to £181.9m (July 2020: £140.9m) as a result of the operating surplus and the reduction in pension provision.

The University currently holds substantial cash and investment balances (£94.2m as at July 2021); it invests these balances in a variety of instruments primarily with UK banks. The University operates to an agreed schedule of investment counterparties based on credit ratings and other relevant factors and invests in line with an agreed risk profile and investment strategy.

## Financial Future Outlook

The University's budget for 2021/22 recognises both the current improved financial position and a challenging and uncertain undergraduate recruitment market as the sector emerges from the impact of the pandemic. The competitive market environment means we continue to be prudent with our recruitment forecasts in future years and the focus over the next few years will remain on increasing market share and income diversification whilst controlling expenditure.

Key areas of growth and development include postgraduate activity, degree apprenticeships and partnership development, as well as the establishment of a new Veterinary School and the University's internationalisation strategy.

The latest forecasts for the year anticipate a further operating surplus in 2021/22, which is likely to continue to be challenged by the impact of the pandemic and external cost pressures such as increasing pension costs, as well as general inflation. Regular review and forecasting of the financial position of the University for cash, income and expenditure will ensure that appropriate risks are highlighted and mitigated in a timely manner.



# Statement of Public Benefit

The **University of Central Lancashire (UCLan)** is an exempt charity under the terms of the Charities Act 2011. The Board of Governors is aware of its responsibilities as a charity to act for the public benefit across all of its activities and has had due regard to the latest version of the Charity Commission's public benefit guidance and that provided by the Office for Students Regulatory Framework for Higher Education in England.

As a Higher Education Corporation (HEC), the University's objects are inferred from the powers of a Higher Education Corporation, as set out in section 124 of the Education Reform Act 1988 and Part II of the Further and Higher Education Act 1992. The University's charitable objects are to provide higher education and carry out research and knowledge exchange. These are embodied within the University's Strategic Plan 2021-2028.

Our mission is to create positive change in our students, staff, business partners and wider communities, enabling them to develop their full potential by providing excellent higher education, innovation and research. We achieve this through our six strategic priorities:

- **Student opportunity and success:** We will enable our students to seize every opportunity to flourish in education, at work, and for life.
- **Leading the way in modern learning:** Learning and teaching is at the heart of our mission to transform lives and enable people to achieve their full potential. We combine academic excellence with real-world teaching, giving our students the skills and experience that industry needs.
- **Our people experience:** We will continue to attract and retain the very best talent and enable everyone to do their best work.
- **Real-world research and innovation:** We will establish ourselves as a leader in research, innovation and enterprise within the modern university sector.
- **Our place in the world:** We will be recognised as a leading civic university; an anchor institution with a multi-campus presence. We will enrich the cultural lives of our communities, promote social progress, and support the economic development of our local areas, regions and the wider North West.
- **Future-proofing our University:** We will become the exemplar in UK higher education for our regional championing of environmental awareness. Our unwavering commitment to sustainability, health and wellbeing will become the benchmark for the UK university community.



Throughout the COVID-19 pandemic, the University faced unprecedented challenges to the delivery of its wide-ranging educational, research and innovation activities which are carried out for the public benefit. By rapidly adopting cutting-edge digital technologies and adapting its approaches to learning, teaching, innovation and research, the University continued to deliver an exceptional student experience and provide second-to-none support to ensure that individuals were able to remain on track, successfully progress in their studies, and benefit from the best possible preparation for their future career.

Adapting to the new educational landscape, the University is building on its strengths in digital excellence and will strive to become a market leader in this new era of flexible, blended learning, leveraging the advantages of online technologies to open up new educational opportunities. To enable the University to secure its aspiration of 'leading the way in modern learning', it will build upon its experiences of delivering blended learning and teaching during the pandemic, supplementing traditional face-to-face teaching with engaging digital learning experiences, harnessing the technological infrastructure at its disposal and the innovative mindset of its educators.

In recent months the University's continued commitment to transforming lives through innovative teaching and research has led to regional, national and international acclaim, highlighting how colleagues have responded positively to the challenging circumstances presented by the pandemic. The University won the 'Social Mobility Award - University Sector' and 'International Partnership - University Sector' accolades at the Educate North Awards in April 2021. The former highlighted the work of the School of Community Health and Midwifery's Social Care team, which has developed a sector-leading approach, via a foundation degree programme, to support individuals with undiscovered potential and determination to become the next generation of health and social care professionals. The latter recognised the work of the School's Professor Soo Downe and Elizabeth Gomez. Working in partnership with the Fernandez Hospitals Foundation in Hyderabad, India, University staff combined face-to-face and online teaching to train a cohort of UK midwives to become educators. They then replicated this

training with a cohort of Indian nurse midwives. The successful strategy is helping to ensure that future midwives in India are trained in line with international standards, supporting the country's drive to improve maternal and newborn care and support, while reducing pregnancy related deaths of mothers and babies.

Further recognition came with three nominations at the Times Higher Awards, the 'Oscars of higher education'. The winners will be announced on 25 November 2021. The nomination for 'Outstanding Contribution to the Local Community' follows the University's response to the COVID-19 pandemic, including the mobilisation of 20 final year medical students and over 300 nursing students, who were able to graduate early and join the medical frontline at a time of national crisis. As one of the largest providers of health and care education in the North West, the University plays a crucial role in training the next generation of doctors, nurses and other frontline professionals in the NHS.

Secondly, in the 'Outstanding Research Supervisor of the Year' category, Dr Clive Palmer, Senior Lecturer in Sport, PE and the Outdoors, was recognised for his innovative use of digital technology. Amidst the pandemic, he created an online learning community which functioned as a hub, meeting place and resource centre to support postgraduate students and staff in adverse circumstances. The nomination recognises him as being an inspirational tutor.

Thirdly, Dr David Wareing, Lecturer in Medical Biology, is nominated in the 'Most Innovative Teacher of the Year' category for a similarly inspiring approach to online learning experiences, which included the creation of competitive tournaments and quizzes, interactive presentations, microbiology 'escape rooms' and extracurricular societies such as the Parasitology Club.

The University continues to innovate in the digital realm. In February 2021 it was announced that a new partnership with Cambridge Education Group's Digital division (CEG Digital) will enable students worldwide to access the University's postgraduate degree portfolio anywhere. The move is enabling the University to expand its international reach and recruit a diverse mix of students for an expanding number of postgraduate courses.

## Statement of Public Benefit (continued)

Furthermore, in October 2021 the University announced that it will be playing a key role in establishing Lancashire as an undisputed national leader for cyber and security-related capabilities. The development of the new National Cyber Force (NCF), located in Salmesbury and announced by Defence Secretary Ben Wallace, will contribute to national security. The collaboration - which also includes Lancashire County Council, the Lancashire Enterprise Partnership (LEP), Lancaster University and BAE Systems - will bring highly skilled jobs to Lancashire, extending the proposed North West Cyber Corridor from Manchester to Lancaster and beyond, with Salmesbury becoming the heart of a thriving, collaborative regional cyber and security innovation ecosystem.

September 2021 saw thousands of students welcomed back to campus at the start of the new academic year. This coincided with the opening of the University's c.£60m Student Centre and University Square, marking the completion of its five-year, c.£200m Masterplan project, which set out its ambitions to create a world-class campus in Preston for the benefit of students, staff and the whole community. The Student Centre brings together the University's second-to-none support services under one roof, with every aspect of the building focused on enhancing wellbeing. Students can get expert advice on everything

from finance and accommodation to mental health, disability support and careers planning. The Centre will make a positive contribution to student retention, ensuring that the University is equipped to support every student from the moment they arrive until the day they graduate (and beyond), giving them every possible opportunity to complete their course and go on to enjoy a successful future career.

The Student Centre looks out over the newly opened University Square, one of the largest public realm projects to have been completed in England for many years, becoming the revitalised heart of the Preston Campus and forming an impressive gateway between the University and the city. University Square is a significant step forward in the ongoing regeneration of Preston, creating a thriving hub which the whole community can enjoy. It is set to host a wide range of University and community events in the near future, including street markets and festivals, transforming the city's Adelphi Quarter. The Square has already hosted Welcome Week festivities, Graduation celebrations and the Lancashire Science Festival, a significant community engagement event. The works around University Square have included improvements to surrounding highways and landscaping of the urban environment.





Alongside University Square is the £35m Engineering Innovation Centre (EIC), which opened in 2019, becoming the largest single investment in Lancashire and its educational infrastructure, providing hundreds of locally trained graduates in rapidly advancing fields including engineering, energy technologies and aerospace at a time when the region and the wider UK face an acute skills shortage in STEM graduates. The EIC is enabling the region's businesses to engage with the University's research expertise, progressing the vision to position Lancashire at the forefront of the 'Fourth Industrial Revolution' in rapidly advancing fields such as artificial intelligence, additive manufacturing, advanced engineering and virtual reality. The facility is helping to cement the region's longstanding position as a national centre of excellence in engineering by bringing together world-leading research, leading business minds and inspiring teaching in a spirit of collaboration and discovery. Organisations engaging with the University can access state-of-the-art engineering facilities, industry-leading technologies and research expertise.

The re-opening of the Preston Campus in September enabled the University to stage Graduation ceremonies for its 2020 and 2021 cohorts. The events witnessed the conferment of three new honorary graduates: Mike Tynan (for his significant contribution to the HE sector), Sarah Carr OBE (for her significant contribution to early years education and childcare), and Professor Klaus Leisinger (particularly for his co-development on the Global Code of Conduct for Research in Resource-Poor Settings, led by the University's Centre for Professional Ethics).

In spite of the pandemic, the University has continued to invest in its educational infrastructure, bringing transformational new opportunities to students and communities surrounding its campuses in Preston, Burnley, Westlakes (Cumbria), Blackburn (Training 2000) and Cyprus.

In 2020, the University's School of Medicine was given degree-awarding powers by the General Medical Council, enabling it to deliver the prestigious Bachelor of Medicine & Bachelor of Surgery programme, creating a pipeline of graduates becoming trained doctors and providing much-needed skills for the benefit of the NHS workforce and other health institutions. Since then, the University has been involved in extensive political engagement regarding medical provision.



In October 2020, Her Royal Highness the Princess Royal, patron of the Royal College of Occupational Therapists, visited the Preston Campus to celebrate the achievements of the first cohort of graduates from its new Occupational Therapy programmes, and officially open the Occupational Therapy Practice Skills areas. The new graduates are likely to progress onto careers where they will be supporting people of all ages whose health may prevent them from getting on with their everyday lives.

In June 2021, the University joined an elite list of universities by establishing a prestigious Veterinary School in Preston - only the 11th of its kind in the UK and Lancashire's first. The new School will deliver foundation, undergraduate and postgraduate courses in areas such as veterinary medicine, bioveterinary science, veterinary clinical practice, veterinary physiotherapy and rehabilitation, and clinical animal behaviour and training. Its focus will be on producing much-needed, industry-ready graduates for the region at a time when there is a national shortage of vets in a sector which has been highly reliant on vets educated in the European Union. A number of courses will be delivered in conjunction with Preston's Myerscough College, with students benefitting from its renowned animal training facilities.

## Statement of Public Benefit (continued)

In September 2021, the University officially opened its purpose-built Eye Clinic, a state-of-the-art facility which is open to the public. Set up similarly to a high street practice, and working alongside Royal Preston Hospital eye department, it boasts an extensive suite of computerised equipment, including an Optical Coherence Tomography (OCT) scan, which enables the eye to be examined in greater detail, and retinal photography. Examinations are carried out by experienced members of staff or final year MSc Optometry students under direct supervision. The Clinic joins a growing number of public services at the University which the local community benefit from, including Dental and Physiotherapy clinics. The University is training a greater number of health professionals than ever before. Many will go on to work across the region, which will benefit from a new generation of doctors, nurses, dentists, paramedics and physician associates.

As a civic anchor institution, the University continues to be an engine of the North West economy, supporting and collaborating with businesses across the region and enabling them to access its knowledge, research expertise, cutting-edge facilities and student talent. It plays a crucial role in raising aspirations, promoting social mobility, upskilling local populations and increasing economic prosperity within and beyond the places in which it operates. It continues to work in partnership with home-grown businesses and organisations, sourcing products and services locally, helping to boost jobs, strengthen local businesses and promote economic growth and regeneration.

The University dedicates significant resources to local and regional priorities, and as a major employer supported 4,500 FTE jobs across Lancashire, generating £220m in annual gross value added (GVA) for the North West economy through education, research and scholarship. Recent regionally-focused projects funded by the University, its partners and the EU have supported 2,000 businesses and 2,600 individuals, creating 486 jobs and increasing the GVA from £15m to £31m.

The University has continued to engage, lead and contribute to a range of formal and informal groups that oversee local economic development policy and funding issues, including a regular

Department for Business, Energy & Industrial Strategy (BEIS) North West Higher Education Group and the Lancashire Enterprise Partnership. It is a strategic contributor to all sub-regional strategies and plans, including the Local Economic Strategy for Lancashire, the European Structural and Investment Funds (ESIF) Strategy, Lancashire Innovation Plan and the Local Industrial Strategy. The University has been fully immersed within the regional growth and regeneration ecosystem, through its active participation and support to the North West Universities Economic Development Unit, Chambers of Commerce and Industry, Local Authorities, Allied Health Science Network, NHS Trusts, Burnley Bondholders, Preston Partnership and sector bodies such as the North West Aerospace Alliance.

In recent months the University has collaborated on a strategic partnership to champion Lancashire's bid to be appointed the UK's City of Culture 2025. The Vice-Chancellor, Professor Graham Baldwin, has joined the Board of Directors, while the University and the Bid Team (through its funder Marketing Lancashire) have developed a co-funded Research Agreement. This Agreement sets out a programme of work titled 'Understanding Lancashire: Supporting Impact Through Insight', which will generate the necessary evidence to support Phase 1 ('design and credibility') of the bid in the short term, and Phase 2 ('process and impact evaluations') in the medium and long-term. The University is hosting the Bid Team in office space within its Media Factory building.

The University's strategic priorities for local growth and regeneration are consistent with regional priorities and align with the University's mission to deliver a knowledge exchange that meets the needs of the people of Lancashire, the region and beyond. In particular, the University committed to and delivered education, research and training that increased qualifications and skills and boosted inclusion and productivity across Lancashire and the North West. Its partners included major private, public and not-for-profit employers, as well as the Lancashire Local Economic Partnership (LEP), Lancashire County Council, Metropolitan Borough Councils and NHS Trusts. The University's knowledge exchange activity and strategic contribution to local growth and regeneration were the result of a consultative process with a wide range of public, private and not-for-profit partnerships.

In the first Knowledge Exchange Framework (KEF), published in March 2021, the University scored in the top 20% of all English higher education providers in three areas: local growth and regeneration; skills, enterprise and entrepreneurship; and working with the public sector and third sector. In addition, its research partnerships and public and community engagement have been ranked in the top 40%. The KEF recognises the contributions that English higher education providers make, both economically and socially, to society.



One particular success is the University-funded Centre for SME Development, which has expanded its membership and network to more than 1,200 Lancashire SMEs. The Centre was highlighted within the Industrial Strategy White Paper as a headline example of university-business collaboration. More than 1,400 organisations have been assisted through business support projects, with 950 reporting business improvements and more than 400 jobs created or safeguarded.

2021 saw the return of the IN4.0 Access programme, a joint venture enterprise between IN4.0 Group and the University. The ground-breaking programme is tailored to the needs of manufacturing and engineering businesses looking to innovate and adopt new technologies through the upskilling of leadership teams.

The University is also leading the Lancashire Engaging Apprentices Programme (LEAP), which will provide additional support to apprentices and employers based within the county's SMEs, including coaching and mentoring. It is also part of a consortium of Lancashire organisations, the Lancashire Levy Transfer Network, which is working together to help local businesses develop their workforce, access apprenticeship opportunities and retain funding within the county as it recovers from the effects of the pandemic. In November 2021 the University will be sponsoring an award at the Red Rose Awards 2021, the annual celebration of the Lancashire business community.

The University continues to mould future leaders, creative thinkers and entrepreneurial business minds, equipping its students with highly employable skills which can open doors to global careers. The latest Government data shows that 95.5% of the University's new graduates progress into employment or further study within six months (HESA 2018). It continues to champion enterprise. Through its Propeller service, students can gain the skills and knowledge they need to set up and run their own successful start-up companies, benefitting from expert advice, industry connections and business incubation space on campus. The University has previously been ranked as the leading university in England for start-up businesses that it incubates which are still active after three years of trading (HEBCIS, covering academic years 2014/15 - 2019/20). More than 1,000 students and graduates have received help with starting a business or becoming self-employed in the last five years.

Through its expanding portfolio of Higher and Degree Apprenticeships, the University is achieving new growth areas of employment. These innovative Apprenticeships are recognised by Government as crucial in boosting productivity and economic growth locally, regionally and nationally. These achievements are supported by a strategic alliance with the Blackburn-based charity Training 2000, one of the largest group training associations in the UK. Currently the University boasts one of the largest portfolios of Degree Apprenticeship programmes in the UK. It presently works with more than 3,500 employers and over 1,900 Degree Apprentices. Over 30 Apprenticeship programmes are now offered, spanning Level 2 right through to Level 7. On the Government's 'Find an Apprenticeship' page at [gov.uk](https://www.gov.uk), 84% of respondents rated the University's provision as 'Good' or 'Excellent.'

The University's research teams continue to push back the boundaries of knowledge, generating positive social, environmental and economic impact locally, nationally and globally. Its 15 Research Centres and three Research Institutes are hubs of world-class research which bring together expertise from across the institution and enable researchers to deliver real-world solutions and opportunities which have a demonstrable, life-changing impact on the world.

## Statement of Public Benefit (continued)

### Recent examples of research impact within the UK include:

- A collaboration with MedTech Solutions, bringing together a collective of scientists, engineers and technicians from across the University, together with partners across Lancashire and beyond, to support the design and development of medical devices and related interventions, addressing problems faced by the NHS and the wider healthcare sector. In 2021, the group collaborated with Preston microbusiness PPECO and the University's Allied Health Research Unit and Innovation Clinic, to devise an entirely plastic-free form of biodegradable PPE face visors, suitable for use in hospitals and other health environments. The device is helping to reduce single-use plastic PPE waste, which has become a significant issue during the COVID-19 pandemic.
- In early 2021, University researchers announced the development of a new nationwide database to assess the potential link between fire toxicants and other diseases amongst firefighters. The work will enable scientists to identify and recognise the most common cancers and diseases related to firefighters' work and, in the future, offer preventative health screening, education and support that is specifically designed to protect their health.
- Dr Rachel Stockley from the University's Stroke Research Team collaborated with clothing company KnitGen to develop 'wearable therapy' in the form of smart nano-structure yarns which can be stitched into clothing and deliver tiny impulses to stimulate muscles.
- A research collaboration with ManKind, a charity supporting male victims of domestic abuse, has explored the severe and longstanding negative effects of coercive control on men.
- Dr Gordon Prescott, Reader in Medical Statistics and Deputy Director of Lancashire Clinical Trials Unit, is working with Behold.ai, an autonomous AI logistics company, on a Government-funded clinical trial of pioneering new technology which uses Artificial Intelligence (AI) to assess X-rays for people who are suspected of having lung cancer.
- Research into treatment for fungal lung infections using coated nanoparticles which are inhaled, enhancing lung permeability and increasing the effectiveness of drugs used.
- Research into management of inflammatory bowel disease (IBD) and the effectiveness of biologic and immunosuppressant therapies for people with Crohn's Disease.
- Collaborating on a national NHS England programme to tackle health inequalities for people with learning disabilities and individuals with autism.
- Improving the maternity care experiences of local women from ethnic minority groups in joint research with Lancashire and South Cumbria Maternity Transformation Programme.
- Working with East Lancashire Hospitals Trust (ELHT) to pilot an online tele-rehabilitation initiative supporting survivors of stroke and brain injuries, meaning they can access help in their own homes rather than having to attend hospital.

## **The University's world-leading research expertise has continued to make an impact on the world stage:**

- Collaborating with NASA to gather new insights into the Sun's corona.
- Participating in the global Event Horizon Telescope (EHT) project, leading to the unveiling of the first ever image of a black hole.
- Leading research with Wellcome Trust and partners in Nairobi (Kenya) and Cape Town (South Africa) to help make non-clinical research less risky and more inclusive for otherwise marginalised populations.
- Research funded by the National Institute of Health in the USA for an international project exploring new treatments for malaria, focusing on how chemotherapy and nanoparticle-based therapy can kill the parasite and protect the brain from damage at the same time.
- Conducting research with leading women's rights charity the Iranian and Kurdish Women's Rights Organisation (IKWRO), to support Middle Eastern and Afghan women by ending 'honour'-based abuse and assisting survivors.

The University continues to drive a number of high-profile community engagement projects aimed at raising the aspirations of underprivileged families across the region, as well as inspiring young people to become the leaders and innovators of tomorrow.

In 2021, Professor Robert Walsh, Professor of Solar Astrophysics, became only the fifth person to be awarded the Annie Mauder Medal for Outreach by the Royal Astronomical Society. The accolade follows his extensive outreach work in schools and public venues.

October 2021 saw the return of the University's Lancashire Science Festival after the cancellation of the 2020 event due to the pandemic. The one-day spectacular, held on the Preston Campus, was packed with live shows, demonstrations and hands-on workshops designed to engage young people on the wonders of science, and inspire the next generation by inspiring them to pursue a career in Science, Technology, Engineering and Maths (STEM) in the future. Alongside this, the University hosted a Virtual Lancashire Science Festival featuring virtual and pre-recorded activities for the benefit of primary and secondary school children in the region.

In Summer 2021, the University worked with the Science and Technology Facilities Council (STFC) to provide hundreds of local children with free superhero-themed books which revealed the scientific theory behind the powers of famous comic book and film heroes. The initiative sought to generate an interest in the sciences and encourage them to take an active interest in future STEM careers.

The University continues to actively promote Lancashire's thriving arts and cultural scene. In January 2021 it hosted the online Northern Young Adults (NYA) Literary Festival, a three-day event which attracted young reading enthusiasts from all over the region. In Summer 2021, the University collaborated with Arts Council England, Preston City Council and the local community to host the Preston Jazz and Improvisation Festival, a virtual event bringing together some of the world's finest musicians.

# Corporate Governance Statement

## Regulation and Charitable Status

The University of Central Lancashire is a Higher Education Corporation (HEC) established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. The principal regulator is the Office for Students (OfS) and the University is subject to its ongoing conditions of registration, as defined in the OfS Regulatory Framework. Under the terms of the Charities Act 2011, the University is also exempt from registration and regulation by the Charities Commission.

The charitable purpose of the University is the advancement of education for the public benefit and the Members of the Board of Governors are also Trustees of the University for the purposes of Charity Law.

Governance arrangements in place throughout the year ended 31 July 2021 and up to the date of approval of the Financial Statements are described below.

## Our Approach to Corporate Governance

The University's Instrument and Articles of Government, as approved by the Privy Council, provide the constitutional framework for the University and define its objects and powers. Amongst other things, the Instrument and Articles provide that the University has a Board of Governors (The Board), a Vice-Chancellor and an Academic Board, each with clearly defined objectives and responsibilities.

The University is committed to achieving best practice in all aspects of corporate governance via compliance with the Committee of University Chairs (CUC) Higher Education Code of Governance, and CUC Codes relating to Audit Committees and Senior Staff Remuneration, the OfS's ongoing conditions of registration and the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

## Summary of the University's Structure of Corporate Governance

The Board is the Governing Body of the University. The responsibilities of the Board and its Committees are set out in the Instrument and Articles, Statement of Primary Responsibilities, Committee Terms of Reference and by the OfS Regulatory Framework and various other statutory regulatory provisions.

The Articles of Government provide that the following key responsibilities are reserved for decision by the Board:

- the determination of the educational character and mission of the University;
- the approval of the annual estimates of income and expenditure;
- ensuring the solvency of the University and the safeguarding of its assets;
- the appointment or dismissal of the Vice-Chancellor, Clerk to the Board, the Chair and Deputy Chair; and
- the varying or revoking of the Articles of Government.

The Board of Governors is led by an Independent Chair and has a majority of independent members. Board Members also include the Vice-Chancellor, the President of the Students' Union and two staff members.

The Vice-Chancellor is accountable to the Board and has responsibility for the organisation, direction and management of the University and leadership of its staff and is the Accountable Officer for the purposes of the OfS conditions of registration.

The University has an OfS Compliance Manager within the Governance Team of the Office of the University Secretary and General Counsel. Reports on OfS compliance issues are presented to the Executive Team (Vice-Chancellor's Group) and the Governance, Risk and Nominations Committee.



## Register of Interests

Board Members and the Vice-Chancellor's Group declare any potential conflicts of interest annually. In addition, they are also asked to declare any specific interests relating to matters on the agenda at each Board and Committee meeting. A Register of Interests of Members of the Board and the Vice-Chancellor's Group is maintained by the Office of the University Secretary and General Counsel.

## Conduct of Business

During the 2020/21 academic year, the Board met eight times, including two in-depth sessions to consider the University's strategy.

The Board has appointed Committees, each with agreed Terms of Reference which define their remit, powers and rules for how meetings are conducted.

The Board had the following Committees until 26 November 2020:

- Resources Committee
- Audit and Risk Committee
- Nominations Committee
- Remuneration Committee
- Urgent Business Committee

As part of an ongoing review and modernisation of the University's corporate governance arrangements, on 26 November 2020, the Board approved the following amended Committee structure, inter alia, to facilitate a sharper focus specifically on governance and risk:

- Resources Committee
- Audit Committee
- Governance, Risk and Nominations Committee
- Remuneration Committee
- Urgent Business Committee
- Honorary Awards Committee

On 4 February 2021, the Board established an Environmental Working Group, with membership drawn from the Board of Governors and the Vice-Chancellor's Group.

## Resources Committee

The Resources Committee is responsible for considering and agreeing (or recommending to the Board) various key financial decisions and documents including the budget, Financial Statements and capital expenditure plans. The Committee also has oversight of the Estates, Health and Safety, Human Resources and Information Technology strategies. The Committee acts on behalf of the University in respect of the University's involvement in limited companies and significant developments and joint ventures. The Committee also agrees the terms of the University's Financial Regulations and various related policies and procedures.

The Committee met eight times during the 2020/21 academic year and approved four written resolutions.

## Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the University's system of audit and internal control. The Committee demonstrates leadership and stewardship in relation to the audit of the University, and in doing so helps to protect its reputation and provides a level of assurance to key stakeholders, partners (including the student community) and society more widely. It advises the Board on matters relating to the appointment of internal and external auditors and considers detailed reports from each. The Committee agrees an annual Internal Audit Plan, oversees the work of both internal and external auditors and receives regular reports from both on their activities and conclusions. The Committee produces an Annual Report to the Board summarising its work during the year and providing the Board with assurance that the Committee has fulfilled its responsibilities and discharged its functions.

The Audit Committee met three times between January 2021 and July 2021. Prior to this, the Audit and Risk Committee met once in November 2020. The Audit Committee also approved one written resolution.

## Corporate Governance Statement (continued)

### Governance, Risk and Nominations Committee

As part of a restructuring of its Committees in November 2020, the University Board agreed to form a new Governance, Risk and Nominations Committee. The role of the Committee is to advise the Board on matters relating to the Corporate Governance of the University, in order to ensure compliance with best practice and the OfS regulatory requirements. It is also responsible for monitoring the implementation of the University's risk management processes, as well as supporting and advising the Board in the identification and appointment of new members of the Board and its Committees and the ongoing development of Board members.

The Committee met twice during the 2020/21 academic year.

### Remuneration Committee

The Remuneration Committee agrees the remuneration and terms and conditions of employment of the Vice-Chancellor and members of the Vice-Chancellor's Group. The Committee also reviews the performance of the Vice-Chancellor.

In line with best practice, the Committee presents an annual report to the Board summarising the Committee's work and certain information set out in the CUC Senior Staff Remuneration Code.

The Committee met twice during the 2020/21 academic year.

### Urgent Business Committee

The Urgent Business Committee has power to take any decision on behalf of the Board provided that:

- it is not a decision specifically required by legislation and/or the University's Instrument and Articles to be taken by the Board; and
- the Committee is satisfied that the decision sought is urgent and cannot reasonably await consideration at the next meeting of the Board.

The Committee met once during the 2020/21 academic year.

### Honorary Awards Committee

Prior to November 2020, Honorary Academic Awards and Honorary Fellowships of the University were dealt with via different processes, the former managed by the Academic Board and the latter managed by the Nominations Committee of the University Board. The new Honorary Awards Committee now has responsibility for the combined process and decisions relating to all Honorary Awards bestowed by the University.

The Committee did not meet during the 2020/21 academic year.

### Environmental Working Group

In February 2021, the University Board agreed to form an Environmental Working Group in order to advise the Board and the Vice-Chancellor's Group on environmental matters affecting the University.

The Group met once during the 2020/21 academic year.

### Review of Corporate Governance and Board Effectiveness

The Board has established its governance arrangements with due regard to the provisions of relevant guidance and good practice, in particular the Higher Education Code of Governance issued by the Committee of University Chairs (CUC).

The Board is assisted in ensuring its effectiveness by periodic independent reviews of the University's corporate governance arrangements and its compliance with relevant best practice.

The next Governance Effectiveness review is expected to be undertaken during the course of the 2021/22 academic year. The review will examine the University's arrangements to ensure compliance with both the CUC's Higher Education Code of Governance and the OfS Conditions of Registration and the findings will be presented to the Governance, Risk and Nominations Committee and the University Board.

## Governor Training and Development

The University has an induction process in place for all newly appointed Board Members which is tailored to meet the needs of each individual. In addition, Board Members are given the opportunity to attend training, briefings and events hosted internally or by the internal and external auditors or other relevant experts on a range of subjects that may help them undertake their role. The Vice-Chancellor and Vice-Chancellor's Group colleagues also provide relevant updates at each Board meeting and, if necessary, between meetings on any significant issues and/or developments.

## Use of Public Funding

The University aims to achieve value for money in its use of resources and publishes a Value for Money Statement [uclan.ac.uk/legal/student-policies/providing-value](https://uclan.ac.uk/legal/student-policies/providing-value).

The Financial Regulations of the University ensure that budget holders within the University operate in compliance with the relevant legislation, within their delegated authority, and with propriety. The Financial Regulations reflect the need for efficiency, economy, effectiveness and prudence in the administration of the University's resources. A review of the University's Financial Regulations and related policies was undertaken during the 2020/21 academic year and the Resources Committee approved revised Financial Regulations and a number of policies in November 2020 with the remainder of the policies agreed later in 2021.

## Transparency

In order to maximise the transparency of the University's corporate governance arrangements, the constitutional documents, Board and Executive Members details, Terms of Reference and memberships of Committees and all non-confidential Board Minutes are available online or from the Office of the University Secretary and General Counsel.

## Academic Governance

Oversight of academic issues within the University is principally undertaken by the University's Academic Board.

The Academic Board is responsible for:

- General issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students;
- Oversight of the effective implementation of the academic strategies;
- The appointment and removal of internal and external examiners;
- Policies and procedures for assessment and examination of the academic performance of students;
- The content of the curriculum, academic standards, quality of teaching, the student experience and the validation and review of courses, the procedures for the award of qualifications and honorary academic titles;
- The procedures for the expulsion of students for academic reasons;
- The governance of standards and returns to the OfS and other Professional and Regulatory Bodies relating to academic and professional body standards;
- Policies and procedures relating to equality, diversity and inclusion.

In order to provide the University Board with assurance as to academic quality issues in the University, the University Board received an Annual Report from the Deputy Vice-Chancellor on the activities of the Academic Board. In order to further strengthen the oversight of the academic quality and standards, the University Board has appointed two independent Board Members to the Academic Board. These Members also presented reports to the University Board on academic quality and related issues.

Academic Board agreed a revised Academic Governance Manual in June 2021, which was presented to the University Board and approved in July 2021.

## Corporate Governance Statement (continued)

### Internal Control and Risk Management

The University Board has overall responsibility for ensuring the University's internal control and risk management systems are effective.

The University's internal control system is embedded in ongoing operations, supported by a number of policies and documents approved by the University Board and/or its Committees. These include:

- Financial Regulations
- The Institutional Risk Register
- Anti-Bribery and Corruption Policy
- Public Interest Disclosure Policy
- Anti-Money Laundering Policy
- Treasury Management Policy and Ethical Investment Policy
- Fraud Policy Statement and Response Plan

The University has an ongoing process for identifying, evaluating and managing significant risks to the achievement of its objectives. The system of internal control is designed to manage, rather than eliminate, the risk of failure and therefore provides a reasonable, not absolute, assurance of effectiveness. The following arrangements have been in place throughout the year ended 31 July 2021 and up to the date of approval of the Financial Statements.

The Institutional Risk Register is prepared by the Vice-Chancellor's Group, reviewed by the Governance, Risk and Nominations Committee, and agreed by the Governing Body. It has been extensively reviewed during 2020/21 and all risks to the University have been reassessed. The Register includes key risks, including financial, corporate, academic, operational and compliance.

The likelihood and impact of each risk is assessed and robust prioritisation is applied. The Register sets out the action already taken and further action proposed to mitigate each risk, and the direction of travel for each over time. This enables the Board, Governance, Risk and Nominations Committee and Vice-Chancellor's Group to consider the degree of risk the University is willing to accept, and what further action may be necessary.

The Governance, Risk and Nominations Committee discusses key strategic risks as well as the Institutional Risk Register as a whole. The University Board receives and discusses reports on specific internal control and risk issues. During the period covered by this statement, this has included the Access and Participation Plan Progress Report, Academic Board Annual Assurance Report, various financial reports, as well as regular reports from Executives on key issues. The Board receives regular reports from the Committee Chairs and an Annual Report from the Audit Committee which presents the Committee's review of the effectiveness of internal controls and risk management processes. An Annual Report is also submitted by the Remuneration Committee summarising the action taken by the Committee over the year, along with various information specified in the CUC guidance on Senior Pay.

The Resources Committee also considers key financial issues and risks, receiving reports and presentations from the Chief Finance Officer and, where necessary, the Vice-Chancellor or other member(s) of the Vice-Chancellor's Group.

The University's independent internal auditor, RSM LLP, undertakes a programme of audit reviews and presents reports to each meeting of the Audit Committee. The Internal Audit Annual Report presents the internal auditor's opinion on the adequacy and effectiveness of:

- Governance, risk management and control; and
- Economy, efficiency and effectiveness (Value for Money) arrangements.

For 2020/21 the internal auditor's annual report provides a reasonable level of assurance overall over the adequacy of the University's risk management, internal control and governance frameworks.

The Audit Committee also noted that Management had reviewed the completion of all prior years' audit recommendations, and this has also been reviewed independently by the internal auditors.

The University's external auditor, a partner of KPMG LLP, attends each meeting of the Audit Committee and presents reports throughout the year. The External Audit Year End Report includes an assessment of the University's control environment and key issues identified during the audit, including findings on the significant risks and other areas of audit focus. The report confirms that the external auditor expects to issue an unmodified Auditor's Report for the consolidated financial statements for the year ended 31 July 2021.

## **Data Quality/Student Record, Recruitment and Enrolment (UK and International)/ Degree Apprenticeships**

During 2020/21, the internal auditor (RSM) reviewed aspects of key areas where quality of data was an overarching factor of importance.

The audit of the Higher Education Students Early Statistics (HESES) Data Quality gave 'substantial assurance' (i.e., the highest level of assurance), with no negative comment or action on the data quality submitted.

Similarly, the Internal Audit of Student Record, Recruitment and Enrolment (UK and International) gave 'substantial assurance' with the single remedial action related to documentation improvement. There were no adverse comments on the quality of the data itself.

The significant progress in the development and operation of improved systems for the capture and administration of Degree Apprenticeships data was also monitored by the internal auditor and a reconciliation exercise with RSM has been scheduled to confirm that previous quality-linked audit actions have now been resolved or superseded.

## **Audit Committee's Opinion**

The Audit Committee has once again indicated (in its Annual Report to the University Board) that the financial and non-financial systems in place at the University are generally effective and are operating satisfactorily. Where issues are identified – typically in the course of the work carried out by the internal auditor (RSM) – there is open discussion at the Committee of the matters raised, with senior managers in attendance to explain and to confirm arrangements for remedial action. Thus, the Committee is satisfied that, although assurance can never be absolute, the University Board can rely on the adequacy and effectiveness of the University's arrangements with regard to:

- (a) Risk management and internal control;
- (b) Sustainability, economy, efficiency and effectiveness (value for money); and

## Corporate Governance Statement (continued)

### Audit Committee's Opinion (continued)

(c) Management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students, the Education and Skills Funding Agency (ESFA), Research England and other bodies.

In the course of the year, the Committee regularly reviewed University management's response to a range of systems concerns (originally identified by internal audit in 2019/20) in the capturing and management of the data used to support Degree Apprenticeship funding claims (from ESFA). The University's response, including the dedication of a project team and the remedial measures, saw changes to personnel and responsibilities across the institution. It is considered that the arrangements now in place are significantly more effective and this will be tested again in due course by a further internal audit review.

There were no major concerns resulting from the internal audit reviews undertaken in 2020/21, for which the level of assurance was never less than 'reasonable' and was frequently 'substantial' with examples of good practice often cited. Committee members now have direct access to RSM's '4Action' monitoring of audit actions online system.

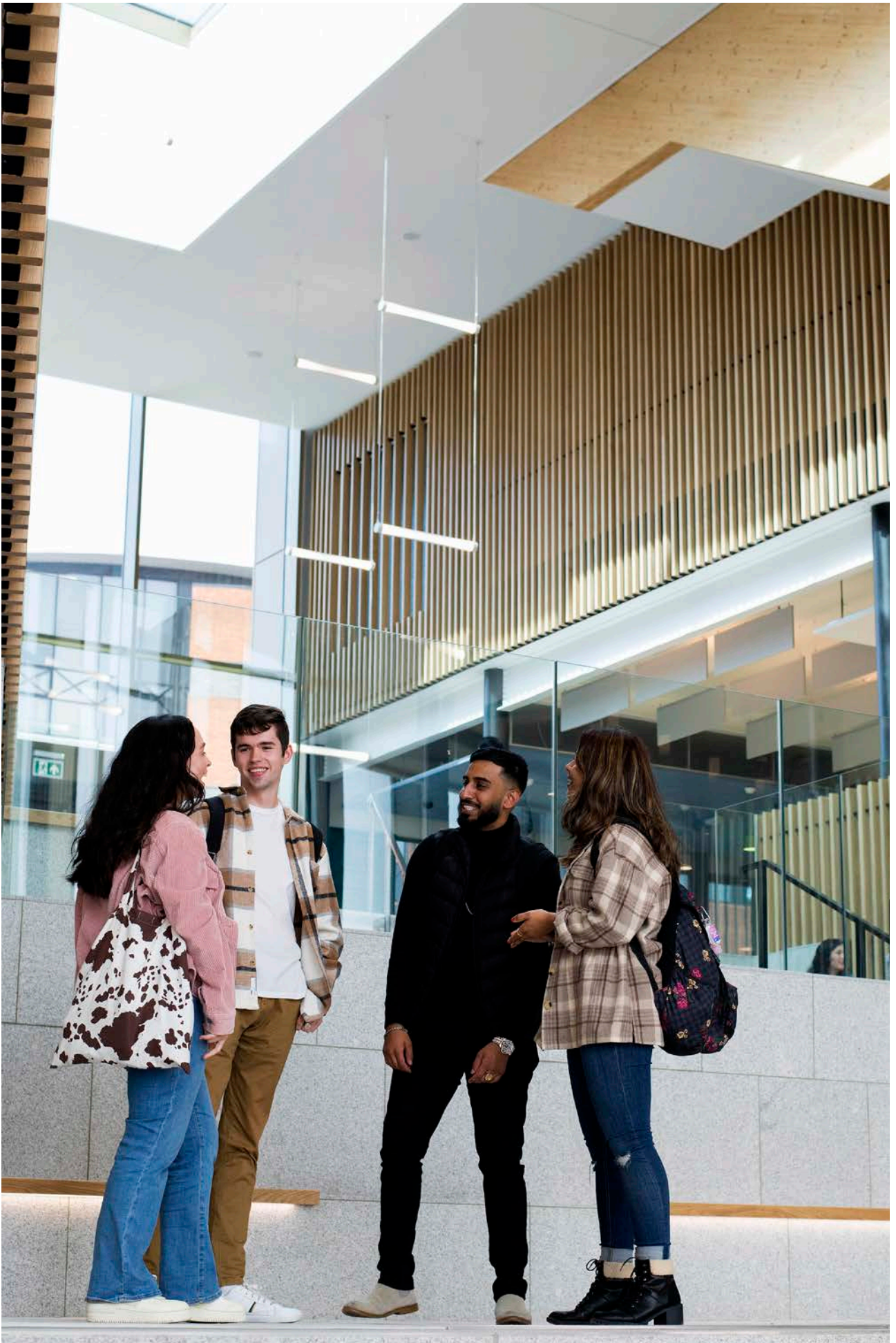
The review of budget monitoring confirmed the significant progress on budget management arrangements, including completion of actions identified in the previous year's Budget Setting and Control review. Two advisory reviews - on the University's culture and on risk maturity - were also undertaken, with the subsequent reports contributing to the deliberations of senior management on those areas. Finally, much progress was achieved in the final completion of a number of long-standing audit actions.

On risk management, the Audit Committee monitored the transfer to new arrangements (arising from the University Board's review of governance in 2020/21) which now enable the Governance, Risk and Nominations Committee to oversee the management of identified risks in the new University Risk Register, with the Audit Committee responsible for ensuring that the risk management framework and systems continue to be effective.

The Audit Committee is assured that the process of Risk Management is considered regularly at meetings of the Governance, Risk and Nominations Committee and that the new arrangements will continue to be embedded throughout the University during the year.

Prior to the transfer to the new arrangements, the Committee had received assurance regarding the key risks to which the University was exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Committee is of the view that, under the new arrangements, there has continued to be an effective on-going process for identifying, evaluating and managing the University's significant risks.

The Audit Committee was pleased to note that the University's commitment to ever-increasing sustainability is also manifested in the introduction of the new Environmental Working Group (currently chaired by a member of the Audit Committee).



# Statement of Primary Responsibilities of the Board

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To approve and to oversee compliance with key policies and procedures which are reserved for the Board and/or its Committees.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To delegate authority to the Vice-Chancellor for the academic, corporate, financial, estate and human resource management of the institution and 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 Vice-Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
7. To conduct its business in accordance with best practice in Higher Education (HE) corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint the Vice-Chancellor and to put in place suitable arrangements for monitoring his/her performance.
10. To appoint a Clerk to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
11. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
12. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
13. To be the institution'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.
14. To receive assurance that adequate provision has been made for the general welfare of students.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
16. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.



# Statement of the Board of Governors' Responsibilities in respect of the Operating and Financial Review and the Financial Statements

The Board of Governors are responsible for preparing the Operating and Financial review and the financial statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions and Research England's terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the Group and parent University financial statements, the Board of Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent University or to cease operations, or have no realistic alternative but to do so.

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

The Board of Governors are also responsible for ensuring that:

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

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

# Independent Auditor's Report to the Board of Governors of the University of Central Lancashire

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of the University of Central Lancashire ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Balance Sheet, Consolidated and University Statement of Changes in Reserves, Consolidated Cash Flow Statement and related notes, including the accounting policies.

In our opinion the financial statements:

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

### Basis for opinion

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

### Going concern

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

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

Our conclusions based on this work:

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

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

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

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition because due to the nature and scope of the University's activities, there are no perceived pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journals posted to cash and turnover that were considered outside of the normal course of business.
- Assessing significant accounting estimates for bias
- Assessing revenue transactions to ensure included within the correct period and are accurate

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

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

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

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

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

## Independent Auditor's Report to the Board of Governors of the University of Central Lancashire (continued)

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR compliance, Money Laundering legislation, Health and Safety law, Procurement law, Employment and Contracts law, PCI compliance, and Fraud, Corruption and Bribery legislation, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Other information**

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, the Statement of Public Benefit and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- We have not identified material misstatements in the other information; and
- In our opinion the information given in the Operating and Financial Review, the Statement of Public Benefit and the Corporate Governance Statement, is consistent with the financial statements.

## Board of Governors responsibilities

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

## Auditor's responsibilities

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

## Independent Auditor's Report to the Board of Governors of the University of Central Lancashire (continued)

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

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

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

We have nothing to report in these respects.

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

This report is made solely to the Board of Governors, in accordance with the Charters and Statutes of the institution and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



**Timothy Cutler**  
**for and on behalf of KPMG LLP,**  
**Statutory Auditor**  
Chartered Accountants  
1 St Peters Square  
Manchester  
M2 3AE

2 December 2021

# Statement of Accounting Policies

## 1. Basis of preparation

The Group and parent University 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 Higher Education and Research Act 2017, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England grant.

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

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and investments). The Group has adopted amendments permitted under FRS 102 paragraphs 29.14A and 29.22A which relate to Gift Aid payments made within charitable groups.

### Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The University has prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. After reviewing these forecasts, the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the Group and parent University will have sufficient funds to meet their liabilities as they

fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Forecasts have looked at potential financial impacts from COVID-19 on student recruitment, student progression, other income losses and exceptional expenditure. Stress testing of these forecasts has shown that the University has sufficient cash flows and significant cash reserves to be able to withstand the downside scenarios and meet its commitments.

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

These financial statements have been prepared on a going concern basis.

### Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries 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 and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the University of Central Lancashire Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method. For the purposes of consolidation, UCLan (Cyprus) Limited is treated as an associate.

## Statement of Accounting Policies (continued)

### 2. Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

#### Revenue grants

Revenue government grants including funding council block grant and government research grants are recognised within the Consolidated Statement of Income and Expenditure over the periods in which the University 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 credits due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met. Investment income is credited to the statement of income and expenditure on a receivable basis.

#### Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. 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.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

#### Capital grants

Government grants which relate to the purchase or construction of assets are recorded in income on a systematic basis over the useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance conditions being met.



### 3. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) (formerly the Teachers' Superannuation Scheme), for academic staff, and the Local Government Pension Scheme (LGPS), for those staff not included as academic. In addition a small number of academic staff are members of the Universities Superannuation Scheme (USS). The schemes are defined benefit schemes which are externally funded.

The TPS is valued every five years by the Government Actuary and the LGPS is valued every three years by a professionally qualified independent actuary. Pension costs are assessed on the latest actuarial valuations of each scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services. Variations from regular cost are spread over the expected remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The USS scheme is a multi-employer scheme and is unable to identify individual employer's share of assets and liabilities. Consequently, individual employers are unable to apply defined benefit accounting. Section 28 of FRS 102 states that if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as if it was a defined contribution plan.

#### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the employer 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.

#### Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's net obligation in respect of defined benefit pension plans (and other post-

employment benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) (and any unrecognised past service costs) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in sterling and having maturity dates approximating to the term of the University's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

### 4. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional liability expected to arise as a result of the unused entitlement.

### 5. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated 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, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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.

## Statement of Accounting Policies (continued)

### 6. 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 minimum lease term.

### 7. 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 balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

### 8. Maintenance of premises

The cost of all maintenance is charged to the income and expenditure account as incurred.

### 9. Intangible fixed assets

Intangible software assets purchased separately or developed within the University are initially recognised at cost.

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 life of five years from initial use of the asset.

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 pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

### 10. Tangible fixed assets

#### a) Land and buildings

Land and buildings are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings that had been revalued to fair value on or prior to 31 July 2014, the date of transition to SORP 2015/FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a tangible fixed asset have different useful lives they are accounted for as separate items of assets.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the life of the lease.

Where land and buildings are acquired with the aid of Government grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable.

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

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

### **b) Equipment**

Equipment costing less than £10,000 per individual item or in the same category of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	20% per annum
Computer equipment	-	33% per annum
Equipment acquired for specific projects	-	Project life

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above accounting policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income and Expenditure over the useful economic life of the related equipment.

### **c) Borrowing costs**

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

## **11. Investment properties**

Investment property is land and buildings held for rental income or capital appreciation, rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

## **12. Investments**

Both non-current and current asset investments are held on the Balance Sheet at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Investments in subsidiaries and associates are carried at cost less any impairment in the University's accounts.

## **13. Stocks and work in progress**

Stocks and work in progress are valued at lower of cost and net realisable value.

## **14. Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with insignificant risk of change in value.

## Statement of Accounting Policies (continued)

### 15. Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives the University 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 University.

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. Contingent liabilities are not recognised in the balance sheet, but are disclosed in the notes.

### 16. Taxation status

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation 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 University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

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

### 17. Accounting for associates

The University accounts for its share of associates using the equity method.

### 18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The University has a number of basic financial instruments included on its balance sheet with associated income and expense recognised as part of the Consolidated Statement of Income and Expenditure. A financial asset or a financial liability is recognised when the University becomes party to the contractual provisions of the instrument. At inception, they are measured at either transaction price or the discounted present value of the asset or liability subject to the nature of the transaction. Subsequent measurement at each balance sheet date will be at cost or amortised cost using the effective interest method and are subject to an annual impairment review as detailed in FRS 102.

# Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2021

	Note	Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	193,205	192,063	173,041	171,906
Funding body grants	2	35,869	31,243	34,408	29,669
Research grants and contracts	3	7,520	7,702	7,021	7,252
Other income	4	28,134	27,467	28,357	28,151
Investment income	5	336	204	1,165	1,003
<b>Total income</b>		<b>265,064</b>	<b>258,679</b>	<b>243,992</b>	<b>237,981</b>
<b>Expenditure</b>					
Staff costs	6	163,966	158,700	167,609	162,095
Other operating expenses	7	78,497	78,272	73,206	72,285
Depreciation and amortisation	11, 12	9,249	8,930	9,290	8,955
Interest and other finance costs	8	4,518	4,482	2,594	2,539
<b>Total expenditure</b>	9a	<b>256,230</b>	<b>250,384</b>	<b>252,699</b>	<b>245,874</b>
<b>Surplus/(Deficit) before other gains/(losses)</b>		<b>8,834</b>	<b>8,295</b>	<b>(8,707)</b>	<b>(7,893)</b>
Gain/(loss) on investment property valuation		(50)	0	(125)	(45)
Gain/(loss) on investments		245	0	(345)	(193)
Profit/(loss) on sale of tangible fixed assets		6	0	770	770
<b>Surplus/(Deficit) before tax</b>		<b>9,035</b>	<b>8,295</b>	<b>(8,407)</b>	<b>(7,361)</b>
Taxation	10	85	99	(455)	(440)
<b>Surplus/(Deficit) for the year</b>		<b>9,120</b>	<b>8,394</b>	<b>(8,862)</b>	<b>(7,801)</b>
Actuarial gain/(loss) in respect of pension schemes	25	31,917	31,493	(64,627)	(64,179)
<b>Total comprehensive income/ (expenditure) for the year</b>		<b>41,037</b>	<b>39,887</b>	<b>(73,489)</b>	<b>(71,980)</b>

The accompanying notes form an integral part of these financial statements.

# Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2021

Consolidated	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2020	44,939	95,926	140,865
Surplus/(deficit) from the income and expenditure statement	9,120	-	9,120
Other comprehensive income/ (expenditure)	31,917	-	31,917
Transfers between revaluation and income and expenditure reserve:	1,604	(1,604)	-
Balance at 31 July 2021	<u>87,580</u>	<u>94,322</u>	<u>181,902</u>

University	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2020	39,100	95,461	134,561
Surplus/(deficit) from the income and expenditure statement	8,394	-	8,394
Other comprehensive income/ (expenditure)	31,493	-	31,493
Transfers between revaluation and income and expenditure reserve:	1,604	(1,604)	-
Balance at 31 July 2021	<u>80,591</u>	<u>93,857</u>	<u>174,448</u>

Consolidated	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000		
<b>Balance at 1 August 2019</b>	<b>116,822</b>	<b>97,532</b>	<b>214,354</b>
Surplus/(deficit) from the income and expenditure statement	(8,862)	-	(8,862)
Other comprehensive income/(expenditure)	(64,627)	-	(64,627)
Transfers between revaluation and income and expenditure reserve:	1,606	(1,606)	-
<b>Balance at 31 July 2020</b>	<b>44,939</b>	<b>95,926</b>	<b>140,865</b>

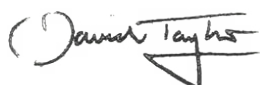
University	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000		
<b>Balance at 1 August 2019</b>	<b>109,441</b>	<b>97,100</b>	<b>206,541</b>
Surplus/(deficit) from the income and expenditure statement	(7,801)	-	(7,801)
Other comprehensive income/(expenditure)	(64,179)	-	(64,179)
Transfers between revaluation and income and expenditure reserve:	1,639	(1,639)	-
<b>Balance at 31 July 2020</b>	<b>39,100</b>	<b>95,461</b>	<b>134,561</b>

# Consolidated and University Balance Sheet

	Note	2021		2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	11	3,381	3,381	1,891	1,891
Tangible assets	12	331,832	326,196	305,342	299,390
Investments	13	1,448	1,883	1,279	1,883
		<u>336,661</u>	<u>331,460</u>	<u>308,512</u>	<u>303,164</u>
<b>Current assets</b>					
Stock	14	44	11	39	14
Trade and other receivables	15	30,581	29,457	33,479	32,639
Investments	16	10,516	10,516	21,505	21,505
Cash and cash equivalents	21	<u>83,639</u>	<u>79,053</u>	<u>73,974</u>	<u>70,443</u>
		<u>124,780</u>	<u>119,037</u>	<u>128,997</u>	<u>124,601</u>
Less: Creditors amounts falling due within one year	17	<u>64,250</u>	<u>62,979</u>	<u>55,988</u>	<u>55,298</u>
<b>Net current assets</b>		<u>60,530</u>	<u>56,058</u>	<u>73,009</u>	<u>69,303</u>
<b>Total assets less current liabilities</b>		<u>397,191</u>	<u>387,518</u>	<u>381,521</u>	<u>372,467</u>
Creditors: amounts falling due after more than one year	18	58,233	58,229	64,466	64,466
<b>Provisions</b>					
Pension provisions	20	156,782	154,567	176,190	173,440
Other	20	274	274	-	-
<b>Total net assets</b>		<u>181,902</u>	<u>174,448</u>	<u>140,865</u>	<u>134,561</u>
<b>Unrestricted reserves</b>					
Income and expenditure reserve		87,580	80,591	44,939	39,100
Revaluation reserve		94,322	93,857	95,926	95,461
<b>Total reserves</b>		<u>181,902</u>	<u>174,448</u>	<u>140,865</u>	<u>134,561</u>

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 37 to 63 were approved by the Board on 25 November 2021 and were signed on its behalf by:



**D Taylor**  
Chair of the Board



**G Baldwin**  
Vice-Chancellor



# Consolidated Cash Flow Statement

Year ended 31 July 2021

	Note	2021 £'000	2020 £'000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		9,120	(8,862)
<b>Adjustment for non-cash items</b>			
Depreciation	12	8,982	9,290
Amortisation	11	267	-
(Gain)/loss on investments	13	(245)	345
(Increase)/decrease in stock	14	(5)	71
Decrease in debtors	15	2,859	1,119
Increase in creditors	17	8,741	7,701
Increase in pension provision	25	12,510	10,071
Increase/(decrease) in other provisions	20	274	(2,780)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(336)	(1,165)
Interest payable	8	4,518	2,594
Profit on the sale of tangible fixed assets		(6)	(770)
Capital grant income (deferred grants released)		(1,967)	(2,275)
Revaluation of investment properties	12	50	125
<b>Net cash inflow from operating activities</b>		<b>44,762</b>	<b>15,464</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of tangible fixed assets		42	805
Capital grants receipts		1,534	136
Investment income		374	1,283
Payments made to acquire intangible fixed assets	11	(1,757)	(1,317)
Payments made to acquire tangible fixed assets	12	(35,558)	(25,598)
Net purchase/disposal of investments		7	-
Receipts from short-term deposits		10,989	39,322
		<b>(24,369)</b>	<b>14,631</b>
<b>Cash flows from financing activities</b>			
Interest paid		(4,572)	(2,599)
Repayments of amounts borrowed		(6,225)	(739)
Cash withdrawn from investment		69	490
		<b>(10,728)</b>	<b>(2,848)</b>
<b>Increase in cash and cash equivalents in the year</b>	21	<b>9,665</b>	<b>27,247</b>
Cash and cash equivalents at beginning of the year		73,974	46,727
Cash and cash equivalents at end of the year		83,639	73,974

# Notes to the Financial Statements

Year ended 31 July 2021

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1. Tuition fees</b>				
UK students	134,517	133,375	124,855	123,720
EU students	5,646	5,646	5,361	5,361
International students	50,944	50,944	38,390	38,390
Education contracts	2,098	2,098	4,435	4,435
	<u>193,205</u>	<u>192,063</u>	<u>173,041</u>	<u>171,906</u>
<b>2. Funding body grants</b>				
<b>Recurrent grant</b>				
Office for Students	12,090	12,090	13,775	13,775
Research England	4,027	4,027	4,477	4,477
Education & Skills Funding Agency	11,473	6,847	9,630	4,891
<b>Specific grants</b>				
Selective initiatives	4,417	4,417	1,828	1,828
Higher Education Innovation Fund	2,756	2,756	3,179	3,179
Capital grant	1,106	1,106	1,519	1,519
	<u>35,869</u>	<u>31,243</u>	<u>34,408</u>	<u>29,669</u>
<b>3. Research</b>				
Research Council	1,624	1,624	1,261	1,261
UK charities	688	870	675	906
UK Government and other bodies	2,474	2,474	2,326	2,326
UK industry and commerce	527	527	578	578
EU Government and other bodies	1,870	1,870	1,778	1,778
Other	207	207	239	239
Capital grant	130	130	164	164
	<u>7,520</u>	<u>7,702</u>	<u>7,021</u>	<u>7,252</u>
<b>4. Other income</b>				
Residences, catering, conferences	4,745	4,701	6,741	6,692
Other income generating activity	16,282	16,050	13,946	13,404
Other capital grants	730	730	592	592
Other services rendered	3,091	3,091	3,448	3,448
Rental income	813	546	754	504
Other income	2,473	2,349	2,876	3,511
	<u>28,134</u>	<u>27,467</u>	<u>28,357</u>	<u>28,151</u>

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Note:</b> The source of grant and fee income included in notes 1-4 above is as follows:				
Grant income from the OfS	15,122	15,122	15,822	15,822
Grant income from other bodies	20,747	16,121	18,586	13,847
Fee income for taught awards (exclusive of VAT)	191,435	190,293	170,272	170,272
Fee income for research awards (exclusive of VAT)	1,770	1,770	1,634	1,634
Fee income from non-qualifying courses (exclusive of VAT)	2,528	1,603	3,160	2,025
Total grant and fee income	<u>231,602</u>	<u>224,909</u>	<u>209,474</u>	<u>203,600</u>
<b>5. Investment income</b>				
Other investment income	336	204	1,165	1,003
	<u>336</u>	<u>204</u>	<u>1,165</u>	<u>1,003</u>
<b>6. Staff costs</b>				
Salaries	119,769	115,046	123,195	118,248
Social security costs	11,955	11,590	11,985	11,611
Pension costs	31,685	31,510	31,810	31,622
Apprenticeship levy	557	554	619	614
Total costs	<u>163,966</u>	<u>158,700</u>	<u>167,609</u>	<u>162,095</u>

Staff costs above includes severance costs of £2.0m relating to 78 persons (2020: £7.1m relating to 190 persons).

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 6. Staff costs (continued) Emoluments of the Head of Institution

The emoluments below relate to the Vice-Chancellor who was appointed as Institutional Lead from 1 October 2019. In the first two months of the 2020 financial year the role of Institutional Lead was held by the Deputy Vice-Chancellor prior to the current Vice-Chancellor's appointment.

	2021 £'000	2020 £'000
<b>From 1 October 2019 to 31 July 2021</b>		
Vice-Chancellor - Professor G Baldwin		
Salary	280	233
Relocation cost	-	5
	<u>280</u>	<u>238</u>

	2021 £'000	2020 £'000
<b>From 1 August 2019 to 30 September 2019</b>		
Deputy Vice-Chancellor - Dr L Livesey		
Salary uplift as Joint Institutional Lead	-	8

In addition to the emoluments above, whilst Institutional Lead, Dr Livesey received salary as Deputy Vice-Chancellor of £0 (2020: £25,069) and employers pension contributions of £0 (2020: £9,050).

The University of Central Lancashire is one of the UK's largest universities, with a turnover of £265m per annum and around 30,000 students learning and engaging with the University across a number of UK and overseas campuses. In Preston the University is a major civic institution, employing more than 3,000 people, offering learning opportunities and partnerships for a significant proportion of the population and local businesses. In setting the Vice-Chancellor's salary, however, the University is also mindful that Preston is in the county of Lancashire which has a number of economic challenges to face, including a rural economy, unemployment and a growing elderly population. The county lacks some of the high value financial and professional service sectors that would bring wealth and higher salaries into the region. Average earnings therefore tend to be below the national average.

The salary of the Vice-Chancellor is benchmarked against local providers and the national average. The role of the Vice-Chancellor is to head a large and complex organisation which delivers accessible education for many students for whom University may not be an obvious choice. A significant proportion of students come from the local area, and graduate with skills which feed into local workforce development and contribute to the regional economy as many choose to remain local. The wide ranging curriculum requires a Vice-Chancellor able to engage with the NHS, with industry, with other educators,

with local and national government and with regulatory bodies and the salary recognises those attributes, without being above national or local benchmarks. The contribution that the University makes to its students and staff, to the local regional economy, and to the tax payer more generally is a key objective for the Vice-Chancellor and a contributing factor to their pay level.

The periodic review of the salary by the Remuneration Committee also considers the performance of the Vice-Chancellor against relevant appraisal targets. It should also be noted that the Vice-Chancellor's current remuneration comprises salary only, with no additional benefits (such as house, car, pension etc.).

As to the decision making process, the Terms of Reference of the Remuneration Committee provide that the Committee shall comprise of at least 3 independent Members of the Board. Additionally, during the consideration of Senior Executive remuneration issues, the Board member nominated by the Students' Union is also a member of the Committee. The Vice-Chancellor is not a member of the Committee and attends meetings by invitation only in order to report on the performance of other staff. The Committee has also commissioned independent remuneration specialists to provide advice and assistance on senior pay and related issues.

Pay ratio of the Head of Institution compared to the median pay of staff	2021 Pay multiple	2020 Pay multiple
Basic salary of the Vice-Chancellor compared to the median of staff	7.8	7.6
Total remuneration of the Vice-Chancellor compared to the median of staff	6.5	6.4

Basic salary of higher paid staff, excluding employer's pension contributions:	2021 Number	2020 Number
£100,000 to £104,999	2	-
£105,000 to £109,999	3	3
£110,000 to £114,999	2	1
£115,000 to £119,999	1	1
£120,000 to £124,999	1	1
£125,000 to £129,999	1	1
£135,000 to £139,999	-	1
£140,000 to £144,999	5	4
£155,000 to £159,999	1	1
£160,000 to £164,999	1	1
£280,000 to £284,999	1	-
	<b>18</b>	<b>14</b>

Compensation for loss of office payable to higher paid staff:

No compensation recorded within staff costs in the year related to senior post holders (2020: £66k relating to two senior post holders).

Average staff numbers by major category:	2021 FTE	2020 FTE
Academic	1,628	1,651
Academic Support	385	409
Administration & Central Services	535	562
Premises	187	177
Other	153	160
	<b>2,888</b>	<b>2,959</b>

	£'000	£'000
Key management personnel costs	1,918	1,929

The number of staff whose costs are included in key management personnel costs above was 10 in 2021 and 11 in 2020. Key management personnel are classed as those staff who form part of the University's Vice-Chancellor's Group who have authority and responsibility for planning, directing and controlling the activities of the University.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>7. Other operating expenses</b>				
Professional services	12,995	12,802	10,937	10,883
Student bursaries and expenses	8,762	8,753	6,859	6,744
Movement in bad debts provision	6,523	6,432	2,535	2,467
Premises costs	5,623	5,224	5,692	5,248
Repairs and general maintenance	5,158	5,046	4,272	4,188
Furniture and equipment	4,695	4,514	3,567	3,415
Placements/Educational visits	4,001	4,001	2,903	2,903
Franchised courses	3,909	3,909	5,160	5,160
Residences, catering and conference expenses	3,382	3,344	6,477	6,431
Consumables and laboratory expenditure	3,060	2,806	2,801	2,687
Academic learning materials	2,778	2,778	2,440	2,325
Subscriptions and donations	2,499	3,653	2,396	2,355
Advertising and publicity	2,378	2,310	2,863	2,809
Licences	1,897	1,896	1,856	1,856
Grants to Students' Union	1,287	1,287	1,258	1,258
Travel, subsistence and conference fees	193	163	3,429	3,332
Other expenses	9,357	9,354	7,761	8,224
	<u>78,497</u>	<u>78,272</u>	<u>73,206</u>	<u>72,285</u>
<b>Other operating expenses above include:</b>				
External auditor's remuneration: audit related fees	140	93	118	97
External auditor's remuneration: tax services	7	7	22	22
External auditor's remuneration: advisory services	21	21	125	125
Internal auditor's remuneration: audit and other services	78	78	115	115
<b>8. Interest and other finance costs</b>				
Loan interest	1,640	1,643	386	391
Net charge on pension scheme	2,878	2,839	2,208	2,148
	<u>4,518</u>	<u>4,482</u>	<u>2,594</u>	<u>2,539</u>

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>9a. Analysis of total expenditure by activity</b>				
Academic and related expenditure	112,627	109,155	115,859	112,204
Academic support services	29,204	29,457	27,957	27,587
Administration and central services	63,491	60,976	63,400	61,085
Premises (including service concession cost)	16,593	16,209	15,252	14,718
Residences, catering and conferences	4,506	4,415	6,760	6,655
Research grants and contracts	7,718	7,718	6,959	6,959
Other expenses	22,091	22,454	16,512	16,666
	<b>256,230</b>	<b>250,384</b>	<b>252,699</b>	<b>245,874</b>
<b>9b. Access and Participation</b>				
Access Investment	1,029	1,029	1,103	1,103
Financial Support	6,080	6,080	4,016	4,016
Disability Support	1,041	1,041	1,082	1,082
Research and Evaluation	90	90	80	80
	<b>8,240</b>	<b>8,240</b>	<b>6,281</b>	<b>6,281</b>

£2,161k (2020: £1,902k) of these costs are already included in the overall staff costs figures included in the Financial Statements (see note 6).

The University has published its access and participation plans online:

[www.uclan.ac.uk/values-and-initiatives/widening-participation](http://www.uclan.ac.uk/values-and-initiatives/widening-participation)

<b>10. Taxation</b>				
Current tax expense recognised in the statement of comprehensive income	(85)	(99)	455	440
	<b>(85)</b>	<b>(99)</b>	<b>455</b>	<b>440</b>

<b>11. Intangible assets</b>	Consolidated £'000	University £'000
<b>Software</b>		
<b>Cost</b>		
At 1 August 2020	1,891	1,891
Additions in the year	1,757	1,757
<b>At 31 July 2021</b>	<b>3,648</b>	<b>3,648</b>
<b>Amortisation</b>		
At 1 August 2020	-	-
Charge for the year	267	267
<b>At 31 July 2021</b>	<b>267</b>	<b>267</b>
<b>At 31 July 2021</b>	<b>3,381</b>	<b>3,381</b>
<b>At 31 July 2020</b>	<b>1,891</b>	<b>1,891</b>

The addition during the year relates to both the ongoing purchase and internal development of software intangible assets. The amortisation period is five years from the date of initial use of the completed asset.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

<b>12. Tangible Assets</b>	<b>Freehold Land and Buildings</b>	<b>Fixtures, Fittings and Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Investment Properties</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>					
<b>Cost or valuation</b>					
At 1 August 2020	314,726	51,029	31,187	1,445	398,387
Additions	31,145	4,405	8	-	35,558
Revaluation	-	-	-	(50)	(50)
Disposals	-	(1,560)	-	-	(1,560)
Transfers between categories	31,081	21	(31,187)	-	(85)
<b>At 31 July 2021</b>	<b>376,952</b>	<b>53,895</b>	<b>8</b>	<b>1,395</b>	<b>432,250</b>
<b>Depreciation</b>					
At 1 August 2020	49,511	43,534	-	-	93,045
Charge for the year	6,048	2,934	-	-	8,982
Disposals	-	(1,524)	-	-	(1,524)
Transfers between categories	(120)	35	-	-	(85)
<b>At 31 July 2021</b>	<b>55,439</b>	<b>44,979</b>	<b>-</b>	<b>-</b>	<b>100,418</b>
<b>Net book value</b>					
<b>At 31 July 2021</b>	<b>321,513</b>	<b>8,916</b>	<b>8</b>	<b>1,395</b>	<b>331,832</b>
At 31 July 2020	265,215	7,495	31,187	1,445	305,342

At 31 July 2021, freehold land and buildings included £24,478k (2020 - £24,448) in respect of freehold land which is not depreciated.

<b>University</b>					
<b>Cost or valuation</b>					
At 1 August 2020	306,290	47,233	31,187	225	384,935
Additions	31,144	4,317	8	-	35,469
Transfers between categories	31,187	-	(31,187)	-	-
<b>At 31 July 2020</b>	<b>368,621</b>	<b>51,550</b>	<b>8</b>	<b>225</b>	<b>420,404</b>
<b>Depreciation</b>					
At 1 August 2020	44,870	40,675	-	-	85,545
Charge for the year	5,892	2,771	-	-	8,663
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>50,762</b>	<b>43,446</b>	<b>-</b>	<b>-</b>	<b>94,208</b>
<b>Net book value</b>					
<b>At 31 July 2020</b>	<b>317,859</b>	<b>8,104</b>	<b>8</b>	<b>225</b>	<b>326,196</b>
At 31 July 2019	261,420	6,558	31,187	225	299,390

At 31 July 2021, freehold land and buildings included £23,992k (2020 - £23,962k) in respect of freehold land which is not depreciated.



13. Non-Current Investments	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
<b>Consolidated</b>			
At 1 August 2020	-	1,279	1,279
Additions	-	279	279
Fair value adjustments	-	245	245
Disposals	-	(355)	(355)
<b>At 31 July 2021</b>	<b>-</b>	<b>1,448</b>	<b>1,448</b>
<b>University</b>			
At 1 August 2020	1,849	34	1,883
Additions	-	-	-
Disposals	-	-	-
<b>At 31 July 2021</b>	<b>1,849</b>	<b>34</b>	<b>1,883</b>

	Proportion held by the University	Share of net assets / (liabilities)	
		2021 £'000	2020 £'000
<b>Associate</b>			
<b>Name of Associate</b>			
UCLan Cyprus Limited	51%		
Balance as at 1 August		-	-
Losses in year		(1,856)	(1,244)
Advances to associate made in year		534	841
Provision		(534)	(841)
Write back losses in excess of investment *		1,856	1,244
Balance as at 31 July		-	-

\* In accordance with Section 14.8 (h) of FRS 102 losses in excess of investment have not been recognised.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 13. Non-Current Investments (continued)

##### Investment in subsidiaries

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

Subsidiary undertakings	Percentage of Issued Shares Held	Country of Operation and Incorporation	Principal Activity
<b>Owned by University</b>			
Centralan Holdings Limited	100%	Great Britain	Holding company
Delonore Limited	100%	Cyprus	Holding company
Training 2000 Limited	100%*	Great Britain	Education and training
UCLan Community Dentists Limited	100%*	Great Britain	Dental Clinic
Westlakes Research Limited	100%*	Great Britain	Research
<b>Owned by Centralan Holdings Limited</b>			
UCLan Business Services Limited	100%	Great Britain	Consultancy and training
UCLan (Overseas) Limited	100%	Great Britain	Overseas activities
<b>Owned by UCLan (Overseas) Limited</b>			
UCLan Cyprus Limited	51%	Cyprus	Higher education
UCLan (HK) Limited	100%	Hong Kong	Holding company
UCLan Lanka (Private) Limited	100%	Sri Lanka	Holding company
UCLan (Thailand) Company Limited	49%	Thailand	Investment
<b>Owned by UCLan Business Services Limited</b>			
UCLan Dental Clinic Limited	100%	Great Britain	Dormant
<b>Owned by UCLan (HK) Limited</b>			
UCLan Technology (Shenzhen) Limited	100%	China	Research

\*Limited by guarantee

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>14. Stock</b>				
General consumables	44	11	39	14
	<u>44</u>	<u>11</u>	<u>39</u>	<u>14</u>
<b>15. Trade and other receivables</b>				
<b>Amounts falling due within one year:</b>				
Other trade receivables	15,819	15,115	14,409	14,035
Other receivables	614	614	170	142
Prepayments and accrued income	14,148	13,346	18,900	18,238
Amounts due from subsidiary companies	-	382	-	224
	<u>30,581</u>	<u>29,457</u>	<u>33,479</u>	<u>32,639</u>
<b>16. Current Investments</b>				
Short-term deposits	10,516	10,516	21,505	21,505
	<u>10,516</u>	<u>10,516</u>	<u>21,505</u>	<u>21,505</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>17. Creditors: amounts falling due within one year</b>				
Secured loans	-	-	600	600
Deferred capital grants	2,032	2,032	1,853	1,853
Annual leave accrual	6,000	5,878	5,224	5,102
Trade payables	4,051	3,713	1,489	1,484
Social security and other taxation payable	6,250	6,092	5,858	5,739
Accruals and deferred income	44,466	43,840	33,027	32,313
Group creditors	-	201	-	393
Other creditors	1,451	1,223	7,937	7,814
	<u>64,250</u>	<u>62,979</u>	<u>55,988</u>	<u>55,298</u>
<b>18. Creditors: amounts falling due after more than one year</b>				
Deferred capital grants	58,233	58,229	58,841	58,841
Secured loans	-	-	5,625	5,625
	<u>58,233</u>	<u>58,229</u>	<u>64,466</u>	<u>64,466</u>
<b>Analysis of secured and unsecured loans:</b>				
<b>Due within one year (Note 17)</b>	-	-	600	600
Due between one and two years	-	-	600	600
Due between two and five years	-	-	1,800	1,800
Due in five years or more	-	-	3,225	3,225
<b>Due after more than one year</b>	-	-	<u>5,625</u>	<u>5,625</u>
<b>Total secured and unsecured loans</b>	<u>-</u>	<u>-</u>	<u>6,225</u>	<u>6,225</u>

Included in loans in 2021 were the following:

	Amount £'000	Term (Years)	Interest rate %	Borrower
<b>Lender</b>				
Barclays	0	25	5.735	University
Barclays	0	25	6.01	University
Total	<u>0</u>			

	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>19. Financial instruments</b>				
<b>Financial assets measured at cost less impairment:</b>				
Cash and cash equivalents	83,639	79,053	73,974	70,443
Investments (non-current)	1,448	1,883	1,279	1,883
Investments (current)	10,516	10,516	21,505	21,505
Trade and other receivables	21,007	20,798	14,579	14,401
	<u>116,610</u>	<u>112,250</u>	<u>111,337</u>	<u>108,232</u>
<b>Financial liabilities measured at amortised cost:</b>				
Loans	0	0	6,225	6,225
Trade and other payables	4,051	3,713	1,489	1,484
	<u>4,051</u>	<u>3,713</u>	<u>7,714</u>	<u>7,709</u>

The principal financial instruments are cash and investments. Additionally, there are financial assets and liabilities arising directly from operations, for example trade debtors and trade creditors. Financial risk is managed through the Treasury Management Group that sets and oversees investment and treasury policy.

<b>20. Provisions for liabilities</b>	At 1 August 2020	Utilised in Year	Additions in Year	At 31 July 2021
Consolidated and University	£'000	£'000	£'000	£'000
Obligation to fund deficit on USS pension	1,335	(179)	-	1,156
Pension enhancements on termination	5,658	(428)	158	5,388
Defined benefit obligations (Note 25)	166,447	(18,424)	-	148,023
Other	-	-	274	274
Total provisions - University	173,440	(19,031)	432	154,841
Subsidiary pension provision	2,750	(535)	-	2,215
<b>Total provisions - Consolidated</b>	<u>176,190</u>	<u>(19,566)</u>	<u>432</u>	<u>157,056</u>

#### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

21. Cash and cash equivalents	At 1 August 2020 £'000	Cash Flows £'000	At 31 July 2021 £'000
Consolidated	73,974	9,665	83,639
University	70,443	8,610	79,053

22. Capital and other commitments Provision has not been made for the following capital commitments at 31 July 2021:	2021		2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	5,074	5,074	31,419	31,419
	5,074	5,074	31,419	31,419

### 23. Contingent Liabilities

The University Group has given written undertakings to support several of its subsidiary undertakings.

24. Lease Obligations	Land and Buildings	Plant and Machinery	2021 Total	2020 Total
Total rentals payable under operating leases:	£'000	£'000	£'000	£'000
<b>Consolidated</b>				
Payable during the year	2,298	476	2,774	3,030
<b>Future minimum lease payments due:</b>				
Not later than one year	1,008	450	1,458	368
Later than one year and not later than five years	318	133	451	789
Later than five years	4,195	-	4,195	4,244
<b>Total lease payments due</b>	<b>5,521</b>	<b>583</b>	<b>6,104</b>	<b>5,401</b>
<b>University</b>				
Payable during the year	2,210	425	2,635	2,873
<b>Future minimum lease payments due:</b>				
Not later than one year	1,047	425	1,472	369
Later than one year and not later than five years	537	112	649	956
Later than five years	882	-	882	1,029
<b>Total lease payments due</b>	<b>2,466</b>	<b>537</b>	<b>3,003</b>	<b>2,354</b>

## 25. Pension Schemes

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

- Teachers' Pension Scheme (TPS)
- Local Government Pension Scheme (LGPS)
- Universities' Superannuation Scheme (USS)

The two main schemes are the Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS). LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. TPS is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is assessed every five years by the Government Actuary.

The other scheme is the Universities' Superannuation Scheme (USS). The University has a strictly limited membership of the scheme to cover a small number of staff who have transferred from other institutions.

### (i) The Universities' Superannuation Scheme

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

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities' Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with Section 28 of FRS 102. The Trustees are satisfied that the Universities' Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the

discounted fair value of the contractual contributions under the Recovery Plan in existence at the date of approving the financial statements.

### Pension Costs

The total cost charged to the profit and loss account is £453k (prior year: £645k). 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 was underway but not yet complete at the balance sheet date. 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%.

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

Pension increases (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:

Mortality base table	<b>Pre-retirement:</b> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.  <b>Post-retirement:</b> 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.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 25. Pension Schemes (continued)

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	2.59%	2.59%
Pensionable salary growth	4.20%	4.20%

#### (ii) Local Government Pension Scheme

##### (Retirement Benefits) Disclosure for the accounting period ending 31 July 2021

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2019 by a professionally qualified actuary. During the accounting period, the total contribution was £10,679k, of which employer's contributions totalled £8,099k and employee's contributions totalled £2,580k. With effect from 1 April 2017 the agreed contribution rate was 14.3% for the University and moved to a sliding scale for employees, ranging from 5.5% to 12.5% dependant on salary.

##### Assumptions

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

	2021 % pa	2020 % pa
Price inflation (CPI)	2.60	2.30
Rate of increase in salaries	4.10	3.80
Rate of increase of pensions in payment	2.70	2.40
Discount rate	1.60	1.60

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

	2021	2020
Future pensioner age 65 in 20 years' time	22.7 (25.8)	23.8 (26.8)
Current pensioner aged 65	21.9 (24.6)	22.3 (25.0)

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

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.



<b>The assets in the scheme were:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Equities	164,513	129,371
Government bonds	-	-
Other bonds	17,265	19,576
Property	32,577	38,584
Cash/liquidity	6,841	5,107
Other	104,572	91,071
<b>Total</b>	<b>325,768</b>	<b>283,709</b>
Actual return on plan assets	12.2%	(2.2)%

<b>Analysis of the amount shown in the balance sheet for LGPS pensions:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Scheme assets	325,768	283,709
Scheme liabilities	(473,791)	(450,156)
<b>Deficit in the scheme - net pension liability recorded within pension provisions (Note 20)</b>	<b>(148,023)</b>	<b>(166,447)</b>
Current service cost	(15,961)	(14,107)
Past service cost	-	(1,133)
Curtailments and administration expenses	(2,956)	(2,175)
<b>Total operating charge:</b>	<b>(18,917)</b>	<b>(17,415)</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for LGPS</b>		
Interest cost	(7,155)	(8,209)
Expected return on assets	4,557	6,297
<b>Net charge to other finance income</b>	<b>(2,598)</b>	<b>(1,912)</b>

<b>Total profit and loss charge before deduction for tax</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Analysis of other comprehensive income for LGPS pension:</b>		
Gain/(loss) on assets	35,208	(10,033)
Gain/(loss) on assumptions	(3,715)	(54,146)
<b>Total other comprehensive income before deduction for tax</b>	<b>31,493</b>	<b>(64,179)</b>

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 25. Pension Schemes (continued)

History of experience gains and losses - LGPS pensions	2021	2020	2019	2018	2017
<b>Difference between expected and actual return on assets</b>					
Amount £'000	35,208	(10,033)	30,100	12,831	11,101
% of assets at end of year	10.8%	3.5%	10.6%	5.2%	4.9%
<b>Experience (gains)/losses on scheme liabilities</b>					
Amount £'000	(3,715)	54,146	25,092	(2,674)	17,284
% of liabilities at end of year	0.8%	12.1%	6.7%	0.8%	5.5%

	2021 £'000	2020 £'000
<b>Cumulative actuarial loss recognised as other comprehensive income for LGPS pension</b>		
Cumulative actuarial losses recognised at the start of the year	(166,447)	(90,844)
Cumulative actuarial losses recognised at the end of the year	(148,023)	(166,447)
<b>Analysis of movement in surplus/(deficit) for LGPS pension</b>		
<b>Deficit at beginning of year</b>	<b>(166,447)</b>	<b>(90,844)</b>
Contributions or benefits paid by the University	8,446	7,903
Current service cost (includes admin expenses and curtailments)	(18,917)	(17,415)
Other finance charge	(2,598)	(1,912)
Loss recognised in other comprehensive income	31,493	(64,179)
<b>Deficit at end of year</b>	<b>(148,023)</b>	<b>(166,447)</b>
<b>Analysis of movement in the present value of LGPS liabilities</b>		
<b>Present value of LGPS liabilities at the start of the year</b>	<b>450,156</b>	<b>375,628</b>
Current service cost (net of member contributions)	18,686	17,179
Interest on pension liabilities	7,155	8,209
Actual member contributions (including notional contributions)	2,580	2,651
Actuarial loss/(gain)	3,715	54,146
Actual benefit payments	(8,501)	(7,657)
<b>Present value of LGPS liabilities at the end of the year</b>	<b>473,791</b>	<b>450,156</b>
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>283,709</b>	<b>284,784</b>
Interest on plan assets (includes admin expenses)	4,326	6,061
Actuarial gain on assets	35,208	(10,033)
Actual contributions paid by University	8,446	7,903
Actual member contributions (including notional contributions)	2,580	2,651
Actual benefit payments	(8,501)	(7,657)
<b>Fair value of scheme assets at the end of the year</b>	<b>325,768</b>	<b>283,709</b>

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

Actual Return on Scheme Assets	2021 £'000	2020 £'000
Expected return on Scheme assets	4,557	6,297
Asset gain/(loss)	35,208	(10,033)
	<u>39,765</u>	<u>(3,736)</u>

The estimated contributions for LGPS in the financial year 2021/22 is £6.6m.

### (iii) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 5 March 2019. The key results of the valuation are:

- With effect from September 2019, employer contribution rates increased from 16.4% to 23.6% of pensionable pay, in line with current regulations and not including the additional 0.08% employers pay for the cost of Scheme administration.

## 26. Accounting estimates and judgements

### Tangible fixed assets - land and buildings

Some of the University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings acquired up to the date of the last valuation are included in the Balance Sheet at depreciated replacement cost or, where in the opinion of the University's valuers there is a readily available market for a property, at the market valuation. Land and buildings acquired after the date of the last valuation are included at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years. Leasehold buildings are amortised over 50 years, or if shorter, the life of the lease.

### Bad debt policy

The trade receivables balance recorded in the Balance Sheet comprises a large number of relatively small balances. An allowance is made for the estimated irrecoverable amounts from debtors, referred to as a bad debt provision, and this is determined by reference to past experience of the recoverability of differing types of debt.

### Pensions

Pension provisions for defined benefit obligations and pension enhancements on termination are calculated using assumptions deemed to be the most appropriate for the scheme and are based on advice from the scheme actuary. The provision relating to the USS deficit recovery plan is calculated using assumptions considered appropriate after consideration of salary inflation and changes in membership of the scheme over the recovery period, and a discount rate based on advice from a qualified actuary.

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 27. Related parties

The University Board members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board, 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 Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified below, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures. No transactions were identified which were required to be disclosed.

No Board member has received any remuneration/ waived payments from the Group during the year in their capacity as a Board member (2020: none).

The total expenses paid to or on behalf of Board members in the year was £0 (2020: £2,377, to 10 Board members representing travel and subsistence expenses incurred in attending meetings and events in their official capacity). In addition, costs of £26,400 (2020: £31,900) were paid for the provision of administrative support to the Chair of the Board.

#### 28. Events after the balance sheet date

On 1 October 2021 a revised valuation for the Universities Superannuation Scheme was approved by the Trustees and filed with the Pensions Regulator. This valuation identifies a higher level of deficit on the scheme and so revised pension deficit recovery procedures are in effect from 1 October 2021. These are as follows:

- Existing Deficit Recovery Contributions (DRCs) of 6% cease with effect from 1 October 2021;
- DRCs of 6.3% commence from 1 April 2022 and continue for the duration of the recovery plan;
- The recovery plan is extended from March 2028 to March 2038.

The effect of these changes means that the provision disclosed in Note 20 to these statements at £1.156m would need to be set at £3.257m, resulting in an additional charge of £2.101m to the Comprehensive Income Statement. This provision is not recognised in these statements as the conditions giving rise to the increase did not exist at the balance sheet date. The effect of the valuation will however be recognised in 2021/22.

#### 29. US Department of Education Financial Responsibility Supplementary Schedule

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

The amounts presented within the schedule have been:

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

The schedule sets out how each amount disclosed has been derived from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and cannot be relied upon to comply with the requirements of accounting principles generally accepted in the United States of America.

Page	Statement / Note Reference	Expendable Net Assests	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
35	Balance Sheet - Total Reserves	Net assets without donor restrictions		181,902		140,865
N/A	N/A	Net assets with donor restrictions		0		0
47	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
47	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
35	Balance Sheet - Tangible assets	Property, plant and equipment net (includes construction in progress)	331,832		305,342	
44	Note 12 - Net book value at 31 July 2020 less depreciation and disposals	Property, plant and equipment - pre-implementation		296,274		279,744
44	Note 12 - Additions (excluding for assets in the course of construction) not funded by debt	Property, plant and equipment - post-implementation without outstanding debt for original purchase		0		0
44	Note 12 - Additions (excluding for assets in the course of construction) not funded by debt	Property, plant and equipment - post-implementation without outstanding debt for original purchase		35,550		4,715
44	Note 12 - Assets in the course of construction - additions	Construction in progress		8		20,883
N/A	N/A	Lease right-of-use asset, net	0		0	
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Lease right-of-use asset post implementation		0		0
35	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
35	Balance Sheet - Intangible assets	Intangible assets - other intangible assets		3,381		1,891
35	Balance Sheet - Pension provisions	Post-employment and pension liabilities		156,782		176,190
49	Note 19 - Loans	Long-term debt - for long-term purposes	0		6,225	
49	Note 19 - Loans	Long-term debt - for long-term purposes pre-implementation		0		6,225
49	Note 19 - Loans	Long-term debt - for long-term purposes post-implementation		0		0

## Notes to the Financial Statements

### Year ended 31 July 2021 (continued)

#### 29. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement / Note Reference	Expendable Net Assets	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
49	Note 19 - Loans	Line of credit for construction in process		0		0
N/A	N/A	Lease right-of-use asset liability	0		0	
N/A	N/A	Pre-implementation right-of-use leases		0	0	
N/A	N/A	Post-implementation right-of-use leases		0	0	
N/A	N/A	Annuities with donor restrictions		0	0	
N/A	N/A	Term endowments with donor restrictions		0	0	
N/A	N/A	Life income funds with donor restrictions		0	0	
N/A	N/A	Net assets with donor restrictions: restricted in perpetuity		0	0	
		<b>Total Expendable Net Assets</b>		<b>3,471</b>		<b>16,047</b>

Page	Statement / Note Reference	Total Expenses and Losses	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
32	Consolidated Statement of Comprehensive Income - Total expenditure	Total expenses without donor restrictions - taken directly from Statement of Activities		256,230		252,699
32	Consolidated Statement of Comprehensive Income - Losses on investments and revaluation of investment properties less investment income and actuarial gain in respect of pension schemes	Non-operating and net investment loss		(32,448)		63,932
32	Consolidated Statement of Comprehensive Income - Loss on investments less investment income	Net investment losses		(581)		(820)
32	Consolidated Statement of Comprehensive Income - Actuarial gain/(loss) in respect of pension schemes	Pension-related changes other than net periodic costs		31,917		(64,627)
		<b>Total Expenses and Losses</b>		<b>256,280</b>		<b>252,824</b>

Page	Statement / Note Reference	Modified Net Assests	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
35	Balance Sheet - Total reserves	Net assets without donor restrictions		181,902		140,865
N/A	N/A	Net assets with donor restrictions		0		0
35	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
47	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
47	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		<b>Total Modified Net Assests</b>		<b>181,902</b>		<b>140,865</b>

Page	Statement / Note Reference	Modified Assests	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
35	Balance Sheet - Total non-current assets plus total current assets	Total assets		461,441		437,509
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Pre-implementation right-of-use leases		0		0
35	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
47	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
47	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		<b>Total Modified Assests</b>		<b>461,441</b>		<b>437,509</b>

Page	Statement / Note Reference	Net Income Ratio	Year ended 31 July 2021		Year ended 31 July 2020	
			£'000	£'000	£'000	£'000
32	Consolidated Statement of Comprehensive Income - Total comprehensive income/ (expenditure) for the year	Change in net assets without donor restrictions		41,037		(73,489)
32	Consolidated Statement of Comprehensive Income - Total income less investment income plus gain/(loss) on sale of tangible fixed assets	Total revenue and gains		264,734		243,597



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