University of Nottingham
UK | CHINA | MALAYSIA

2022

Strategic review and financial statements

Council membership

1 August 2021 to 31 July 2022

Chair of Council and Pro-Chancellor

Sir Keith O'Nions

Vice-Chair of Council

Nora Senior CBE

Members Ex-Officio

President and Vice-Chancellor

Professor Shearer West CBE

Provost and Deputy Vice-Chancellor

Professor Andy Long

Treasurer

Ian Kenyon

Members of staff

Professor Jo Lymn

Professor Rachel Gomes

Professor Roshan das Nair

Dr Pearl Agyakwa

External members appointed by the Council

Vicky Bailey

Lynette Eastman

Richard Newsome

Sonya Leydecker

Sherry Madera

David Tilly (to 31 December 2021)

Piyali Mitra

Stephen Odell

Appointed by the Union of Students

Union Development Officer

George Sullivan

Education Officer

Chris Taylor

Other senior officers of the university

The Chancellor

Baroness Young of Hornsey OBE

The Registrar

Dr Paul Greatrix
(Secretary to Council)

Pro-Vice-Chancellors

Professor Sarah Metcalfe

Professor Nick Miles OBE

Professor Sarah Sharples
(to 31 August 2021)

Professor Katherine Linehan
(from 1 January 2022)

Professor Robert Mokaya OBE

Professor Dame Jessica Corner

Professor Sarah Speight

Faculty Pro-Vice-Chancellors

Professor John Atherton
(to 8 April 2022)

Professor Sir Jonathan Van-Tam MBE
(from 2 May 2022)

Professor Jeremy Gregory

Professor Todd Landman

Professor Sam Kingman

Professor Zoe Wilson

Chief Financial Officer

Margaret Monckton

Chief Digital Officer

David Hill

Director of Human Resources

Jaspal Kaur

Contents

Foreword by the Vice-Chancellor

When I reflect on everything that our university community has achieved over the past 12 months, it is even more remarkable given an external environment of rising inflation, soaring energy prices, labour and supply chain shortages, and the continuing impacts of the Covid-19 pandemic.

Against this challenging backdrop, there is still much to celebrate for the University of Nottingham, notably our success in the 2021 Research Excellence Framework (REF2021). The university has improved its position in each of the REF2021 headline measures in a complicated and volatile national research environment, where the rules and requirements have significantly changed since the last exercise in 2014. I am especially proud of the positive impact that our research has had on people's lives throughout the UK and the wider world, in healthcare, industry, business, culture and public policy. This is a testament to the quality and determination of our researchers to make a fundamental difference to people's lives.

I am also pleased that the proportion of female researchers submitted to REF2021 is 34% of the return compared to 29% in REF2014 and, for colleagues identifying as BAME, to 15% in REF2021 compared to 10% in REF2014. There is of course some way to go to secure true representation across our research and wider university community, however, this does pave the way for the implementation of the new research strategy, which aims to transform our research quality, performance and culture over the next five years and will ensure it is robust and truly reflective of our whole community.

Overall, I believe this is a very good set of results, made possible by a huge team effort across the university. I would like to thank every colleague for their hard work, often delivered over many years, that has contributed so powerfully to submissions for REF2021. It reflects the talent, imagination, and dedication of our community – a community which attracts investment in ground-breaking research. The award this year of the university's largest ever single grant of £29.1m to establish the UK's most powerful Magnetic Resonance Imaging (MRI) scanner is a reflection of that, and will also underscore our historic reputation as the birthplace of MRI and drive further advances in scanning and healthcare technologies.

This year also saw the acquisition of the Castle Meadow Campus site, which will prove to be a significant investment in our staff and students, and an expression of confidence in the future of both the university and the city of Nottingham. This enables us to accelerate existing plans to improve teaching and research spaces for staff and students and make dedicated provision for professional practice-based courses.

A campus in the city centre, with transport links that offer a gateway beyond the region, will help enhance our civic agenda and enable us to deliver on our ambitions to support jobs, investment and growth across the city. It also offers greater opportunities for collaboration with local business, industry and SMEs, making it easier for partners to engage with us and develop long-term, mutually beneficial relationships.

However, it is to our success in research that I return to in considering our progress against the goals in our university strategy. Our research priorities address the 17 United Nations Strategic Delivery Goals, which include clean energy, climate action and sustainable communities. Our work on more sustainable chemicals and future methods of propulsion in particular will have a direct impact in progress towards a net zero future: securing a skills rich bioeconomy and the greening of commercial aviation.

The new £40m Power Electronics and Machines Centre, officially opened this year, will drive advances in powerful, clean electrification technology and pave the way towards a new generation of low-carbon, sustainable electric vehicles, power and propulsion – underpinning our standing as one of the top five institutions globally for the translation of zero carbon research.

The building lies at the heart of our plans to develop research and innovation clusters over the next five years, a key pillar of the government's innovation strategy, which will generate significant regional economic benefit while addressing strategic challenges faced by the UK.

The strategic challenges faced by the country, and indeed those specific to the higher education sector, are manifold and I know that our university will be tested by them over the next 12 months. However, I am confident that the quality of our staff, the excellence of our research and the determination of our community demonstrated this year will ensure that we can meet these challenges and embrace the opportunities in our rapidly changing world.

Shearer West

Professor Shearer West CBE

President and Vice-Chancellor of the University of Nottingham

Strategic and operational review

Solving problems and improving lives

The university's reputation for excellence in transformational research which is applied to both local and global challenges to improve lives was formally recognised by the 2021 Research Excellence Framework (REF2021).

Across 135 case studies of research impact, we demonstrated that between 2014 and 2021 the lives of more than 100 million people have been positively changed by our research. According to analysis by Times Higher Education, the university is placed 7th in the UK for REF2021's measure of Research Power, which takes into account the combination of quality of research, international impact, critical mass and sustainability.

Our researchers are making a real difference in the areas of culture and communication, healthy lives, society and communities, and sustainable futures. A research team in the School of Medicine helped save the NHS £233m by transforming policies for vaccination in the adult population against pneumococcal disease, which can lead to pneumonia, blood poisoning and meningitis. A further £34m each year was saved by research that informed a change in the childhood vaccination schedule. The same team also played a key role in the evaluation of dexamethasone, which demonstrated the steroid's effectiveness in treating patients with severe respiratory complications due to Covid-19.

University experts developed the world's first wearable magnetoencephalography (MEG) system which promises unprecedented insights into conditions including severe neurological disease like epilepsy, neurodegenerative disorders such as Alzheimer's disease, and mental health conditions such as schizophrenia. This revolutionary scanner has attracted worldwide interest from clinicians and scientists, who hope to use it to unlock the secrets of the human brain.

The university was also awarded £29.1m to establish the UK's most powerful Magnetic Resonance Imaging (MRI) scanner as a national facility, giving researchers and doctors unprecedented insights into brain function and the mechanisms of human disease. The funding, from UK Research and Innovation, is thought to be the largest single grant ever received by the university and further strengthens our position as the birthplace of MRI.

Another research team led the development of computer algorithms to reduce air traffic control at busy times – looking at when aircraft plan to set off towards the runway, considering what will happen there, and suggesting delays to some of them to reduce congestion – proven to prevent thousands of tonnes of CO2 emissions each year and dramatically reduce delays.

The first large-scale study of women's experiences of working through the menopause aimed to break the taboo around it and improve working conditions for women experiencing the menopause. It found commonly reported problems at work were poor concentration, reduced memory, low mood, and decreased confidence. Some reported a reduction in their work performance and were very concerned. These findings formed the basis for the publication of evidence-based guidance for women and employers.

Nottingham's scientists discovered that a deadly parasite, known to cause ill health in pregnant women and immunocompromised patients, could potentially be used to treat various types of tumours. A UK-wide innovation project found that vehicle-to-grid charging technology can improve battery life in electric vehicles and reduce carbon emissions and costs of charging. Closer to home, historians brought fascinating untold stories of the rise and fall of Nottingham's world-famous lace industry to life in new research.

In other research projects, the largest study of care homes in the UK found that a co-ordinated approach to fall prevention is effective in significantly reducing the number of times residents fall. Modern slavery experts warned that the government's Nationality and Borders Bill risks causing damage to the survivors the government intends to protect, whilst hygiene also made the headlines as research revealed that car drivers touch their face 26 times an hour on average, potentially spreading germs and infection, if handwashing is inadequate.

Supporting potential

The university is committed to recruiting students and staff with the highest potential and a desire to succeed, and to supporting them to ensure they achieve their goals. Our relentless drive to widen participation continues in earnest, with our vision cementing the direction of outreach and access work and accompany set out in our Access and Participation Plan (APP), which guides our activity until 2025. We have two aims: first, to enrol and retain UK students who are under-represented at the university; and secondly, to raise aspirations, attainment and progression to higher education through intensive engagement with schools and the wider community.

Our expenditure on widening participation and access in 2021/22 is in the table below. The staff costs are included within the totals. The activities supported above are consistent with the APP, which can be viewed online.

Staff and students participated in the Nottingham Festival of Science and Curiosity, which aims to bring science to life by delivering a range of fun and interactive activities – from running in-person research workshops and writing articles for the festival magazine, to creating short videos and participating in live Q&A sessions with local pupils. Our researchers also worked with local schools during the festival, supporting pupils to research topics that they are curious about, and engaging young people with careers in STEM and digital industries through bespoke secondary school projects.

Academics from the Faculty of Engineering aimed to inspire a new generation of engineers when they welcomed dozens of local school children to mark the newly-launched National Manufacturing Day. More than 150 young people from secondary schools across Nottinghamshire and Derbyshire were offered a behind-the-scenes look at research being conducted in the Institute for Advanced Manufacturing, where innovative technologies are driving advances in the manufacturing sector, which is the largest employer in the East Midlands.

Tackling racial equality remains a major priority: improving the reporting of hate crime and setting measurable targets to increase the diversity of staff to ensure a more representative faculty. We are also putting a series of measures in place to ensure that we eliminate the attainment gaps between students from diverse backgrounds, and embed equality in our decisions about staff recruitment, reward and progression.

Having secured Advance HE's Bronze Race Equality Charter status, which recognises our plans to tackle racial inequality, the university is using this to provide a framework through which we can identify and self-reflect on institutional and cultural barriers standing in the way of Black, Asian and Minority Ethnic (BAME) staff and students. Our REC Action Plan, published this year alongside the university's Equality, Diversity and Inclusion (EDI) Strategic Delivery Plan, continues to guide key actions to be implemented at pace to drive real cultural change across the institution.

Access and participation spend in 2021/22 £ million (m)	Staff costs	Other costs	Total
Access investment	1.8	1.0	2.8
Financial support (such as bursaries and scholarships)	0.3	10.8	11.1
Disability support	1.6	0.2	1.8
Research and evaluation related to access and participation	0.1	–	0.1
Totals	**3.8**	**12.0**	**15.8**

Mental Health Nursing students talking in Hipps Cafe, Medical School, QMC

Postgraduate students chatting in the Institute of Mental Health, Jubilee Campus

Developing the campus experience

As we plan ahead for the future needs of our university, we are led by eight guiding principles in our new estates development framework (EDF), with particular emphasis on civic contribution, sustainability and renewal of our campuses.

Our students, staff, and alumni have a strong emotional connection with the university's campuses – their beautiful parklands, green spaces, hidden corners, and diversity of landscape, planting and architecture – alongside an affinity with how we will develop them in answer to meet our contemporary needs.

The university strategy places a special emphasis on environmental sustainability and supporting the city's ambitions to become net zero carbon by 2028. Making use of existing buildings rather than creating new ones is a significantly more sustainable solution. We have also strengthened our commitment to making a meaningful civic contribution, and the way our campuses are accessed and opened up to our communities has never been so important.

This philosophy is epitomised by the purchase this year of the Castle Meadow Campus site at the foot of Nottingham Castle. The acquisition presents an exciting opportunity for the university to accelerate the delivery of improved work and study spaces for staff and students; realise important aspects of our civic mission; and develop a professionally-orientated campus that will enhance provision for student placements and business engagement. All of these ambitions can now be realised in an environmentally sustainable way, more quickly and at a lower cost, than was originally planned before the site became available.

Castle Meadow will be home to Digital Nottingham, a new research and knowledge exchange programme in Artificial Intelligence (AI), data science and fintech. This will deliver lasting benefit for the city's economy, and potentially provide a base for some 500 researchers in these fields. It will also create a new city centre location for Nottingham University Business School to conduct teaching, research and partnership activity, enabling it to grow its postgraduate offer and increase collaboration with strategic partners.

Providing a city centre base for this work – as well as the joint activity delivered through the Universities for Nottingham partnership with Nottingham Trent University – will create significant opportunities to use the institution's research expertise to support the growth of the city's economy, and help realise the potential, skills and ambitions of people across the city.

For students, in particular, the site will enable greater and more convenient links with regional business and industry through placements, entrepreneurship and collaboration to deliver a professional and practice-based curriculum, enhancing their graduate employment skills and opportunities to remain and work in the city.

Meanwhile, our next intake of students will benefit from newly-refurbished sustainable student accommodation at the historic Florence Boot Hall, located on University Park Campus. Works commenced this year with the aim of preserving the building's heritage for future generations through a £15m comprehensive refurbishment. The 200-bed hall of residence has seen an overhaul of the building fabric, installing new ensuite and shared bathrooms and updating the interiors.

Works also commenced at the Hugh Stewart Hall of residence as it undergoes a facelift that will see the bedrooms and facilities transformed. A heritage listed building, the refurbishment work will update and invigorate the residence and focus on enhancing the student experience on campus. Building on research and student feedback it will create fully accessible spaces, with communal living areas. The work will significantly improve the sustainability of the older buildings whilst retaining their heritage. The new amenity block will allow residents and visitors to take in the stunning views across the Downs and provide a vibrant social space with an ability to flex to a variety of uses.

Contributing to sustainable development goals

The university's long-standing commitment to sustainability informs every aspect of our mission – to change lives through transformative discoveries and to inspire future generations. Within this, we are fully supportive of the UK's aim to reach net zero by 2050, and the city of Nottingham's ambition to be a net zero carbon city by 2028.

Ahead of COP26, we joined 140 universities across the UK to back a new set of commitments on climate action drawn up by Universities UK, including emissions reduction targets and a pledge to champion the United Nations (UN) Sustainable Development Goals (SDGs). Our research priorities address the 17 SDGs, which include clean energy, climate action and sustainable communities. In particular, our work on more sustainable chemicals and future methods of propulsion will have a direct impact in progress towards a net zero future: securing a skills-rich bioeconomy and the greening of commercial aviation.

At COP26, for example, as Europe's leading aviation research university we highlighted our research in support of net zero aviation, which spans clean aircraft technologies, propulsion systems and fuels, to advances in sustainable materials and manufacturing, as well as more efficient flight and airport operations. To deliver real progress on climate change also demands collaboration between government, academia and industry.

Our new £40m Power Electronics and Machines Centre (PEMC) opened this year, is driving forward advances in powerful, clean electrification technology and paving the way towards a new generation of low-carbon, sustainable electric vehicles, power and propulsion. The centre offers purpose-built laboratories for the largest such group of researchers in the world, and sits at the heart of the university's commitment to establishing Nottingham and the East Midlands as a hub for the translation of net zero technologies from research bench to real-world solutions.

PEMC is also home to the Midlands Driving the Electric Revolution Industrialisation Centre, which is developing innovative technology and manufacturing processes for advanced electrical machines to support the UK's net zero ambitions, and houses the 20MW UK Electrification of Aerospace Propulsion Facility, which offers industry testing at a scale unrivalled by any other research centre in the world.

The building lies at the heart of our plans to develop research and innovation clusters over the next five years, a key pillar of the government's innovation strategy, which will generate significant regional economic benefit while addressing strategic challenges faced by the UK. A key focus will be the cluster for zero carbon innovation. The university is among the top five institutions globally for the translation of zero carbon research and our partnerships with government and industry will widen the real-world impact of that research in related areas.

Our broader global research programme is supporting a more sustainable planet. Engineering researchers received £2m in funding towards its testing facilities for electric machines, a huge step towards carbon neutrality and a big step towards tackling climate change. Another research team is leading an international consortium aiming to accelerate the development of carbon capture and storage. And our food scientists launched a new international food flavour facility to improve the taste of sustainable, healthy, plant-based food and ingredients.

We also make an outstanding contribution to supporting the UN SDGs through our behaviour on campus and in our communities. The WasteNott campaign, for example, has reduced the use of disposable drink cups by two-thirds and almost one in five plastic bottles in our university operations. We have cut more than 24,000 tonnes of carbon dioxide emissions from the electricity and gas that we consume and less than 1% of our campus waste now goes to landfill. This year, the university's marketing team created the world's first micro prospectus for potential applicants to Nottingham, saving more than 72 tonnes of paper and 18,000kg of CO_2.

Further investment to make our buildings more energy efficient, as well as enhancing on-campus energy generation and heating networks on University Park Campus and Sutton Bonington Campus, will help achieve our own target to reduce our carbon emissions by 63% by 2020.


Professor Sacha Mooney, Hounsfield Facility Director, Sutton Bonington Campus

Postgraduate students in an English seminar, University Park Campus

Embedding collaboration

Collaboration is in everything we do. We endeavour to become a university without borders, reaching out to our students, to our alumni and to our civic partners, industry, governments and citizens to ensure our research and education is developed in collaboration with our stakeholders and that we are recognised for the many benefits we provide to society.

One of our flagship collaborative initiatives is Universities for Nottingham, which adds £3.8bn to the UK economy every year, supporting 25,000 jobs across Nottingham and Nottinghamshire alone, delivering economic, social, environmental and healthcare benefits.

With the launch of the government's Levelling Up White Paper, and the importance of setting shared priorities across an area, the Universities for Nottingham civic agreement has been refocused to bring together 15 initiatives across five themes, setting out significant shared ambitions and challenges for the future, including:

- Working together as large local employers, to focus on equality, diversity and inclusion.
- Sharing our trailblazing work on women's safety and embedding good practice and learning across our partnership.
- Driving forward innovative digital support programmes for employers and communities.
- Collaborating to understand further clinical skills gaps across the local healthcare system and develop new provision to meet these needs.
- Leading the push towards a zero-carbon future through shared and innovative approaches to behaviour change as well as collaboration on ground-breaking research programmes.

In one of its latest projects, the University of Nottingham and NTU have joined forces as part of a £5.1m project training doctoral researchers to undertake projects to improve the lives of communities in Nottingham and Nottinghamshire. Over the next eight years, the Co(l)laboratory project will train 50 PhD students who will participate in a programme of locally relevant, challenge-based research supporting the development of the local economy, increasing productivity and driving growth and wellbeing.

Separately, a new strategic partnership with the East Midlands Chamber is cementing links between academics and businesses to support the post-Covid recovery of the region's economy and the levelling up agenda. The agreement underpins our university's civic mission, while also widening access for businesses to world-leading research and SME support.

Collaboration is also at the heart of our research. A major clinical trial, led by our researchers working in partnership with several universities and NHS hospitals, found that by interrupting the treatment of vulnerable people on longterm immune suppressing medicines for two weeks after a Covid-19 booster vaccination, their antibody response to the jab was doubled.

The Biodiscovery Institute and Animal Free Research UK teamed up to develop cutting-edge human stem-cell technology to combat cardiac fibrosis, a major cause of heart failure in the UK affecting 900,000 people annually. Our researchers, together with Loughborough University and the University of Lincoln, were awarded £2.5m by the National Institute for Health Research to deliver evaluations of public health initiatives across the UK. And our experts are some of the UK's top scientists to be part of a major new consortium to help in the battle against bird flu.

Elsewhere, work is underway to investigate the potential of ammonia to fuel and decarbonise the long-haul shipping industry, and to boost the UK's powertrain sector. MariNH3 is a £5.5m EPSRC-funded project with industry partners that aims to develop new and disruptive engine technology that will one day cut pollution emitted by today's diesel-powered marine vessels. Other business engagement included a project with Jaguar Land Rover, where experts in our Business School successfully trialled the use of secure blockchain technology to enable full traceability within its automotive leather supply chain.

Governance

Responsibilities of University Council and structure of corporate governance

The university is a corporation formed by Royal Charter and is an educational charity, with exempt status, regulated by the Office for Students (OfS). The Council is the university's governing body, and, among other matters, it is responsible for overseeing the administration and management of the affairs of the university and is required to present audited financial statements for each financial year.

The university is committed to best practice in corporate governance. The Council notes the UK Corporate Governance Code and the OfS accounts direction requirements and has due regard to the Charity Commission guidance on public benefit when exercising its powers and duties. In addition, the university works to align its governance approach and processes with the Higher Education Code of Governance (the Code) published by the Committee of University Chairs (CUC). In response to the Code and in accordance with overall good governance the Council periodically reviews its role and effectiveness. The most recent review of the Council's effectiveness concluded in the autumn of 2020 and there is an ongoing programme to implement the recommendations that resulted from it.

Statement of the role and primary powers and responsibilities of University Council

Role

The Council is the governing body of the university. It is responsible for overseeing the university's activities, determining its future direction and developing and sustaining an environment in which its mission is achieved and learning is fostered. Council's work is directed to supporting the success and performance of the university.

The Council is responsible for ensuring compliance with the Charter, Statutes and Ordinances regulating the university and its governance framework. Subject to these it makes all final decisions on matters of fundamental concern to the university.

In 2021/22 the Council of the university comprised the President and Vice-Chancellor, 11 external members (reducing to 10 external members with one vacancy for part of the year with recruitment for a new external member having taken place in the autumn of 2022, with the new member joining in January 2023), two student and eight academic persons appointed under the university's Statutes, the majority of whom are non-executive. The role of Chair of Council is separated from the role of the university's Chief Executive, the President and Vice-Chancellor. The matters specifically reserved to the Council for decision are set out in the university's Statutes. By custom and under the OfS Regulatory Framework, the Council is responsible for the university's ongoing strategic direction, approval of major developments and receiving regular reports from executive officers on the day-to-day operations of its business and its subsidiaries. The Council met eight times during 2021/22. It has several committees, all of which are formally constituted with terms of reference.

The key committees are noted below.

Finance Committee

Finance Committee, which meets five times a year, *inter alia* recommends to the Council the university's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The committee also reviews major investment decisions prior to final approval by the Council.

Nominations Committee

The committee considers nominations for vacancies in the Council membership in accordance with Statute 6. Nominations Committee has also overseen recruitment to two Governance Apprentices who joined Council for 2021/22 as observers. The appointments were made as part of a voluntary national scheme intended to develop a more diverse pipeline of future members of university governing bodies.

Audit and Risk Committee

The committee comprises only external members and advisors and meets at least four times annually. All meetings are attended by the appointed external auditor to discuss audit findings, and the internal auditors to consider internal audit reports and recommendations for the improvement of the university's systems of risk management, internal control and governance and assurance framework.

Incorporated into the internal audit reports are management's response and implementation plans. The Director of Governance and Assurance attended these meetings to consider the University Risk Register and the effectiveness of the mitigations to the main risks affecting the activities of the university. The committee also receives and considers reports from the OfS as they affect the university's business. It considers the form of the annual report on corporate governance together with the accounting policies and reviews the implementation of risk management within the university. While senior executives attend meetings of the Audit and Risk Committee as necessary, and the President and Vice-Chancellor attended the majority of meetings in 2021/22, they are not members of the committee, and the committee meets with the external and internal auditors on their own for independent discussions.

Remuneration Committee

The committee, which comprises all external Council members, determines the salaries of senior staff of the university. The salary of the President and Vice-Chancellor is determined solely by the external members of Council. The committee also reviews retention and recruitment policies relating to professorial and other senior staff.

Trent Building framed by autumnal leaves, University Park Campus

Health and Safety Committee

Following an effectiveness review, the Health and Safety Committee comprises all five Faculty Pro-Vice-Chancellors, five representatives from central professional service departments, eight representatives reflecting the spread of workplace hazards from staff unions, and one external Council member. Its terms of reference are to formulate safety and environmental policies to ensure that the university meets all legislative requirements and best practice standards, and to promote and monitor effective implementation of those policies.

Senate

Membership of Senate includes senior academics from across the university (in the UK, Malaysia and China) as well as student members, and the body meets three times a year. *Inter alia*, it has the power, subject to the statutes and ordinances, to oversee teaching, education and research and is responsible for the academic quality and standards of the university. Senate underwent an effectiveness review in 2021/22. The implementation of the recommendations approved by Senate as part of the review will take place during 2022/23 managed with the support of an implementation working group comprised of members of Senate.

University Executive Board

Day-to-day management of the university is via the University Executive Board, comprising the President and Vice-Chancellor, the Provost and Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Faculty Pro-Vice-Chancellors, the Chief Financial Officer, the Registrar, the Chief Digital Officer and the Director of Human Resources. University Executive Board acts as an executive committee and normally meets monthly, to consider the strategic and financial direction of the university. The President and Vice-Chancellor is the principal academic and administrative officer of the University Executive Board. The Provost and Deputy Vice-Chancellor and the Pro-Vice-Chancellors have specific responsibilities for major policy areas, whilst responsibility for professional services is largely shared between the Registrar and the Chief Financial Officer. Both Council and Senate are kept informed of the key decisions and discussions of the University Executive Board via formal statements presented by the President and Vice-Chancellor.

Canada geese on University Park Campus

Statement of internal control

The Council as the governing body of the university has responsibility for ensuring that a sound system of internal control is maintained which supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Council in the charter and statutes.

These controls cover the period to the date the financial statements are approved.

The system of internal control and risk management is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control and risk management is designed to manage rather than eliminate risk.

The internal control environment includes system controls, delegations, policies as well as planning and budgetary processes, governance structures and management reporting. The scheme of delegation has been reviewed in year and formally approved by Council, and senior management receive financial performance information monthly.

The Audit and Risk Committee receives regular reports from the Director of Internal Audit, together with recommendations for improvement. These reports include the annual internal audit opinion on the adequacy and effectiveness of the institution's systems of risk management, internal control, and governance. Reports are also received from the external auditors as part of their year-end work.

Value for money

As a public body, it is important that the university delivers as much value as possible with the finite resources available. Value is not always measured by spending less but can be in the form of driving efficiency by reducing waste, getting more output for the same cost and making sure resources are targeted in the most appropriate way in support of delivery of the university strategy.

Delivering value for money in financial year 2021/22

Communication, education and engagement

Throughout the financial year the Deputy Vice Chancellor and the Chief Financial Officer continued to hold roadshows across all faculties and professional service departments. These roadshows promoted awareness of the university financial position and provided a space for open questions and dialogue with Executive Board members.

The Vice Chancellor has held town halls across all academic and professional service departments to talk about topical issues affecting the university and the sector generally. These town halls show an openness and transparency by university leaders and are an opportunity for 2-way dialogue, with time to ask pertinent questions.

Pensions have been a focal point this year with the outcome of the triennial valuations for both USS and CPAS. In order to educate members of staff on pensions matters, several sessions have been held in year, facilitated by the university's pensions advisors. There was a focus on background of the schemes, the benefits they offer, the importance of saving for retirement as well as an opportunity to ask questions about the schemes and the valuations to provide factual, impartial responses and improve awareness and understanding.

Driving value through improved university performance

The university has developed and launched its performance framework. This is a critical framework that will help the university understand its current performance against pre-defined criteria and drive performance improvement. Measurement of performance is through a combination of quantitative and qualitative means, using KPI's and external data, such as NSS and league tables. Performance is reported quarterly through Planning and Resources Committee.

Driving value through effective finance support

In an almost unprecedented year of rapid economic recovery from the pandemic and the challenging staff recruitment market as a result, there has been an unusually large amount of staff turnover in the finance area. Although challenging to manage, this has shown the breadth and depth of the talent pipeline within the teams and has enabled more development opportunities to take place. This has also shown the strength of the succession plans put in place.

In March 2021 the university introduced a new process, using a specialist travel company for booking and managing university travel, combining multiple processes into one streamlined process. The real test of the effectiveness of this approach started in the spring of 2022, when travel restrictions were lifted. The volume of travel bookings increased significantly in a sector of still significant uncertainty. Although the demand for travel initially was more than the travel company could manage, close management of the travel company and the development of an improvement roadmap has meant that by the end of July a much more robust service was being delivered.

A financial control project has been ongoing in the year with a focus on streamlining processes, ensuring compliance with policy, and educating the wider university on how to do things the right way. KPI's have been developed to help manage and demonstrate compliance and these are reported to the CFO on a quarterly basis.

Group management accounts are produced on a monthly basis and presented internally to the Deputy Director of Finance and the Financial Controller who provide the first layer of review and challenge. They are then presented to the Chief Financial Officer. Following this review, they are then presented through university governance which would include Planning and Resources Committee, Finance Committee and Council for scrutiny and oversight.

During the year, further development of activity-based budgeting methodology has taken place to make sure that budgets are aligned to university activity appropriately and transparently.

Driving value on investments

Demand for investment exceeds available funds, so it is vital that we ensure that the university invests in the projects that will deliver the most benefit. It is therefore important to be able to measure the completed project against the expectations in the business case.

For significant projects a post implementation review process has been developed that will report back through the governance process. This is an objective assessment designed to promote openness, transparency, and learning.

There has also been an increased focus on the benefits that will be achieved through investment initiatives and the ongoing development of a mechanism to track benefits against those included in business cases.

Driving value through procurement

The central Procurement function was responsible for influencing £198m of the university's £233m impactable spend across c8,000 suppliers of goods, products and services.

Over the last three years, Procurement has been on a lean journey with a vision to maximise social, economic, and sustainable value for the university through the use of sourcing expertise, lean thinking, supplier management and an over-arching customer focus. This approach has led to an improved performance year on year (recognised as a recent finalist in Team of the Year in the National Public Sector Procurement awards) with an expectation that performance will hit the sector benchmark of 5% savings to impactable spend in 2022/23, in line with peer universities in the same turnover group (>£600m).

The value target for 2021/22 was £5.8m of procurement driven value with an additional £1.1m from commercial supplier relationship management totalling £6.9m additional value to the university. End of year value delivery was £7.5m (109% to target), despite significant supply chain issues and inflationary pressures across all categories. In 2021/22 Finance Committee also approved the university no longer being a contracting authority for the purposes of the Public Contracts Regulations 2015 (PCR15) to enable a more commercial and agile approach to procurement going forwards.

Looking ahead, Brexit continues to cause issues across many supply chains, as the increase in legislation and costs for importing goods extends lead times and increases the cost of working with suppliers outside the UK (c15% of our suppliers are international and of these 50% are from the EU). In addition, raw material prices from across the world have seen sharp increases due to shortage in supply, increase in demand and increased transport costs, effecting construction and on-going global chip shortages have impacted IT prices and lead times. Energy prices continue to spiral although we look to mitigate some impacts of this by hedging our utilities via the TEC framework. With the ongoing market volatility, the Procurement value target for2022/23 is £8.5m. This is a conservative increase to reflect global market pressures, yet still continuing on our journey to achieve the sector standard of 5%.

Priorities for Procurement remain focused on managing category strategies and supply chains, embedding supplier relationship management, launching a more comprehensive approach to Responsible Procurement, implementing Digital Core and maximising value through enabling more agile procurement, post no longer being caught under PCR15.

Driving value through commercial ventures

The central commercial function, reporting to the Commercial Governance Board, was created in 2019 to drive improved performance and delivery from our commercial operations, plus build new commercial business and capability at the university.

The 2021/22 budget planned for a recovery level position vs pre-Covid performance at £100m income and £5.6m profit. The year end position was a delivery of £117m income and £8.4m surplus beating our budget by £2.8m (this includes the influence of a £2.5m surplus relating to the unbudgeted income from Castle Meadow). This was enabled by the development and delivery of a commercial strategy over the past two years, focusing on clear surplus recovery and growth targets, ensuring that we are market led with clear value propositions in all our chosen markets and by nurturing a pipeline of new activity and with effective commercial contract management.

In 2021/22 the commercial function has been focused on delivering against three core commercial opportunities:

- A strategic review of our hotel and conferencing provision followed by implementation of a make vs buy decision to bring provision from previous De Vere partnership to in-house
- The creation of Nottingham Drives Specialist Services (NDSS) as a business unit to ensure financial sustainability of the Power Electronics Machine Centre facility within the Faculty of Engineering
- Strategic project support in the continuous development of the University of Nottingham Online

In 2022/23 we will continue to support the recovery from Covid and the launch of new business to drive the surplus target across the MTFP period. Our income and surplus target for 2022/23 is £120m and £8.3m, demonstrating a surplus improvement of £2.7m over the previous year's target. It is noted that the Castle Meadow budget for 2022/23 is for a surplus of £1.4m which is included in these figures.

Driving value through organisational development

At the centre of the university are people and in recognition of this a restructure of the HR function has taken place in the year. This restructure has provided more resilience and strength to the HR leadership team with the appointment of three new senior HR roles. This restructure has also enabled the HR function to be better aligned to the academic and professional service departments so that a more robust support model is developed.

In the year there has also been a significant review of the terms and conditions of staff at levels 1-3, to better align and provide some consistency with the rest of the staff community. This review was all encompassing, and looked at pay as well as holiday, sickness entitlement and pension entitlement. The outcome is to ensure staff at all levels are treated in a consistent way and feel valued as a result.

Students walking through the Monica Partridge Building, University Park Campus

Risk and risk management

Risk management approach

The university has recently refreshed its approach to risk management, introducing a revised Risk Management Framework which includes refreshed guidance documents, tools, templates, governance structure and a new Risk Management Policy. Focus has been given to embedding risk management practice within existing governance structures and business planning cycles to inform decision-making and contribute towards the delivery of the university strategy.

Risk Management Framework

The university's Risk Management Framework has been revised and considered by the University Executive Board (UEB). It will continue to evolve in line with best practice and emerging risk management principles.

Under the leadership of the Vice-Chancellor, UEB leads are accountable for the identification, management and oversight of strategic level risks. Responsibility is delegated to Planning and Resource Committee and activities which form part of this are:

- Review and approval of the university's Risk Management Policy and its implementation
- Consideration of the university's risk appetite
- Assessment and approval of the university's readiness to expose itself to risk for appropriate strategic or other benefit
- Regular review of the university's Risk Register and its associated controls and assurances
- Periodic review of the effectiveness of risk management and assurance processes
- The Audit and Risk Committee receives assurance that key risks are identified and mitigations are both realistic and effective. Risk considerations also input into the annual budgeting and planning cycle and inform the work undertaken by internal audit
- A high-level summary of university level risks and management responses is presented overleaf

Risk register

Strategic risk headlines	Management approach and mitigations
Education and student experience Inability to maintain or capitalise on opportunities to further improve high standards of education, student experience and student support. This could result in a decline in national and international league table rankings, reputational damage and reduced ability to attract the required number and calibre of students and staff. Ultimately this could lead to financial uncertainty, ability to achieve ambitious strategic objectives and regulatory requirements could be compromised.	In support of the Education and Student Experience (ESE) Strategic Delivery Plan and university level key performance indicators, there is a continued focus on improving student satisfaction, National Student Survey (NSS) results and reducing awarding gaps. Governance and oversight has been strengthened across all levels of the university, with newly established networks in place to oversee and share plans and best practice. With external consultancy support, student feedback mechanisms are being reviewed and further developed alongside improved dashboard reporting and interpretation of NSS and widening participation data.
Research and Knowledge Exchange Research and Knowledge Exchange (KE) elements of the university strategy may not be delivered if the university is unable to adapt to external changes in research and KE funding landscape and deliver world leading research and KE. If the institution fails to adapt its approach to this changing landscape in terms of internal capacity and capability, performance and financial management oversight, it may not be able to meet its research objectives to deliver world leading research and KE.	A new Research Strategic Delivery Plan has been developed, which considers changes in the external environment and considers internal risks. There has been significant investment and realignment within the Research and Innovation function to support the changing landscape, growth in research to achieve ambitious targets, further improve the management of contracts and oversee risks. A new policy has been developed, with agreed controls across all campuses to manage cross campus research and KE activity along with awareness raising sessions across schools and faculties to highlight changes to legal and regulatory requirements.
Financial sustainability The university is unable to respond quickly enough to the financial challenges of multiple internal and external influences, most notably the impacts from growing inflation on the cost of living for staff and students, the procurement of goods and services and overheads including utilities and insurance. There also remains a level of uncertainty relating to tuition fees in the medium term and an increasingly competitive HE environment.	The Medium-Term Financial Plan (MTFP) has been revised to account for rising inflation against fixed income. Financial modelling continues to take place to account for a number of possible future scenarios and faculty and departmental budgets are revised in line with the MTFP.
People and culture The people and cultural issues associated with the university impair our ability to deliver the strategy, adapt to new internal and external changes or operate business as usual. Attraction, recruitment and retention of high calibre academic and professional service staff is also challenging in the current economic climate and candidate-led recruitment market.	A key priority within the People Strategy is to develop effective leadership practice, alongside culture, behaviour and values. Specific action plans have been developed and additional resource within a newly established Organisation, People and Development function is beginning to deliver these priorities. A recruitment action plan has been developed, along with toolkits tailored to recruitment needs in specific areas of the institution. Additionally, new and enhanced recruitment strategies with flexible processes and HR system functionality provide agility and flexibility in recruitment approaches across different areas. Flexible benefits and remuneration packages are continually reviewed to ensure attraction and competitiveness.
External environment There is a level of uncertainty in domestic HE policy resulting from the change in British prime minister. Similarly, the potential for a change in UK Government policy towards China, or vice versa, may impact on the institution and in particular campus operations in Ningbo. There is also continued impact from the conflict in Ukraine, notably regarding negative or inappropriate associations with the Russian government and the potential for reputational damage.	The institution maintains awareness and remains up to date with domestic and international policy developments. Key university strategies and delivery plans, including ESE and Research and KE are continually reviewed and adapted as necessary to ensure alignment with these developments. Due diligence processes are in place, focused on individuals, partnerships, collaborations and philanthropic donations to ensure no inappropriate links or associations with Russian individuals, companies, or government. Further review and analysis of external environment risks, particularly relating to government and international policy landscapes have been planned.

Students walking around Ningbo Campus, China

Strategic risk headlines	Management approach and mitigations
Infrastructure If the institution fails to keep pace with and realise the benefits of increasing digitisation or high-quality building infrastructure, there is a risk to provision of high quality teaching, learning and excellence in research. The Institution's competitiveness, high quality student experience and the extent to which colleagues feel empowered may also be adversely impacted.	Effective governance and risk management oversight through the Digital Strategy and Estates and Infrastructure Committees, both closely aligned with the Education and Student Experience and Research and Knowledge Exchange strategies and governance structures. The Estates Strategy and Digital Strategic Delivery Plan also contain new high-level delivery roadmaps which show the major project and programme activities for the next three years.
UK regulatory and legal compliance If there is limited assigned accountability and responsibilities for compliance and/or a lack of formal monitoring to ensure appropriate controls are in place and operating effectively, there is a risk that the university does not comply with key statutory obligations. Non-compliance could result in financial penalties, increased and enhanced scrutiny from regulatory bodies and likely reputational damage. These impacts could in turn result in negative perception as a commercial or research partner, or by students as an institution of choice among its global and Russell Group competitors.	The new university Assurance Framework and associated activities within each statutory and regulatory area of compliance has been developed to provide key stakeholders such as the University Executive Board and Council with the appropriate governance oversight and assurance to enable intervention as required in the event of, or risk of non-compliance.
Information, data and cyber security The university does not manage its information, data and knowledge assets or IT systems and resilience sufficiently to protect them from or prevent a major loss, theft, or breach of General Data Protection Regulations (GDPR). This could otherwise result in significant financial penalty and reputational damage.	Strengthened governance structure for information security to continually review risk exposure and oversee the delivery of improvements within the information and cyber security control environments. New and enhanced security policies, regular incident exercises and improved network security and assurance programme in place. Additional monitoring, resilience testing and enhancements via an external provider.


Bioenergy and Brewing Science Building
on Sutton Bonington Campus

Financial review

Chief Financial Officer's introduction

This year has been one of steady financial recovery as we emerge from the pandemic. Our budgets have been managed carefully due to continued uncertainty, supply chain issues and a high level of vacancies but at the same time we have been able to commence all of the capital projects that we had delayed during Covid-19. The University of Nottingham was in a strong financial position prior to the pandemic and remains in a strong position as we emerge, as recognised once again by Standard & Poors' renewed credit rating of A+ with a stable outlook. This is down to the hard work of all of the university's staff, something for which I am enormously grateful.

Our capital programme continues to focus on improving the foundations of the university including a big refurbishment programme across all student accommodation, clearing a maintenance backlog and implementing a new HR and Finance system as well as a student engagement platform. It also includes continued investment in our world class research with a fellowship programme and in our teaching with the launch of the curriculum transformation programme and a project to improve the standards of the university teaching rooms. All of this investment will drive delivery of the university strategy.

This year also saw the exciting acquisition of our new city centre campus, Castle Meadow Campus, something that gives us the opportunity to bring academia, students and the workplace together in one place where everyone can learn from each other and local problems can be solved through collaborative research. Acquisition of this campus demonstrates our commitment to Nottingham's development and our willingness to play our part in improving skills and encouraging inward investment to the city.

Looking forward, there are risks with increasing inflation, continued political uncertainty across the world and industrial relations disputes. We will continue to manage these risks ensuring the delivery of the university strategy including delivering the very best education for our students and at the same time not compromising the financial sustainability of this fantastic university that has changed the life for the better of so many people across the world.

Preparation of financial statements

These financial statements have been prepared on a going concern basis and include the consolidation of the financial results of the university and its subsidiary companies. The associated undertakings are consolidated based on percentage ownership – this includes the campuses in both Ningbo, China and Seminyeh, Malaysia.

As a public benefit entity, these financial statements are prepared in accordance with the university's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and other relevant accounting standards and in line with the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Office for Students (OfS) and the Council of the university.

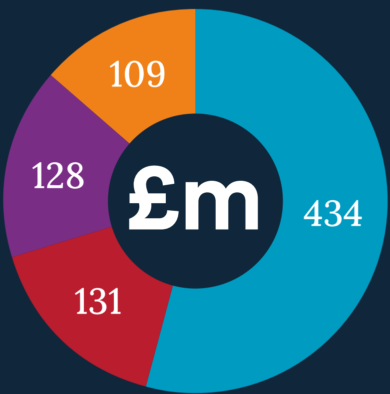
2021/22 financial performance
Consolidated key highlights

2021/22

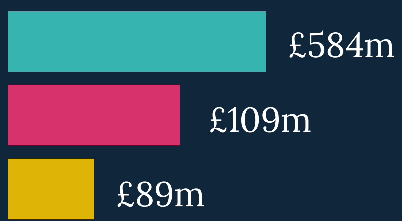
£802m
Total income

+ £109m
Operating surplus

£557m
Total net assets



2022



- Tuition fees and education contracts
- Funding body grants
- Research grants and contracts
- Other income

- Staff costs
- Cash generated from operating activities
- Capital investment

Student working in the Engineering lab, University Park Campus

Consolidated key highlights

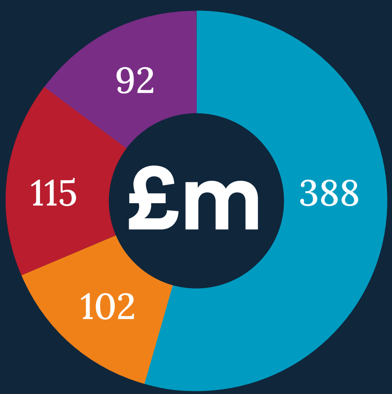
	2021/22	2020/21
	£ million (m)	£ million (m)
Tuition fees and education contracts	**£433.7**	£387.7
Funding body grants	**£108.5**	£102.0
Research grants and contracts	**£131.4**	£114.9
Other income	**£128.2**	£91.5
Total income	**£801.8**	£696.1
Surplus/(deficit) for the year	**(£73.0)**	£26.9
Underlying surplus (excluding USS adjustment)	**£108.7**	£41.3
Total net assets	**£556.9**	£567.2
Cash generated from operating activities	**£108.9**	£77.5
Capital investment	**£89.3**	£36.9
Staff costs (including USS adjustment)	**£583.9**	£392.9
Staff costs (excluding USS adjustment)	**£402.2**	£378.5

2020/21

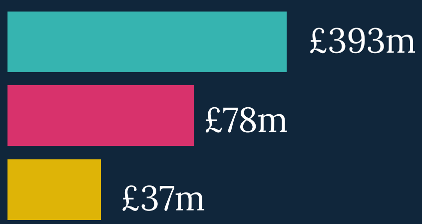
£696m
Total income

+ £41m
Operating surplus

£567m
Total net assets



2021



- Tuition fees and education contracts
- Funding body grants
- Research grants and contracts
- Other income

- Staff costs
- Cash generated from operating activities
- Capital investment

George Green Library,
University Park Campus

Surplus for the year

The financial year has been more stable operationally than has been seen since before the pandemic, however the conclusion and inclusion of the 2020 Universities Superannuation Scheme (USS) and the 2020 CPAS triennial valuation into the 2021/22 financial statements has once again created hugely volatile financial results.

The deficit for the year, inclusive of the USS pension adjustment is £73.0m against a 2020/21 surplus of £26.9m*. The underlying surplus (excluding the adjustment made in relation to USS) has grown to £108.7m from the £41.3m reported in 2020/21**. Other gains and losses increased to £50.5m (2020/21: £14.5m) as market movements led to a fair value gain on the private placement debt facility. Net assets have decreased in year to £556.9m (2020/21: £567.2m) as the balance sheet is adversely impacted by the future cost of the increased deficit recovery contributions relating to the USS pension scheme.

In accordance with the Further and Higher Education Statement of Recommended Practice 2019 (SORP), the university does recognise a provision for its proportion of the USS deficit recovery plan within staff costs in these financial statements, however, the financial commentary will exclude the impact of this, as the movement is for accounting purposes and therefore does not denote cash coming in or leaving the university and is not representative of the university's underlying financial performance.

The university has delivered an underlying surplus (excl. USS pension adjustment) of £108.7m (2020/21: £41.3m). Although significantly better than anticipated this is in part due to the university's continued Covid recovery, meaning that some restrictions were in place for part of the year, whilst ongoing supply chain delays and a challenging staff recruitment market have all had an impact.

	2021/22	2020/21	2019/20	2018/19	2017/18
	£ million (m)	£ million (m)	£ million (m)	£ million (m)	£ million (m)
*Surplus (deficit) for the year	**(73.0)**	26.9	94.4	(83.4)	32.5
USS Pension adjustment	**181.7**	14.4	(85.0)	110.0	(4.4)
**Underlying surplus (deficit) for the year	**108.7**	41.3	9.4	26.6	28.1
Other gains and losses	**50.5**	14.5	0.5	7.4	7.2
Net assets	**556.9**	567.2	480.2	390.9	494.7

Summary income and expenditure

	2021/22 £ million (m)	2020/21 £ million (m)
Total income	**801.8**	696.1
Total expenditure (excluding movement in USS pension provision in year)	**(743.6)**	(669.3)
Other gains and losses	**50.5**	14.5
Operating surplus	**108.7**	41.3
Exceptional USS pension provision movement	**(181.7)**	(14.4)
Actuarial gain in respect of pension schemes (non-cash)	**62.5**	60.1
Total comprehensive (expenditure) / income	**(10.5)**	87.0

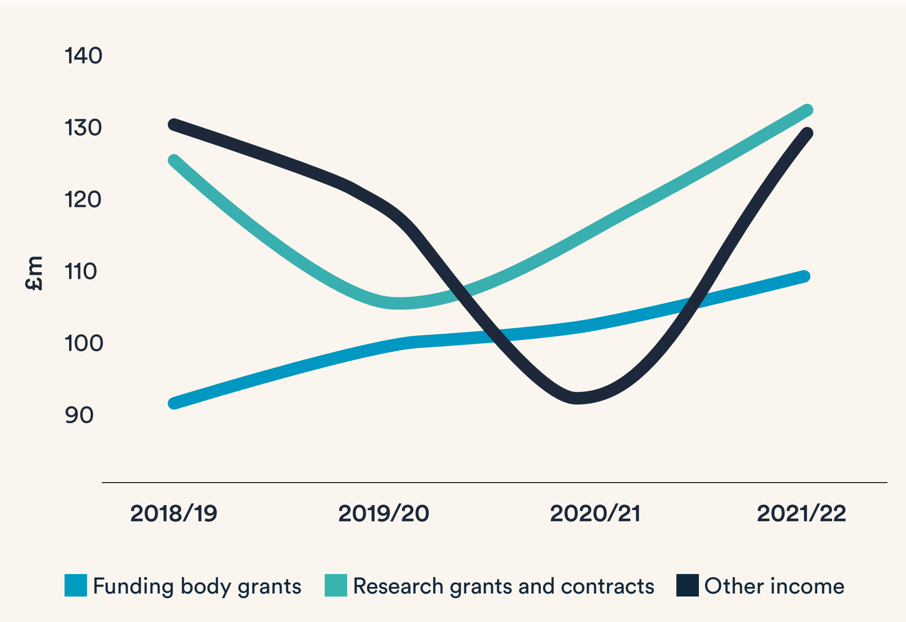
Income

After two years of Covid disruption, income is now at pre-Covid levels or better. Total income has grown significantly in year to £801.8m (2020/21: £696.1m), an increase of 15.2%. This is representative of the university's strength in recovering from the pandemic which has enabled a re-focus on business as usual activity and delivery of the university strategy, rather than tactical measures.

The largest income growth area relates to tuition fee income with a £46m rise year on year (an 11.9% increase). The predominant growth area is in international recruitment with £39.8m increase (2021/22: £171.2, 2020/21: £131.4). This is planned growth aligned to the university's strategy to increase international students as a proportion of total student FTE.

Student numbers (FTE)

	2021/22	2020/21	2019/20	2018/19
Undergraduate				
Home/EU	**24,437**	23,542	22,183	21,331
International	**3,634**	3,441	3,860	3,649
Postgraduate taught				
Home/EU	**2,037**	2,124	2,068	2,128
International	**2,811**	1,959	2,902	2,317
Postgraduate research				
Home/EU	**1,885**	1,951	1,848	1,917
International	**998**	987	938	938
Total	**35,802**	34,004	33,799	32,280



Research income in year stands at £131.4m (2020/21: £114.9m) and has shown strong recovery from the low levels seen during the pandemic – a more normal on campus year, with no imposed lockdowns has facilitated that.

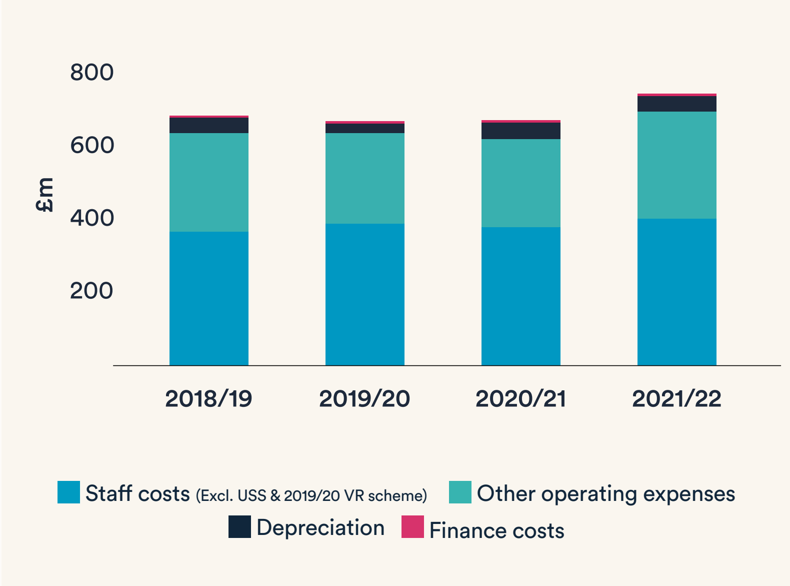
Commercial income in the form of hotels, catering and conferencing, although partially impacted by ongoing travel restrictions which did not lift until March 2022, has recovered well in the last quarter of the year as confidence began to increase, and at £128.2m (£2020/21: £91.5m) is close to levels seen prior to the pandemic.

The chart to the left tracks the Covid impact on research and commercial income and the recovery over time.

Expenditure

Spend in year (excl. the USS pension adjustment) has increased to £743.6m (2020/21: £669.3m). Of that increase, staff costs have risen to £402.2m (2020/21: £378.5), a rise of 6.3%. Although staff costs and the number of FTE have increased year on year, the rapid pace in which the economy has grown out of the pandemic and the number of additional jobs that have been created nationally as a result has been challenging for the university. Higher staff turnover in certain areas, as well as the competitive staff recruitment market has resulted in the university having more vacancies, and for a longer period of time, than has been seen in previous years.

Other operating expenses have also increased substantially to £292.3m (2020/21: £241.1m). Inflation will be a contributing factor to increased costs, however as the current financial year represents more normality in the university's day to day operation than has been seen since before the pandemic, increased activity is the key driver. This is despite some travel restrictions remaining in place for part of the year.



Pensions

The two defined benefit pension schemes the university operates, the University of Nottingham Contributory Pension and Assurance Scheme (CPAS) and Universities Superannuation Scheme (USS) continue to have a significant impact on the financial results of the university:

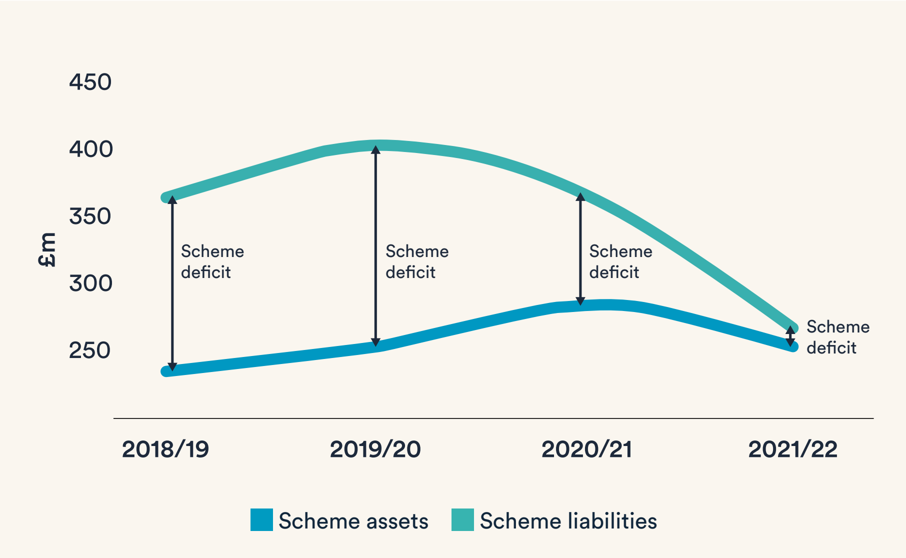
- both have completed triennial valuations in year
- the discount rate, based on corporate bond yields, on which pension schemes rely has increased since 2021 resulting in material accounting adjustments

The pace at which the UK and the rest of the world has recovered from the pandemic has resulted in increasing global bank base interest rates in response to inflation expectations and financial market uncertainty – a higher discount rate has the impact of reducing liabilities (in accounting terms) because it indicates that money will be worth less in the future, the value being reduced by inflation.

CPAS

The CPAS scheme closed to new members in 2006 and remains open to future accrual, therefore existing members continue to pay into the scheme to receive their pensions upon retirement.

The key assumptions used to calculate the present value of the CPAS pension liability are discount rate, inflation and salary growth, and mortality rates. These assumptions are based on actuarial expertise and implied rates from financial markets.



The fair value of the CPAS assets has decreased by £28.8m during the year. This would ordinarily have the impact of increasing the liabilities within the scheme, however this year it has been more than offset by a £95.4m reduction in those liabilities (i.e. a gain) arising from the change in discount rate.

Overall, the university will show a £62.5m actuarial 'gain' from the net movement in the CPAS scheme (2021: £60.1m), which is an overall reduction in the scheme deficit. This means that as at the year end the scheme deficit stood at £17.6m (2020/21: £84.2m), which is the strongest position seen for some time.

USS

USS is a multi-employer scheme, and as such, there are specific requirements that the university must follow in determining the recording of the scheme in the financial statements. The university is required to record a provision for the liability of future contributions to the scheme's deficit recovery plan, rather than individual assets and liabilities of the scheme – this provision goes through staff costs in the accounts.

The agreement of the 2020 valuation has provided some financial certainty for the pensions scheme, though some political uncertainty remains.

Dr Chung-Lim Law teaching students, Malaysia Campus

The total increase in liability of £181.7m in year (2020/21: £14.4m) is primarily driven by the lengthening of the deficit recovery plan from 2028 to 2038. This results in the university recording a liability of £282.1m (2020/21: £99.5m) which brings in an additional 10 years of contributions to the provision, offset by the improvement in the discount rate in the last 12 months which has had the impact of reducing that liability by £99.5m.

Net assets

Total net assets of the university have reduced marginally in year to £556.9m (2020/21: £567.2m). Although there has been strong underlying financial performance in year, the recognition of the increase in the USS pension scheme deficit recovery liability has more than offset any gains made.

The asset base of the university has grown year on year with £1,383.8m of total assets (2020/21: £1,300.4m). The liabilities, excluding those relating to pensions have reduced to £512.3m (2020/21: £549.3m), primarily as a result of the non cash impact of the fair value revaluation of the university's primary debt facility.

Provisions for pensions have increased to £299.7m (2020/21: £183.9m), which is the accounting impact of the agreement of the 2020 Triennial USS valuation.

Cash and liquidity

The cash and cash equivalents balance on 31 July 2022 stood at £139.0m (2020/21: £110.3m). The strong cash position is a result of the financial performance described above, in addition to the rephasing of some large one off costs as well as timing of cash outflow over the year end period.

The university has maintained all existing debt facilities and therefore had access to £140m of revolving credit facility in year, all of which has remained undrawn throughout the year.

The introduction of the private placement during 2019 with a US-based investor has resulted in the need to value the facility at fair value, which is calculated as the present value of committed cash flows on 31 July 2022. The fair value adjustment totals a gain of £39.8m (2020/21: loss of £5.5m) and is a non-cash adjustment, therefore the total private placement is recorded as debt of £70.7m (2020/21: £110.5m) on the balance sheet. The additional £39.8m gain is recorded in the statement of comprehensive income within gains and losses on investments.

The contractual cash payments arising from the private placement remain unchanged.

Fundraising

The University of Nottingham was founded on the vision and philanthropic spirit of Jesse Boot who, in 1928, donated the land that is now University Park Campus. Continuing that philanthropic tradition our supporters make the incredible happen; supporting the university's strategy, discovering new insights into diseases like breast cancer and dementia, and helping thousands of students from all backgrounds to achieve more than they ever thought possible.

In 2021/22 our fundraising activities included face-to-face meetings, events, applications to Trusts and Foundations, legacy stewardship, direct mail, community fundraising events and our first ever Giving Day. Over the course of 2021/22 the university's Campaign and Alumni Relations Office secured new funds of £4.1m (2020/21: £3.2m) and the major gift fundraising team secured 535 meetings with prospective donors across the year (2020/21: 388)

Overall, 3,446 individuals and organisations contributed financially to the university in 2021/22 (including 445 first time donors) and we have worked hard to retain donors through our stewardship programme. Recent peer benchmarking revealed our overall donor retention of 77% to be the best of the 14 universities in the study. Legacy Giving has been repositioned as a key income stream following the launch of an integrated legacy campaign in Spring 2021, branded 'Guiding Lights'.

During 2021/22 844 volunteers shared their unique expertise with 4,682 student beneficiaries and supported university strategic priorities including Student Recruitment, Student Experience, Employability and Teaching and Learning (2020/21: 506 volunteers and 3,113 student beneficiaries).

Independent auditor's report

to the Council of the University of Nottingham

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Nottingham ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise the statement of principal accounting policies; the consolidated and university statement of comprehensive income; the consolidated and university statement of changes in reserves; the consolidated and university statement of financial position; the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England) the Education and Skills Funding Agency and the Department for Education

In our opinion, in all material respects:

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

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

- The University's grant and fee income, as disclosed in note 3 to the accounts, has been materially misstated

- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 12 to the accounts, has been materially misstated

Responsibilities of the University Council

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounts Direction OfS 2019.41 and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence if any.

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

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and enquiring about correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could results in fraud susceptibility;
- Discussions with management and Audit Committee, including consideration of known or suspected instances on non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of internal audit's investigations into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the CPAS pension liability, USS pension provision, provision for doubtful debts, Holiday pay accrual and fair value of the private placement;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the cut-off of revenue and revenue recognition.

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

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

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

Use of our report

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

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor, Birmingham, UK

Date: 16 December 2022

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

The Barn viewed through the medicinal garden on Sutton Bonington Campus

Statement of principal accounting policies

1. Accounting convention

The consolidated and institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice on Accounting for Further and Higher Education 2019 (HEFE SORP) and they conform to the accounts direction issued by the Office for Students.

The university is a public benefit entity and therefore has applied the public benefit entity requirements of the applicable UK laws and accounting standards. The functional currency of the university is pound sterling, as the United Kingdom is the primary economic environment in which the university operates.

These policies have been reviewed by the Audit and Risk Committee on behalf of Council and are considered appropriate to the university's activities. They have been applied consistently in the current and prior year.

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

As permitted under FRS102 the university has taken advantage of the disclosure exemptions available to it in respect of a university only cashflow statement.

2. Going concern

The university has updated the five-year MTFP in the year and this has been taken account of in the going concern assessment. In updating the financial plan, the following aspects were particularly considered, balanced against the university's available funds and need to meet borrowing covenants:

- size and shape of the student body
- right sized cost base (including emerging cost pressures)
- research performance
- speed and impact of Covid-19 recovery
- levels of strategic investment

Key risks and uncertainties considered include those arising from reduced student mobility arising from the ongoing impact of Covid-19, potential changes in government policy with regard to funding higher education and research, and the increased funding requirements of pension schemes. Planning found the university's finances to be robust enough to cope with these changes, particularly when the university retains the option to reduce investment expenditure if cash savings are required, as happened during the pandemic.

The impact of the ending of the Coronavirus Large Business Interruption Loan Scheme (CLBILS) Revolving Credit Facility (RCF) of £60m in October 2023 was considered, with management's assessment being that there will be sufficient accumulated reserves and available facilities to meet ongoing requirements even should the university choose not to replace the facility.

Having made appropriate enquiries, Council considers that the university and group has adequate financial resources to continue in operational existence for the foreseeable future, being not less than twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. In doing so, the university has regard to the elements of current assets and current liabilities, the availability of cash via the university's banking arrangements and the expectation that grants will continue to be received into the foreseeable future.

3. Basis of consolidation

The consolidated financial statements include the financial statements of the university and all its subsidiary undertakings, together with the share of the results of joint ventures and associates, for the financial year to 31 July 2022.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Balances between the institution and its associates and joint ventures are not eliminated.

Associated companies and joint ventures are accounted for using the equity method.

The consolidated financial statements do not include those of the University of Nottingham Students' Union as it is a separate body in which the university has no control or significant influence over policy decisions.

4. Recognition of income

Transactions with commercial substance are credited to income at the fair value of consideration receivable net of any discounts. Where the provision of services – relating to research or other ad-hoc services supplied by the university – is incomplete at the financial year end the percentage completed will be determined in a way appropriate to each contract and any funds received in advance held as deferred income.

Tuition fee income is credited to income over the period in which students are studying.

Other key income streams of this type are consultancy, accommodation, catering and conference, sales of goods and services, royalties and research income from commercial sources. Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract, including any staged payments due at contract milestones, have been satisfied.

University-funded bursaries and scholarships are accounted for gross as both income and operating expenses where the transaction does not represent a discount.

Education contracts are recognised when the institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Statement of principal accounting policies continued

Donations and endowments

Donations and endowment transactions are assessed to determine whether performance related conditions, restrictions on expenditure, both or neither applies. The income is recognised in the Statement of Comprehensive Income as follows:

- Where performance related conditions exist, income is recognised in line with the performance criteria being met
- Where restrictions exist, income is recognised when it is receivable and taken to a restricted reserve, expenditure is then recognised as restricted expenditure and charged to the restricted reserve over time to reduce it to nil as the fund is fully used. Endowments where the donor has specified that the capital sum can be spent are treated in this way
- Where there are neither performance related conditions nor restrictions income is recognised when it is receivable
- Endowments are recognised as income on entitlement and then held in the permanently restricted reserve where the donor has specified that the capital sum cannot be spent
- Endowment and investment income is credited to the income and expenditure account on a receivable basis. Gains or losses on investment are recorded in the capital element of the fund to which it relates and recognised in income as gain or loss on investments

Grant funding

Government grants – including funding council grants and research grants – are recognised based on the accrual model, over the period for which the university recognises the related costs. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the institution is entitled to the funds subject to any performance related conditions being met.

Grants (including research grants) from non-government sources are recognised in income when the institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors in the Statement of Financial Position and released to income as the conditions are met.

5. Total return investment accounting

As authorised by Council, the university adopted a total return basis for investment of its endowment funds. The carrying value was taken as the fair value of these funds on 1 August 2021 including the original gift value and any subsequent additions.

The university's investment managers invest these funds without regard to capital or income distinction and with the discretion to apply the accumulated total return as income to be spent. Until exercising this option, total return is accumulated in the 'unapplied total return' component of the endowment to be retained for further investment or released to income.

Council determined that a 4% application rate to investment return was appropriate for sustainable investment and expected investment returns.

6. Retirement benefits

The three principal pension schemes for the university's staff are the Universities Superannuation Scheme (USS), the University of Nottingham Contributory Pension and Assurance Scheme (CPAS) and the University of Nottingham Contributory Retirement Savings Plan (CRSP). A small number of staff remain in other pension schemes. USS and CPAS are defined benefit schemes which are externally funded and contracted out of the state second pension.

The funds are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the schemes.

Universities Superannuation Scheme (USS)

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 income and expenditure account.

University of Nottingham Contributory Pension and Assurance Scheme (CPAS)

CPAS is a defined benefit scheme. For a defined benefit scheme, the amounts charged to staff costs are the current service costs and gains and losses on settlements and curtailments. The interest cost and the expected return on assets are shown within interest and other finance costs. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

University of Nottingham Contributory Retirement Savings Plan (CRSP)

CRSP is a defined contribution scheme and the amount charged to staff costs is the contributions payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

7. Employee 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 institution. Any unused benefits are accrued and measured as the additional amount the institution expects to pay as a result of the unused entitlement.

8. Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of pound sterling at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. Non-monetary items held at historical cost are translated into sterling using the exchange rate of the date of the transaction. Non-monetary items held at fair value are translated into sterling at the exchange rates on the date the fair value was determined. The resulting exchange differences are dealt with in the Statement of Comprehensive Income for the financial year.

9. Leases

A lease is treated as a finance lease if it transfers substantially the risks and rewards of ownership of the leased asset. Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the lower of the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Assets held under finance leases are depreciated over their useful economic lives in the same way as other property, plant and equipment. Where there is no certainty that ownership of the asset will pass to the university at the end of the lease the asset will be fully depreciated by the end of the lease term.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases. Lease incentives are similarly spread on a straight-line basis over the lease term.

10. Intangible assets and goodwill

Intangible assets

The costs of significant software and its development for use in the long term are capitalised as intangible assets, less any reduction for impairment. Costs are amortised on a straight-line basis over their useful economic life (not exceeding 10 years) and are subject to annual impairment reviews.

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

Relevant costs are attributed to each major phase of the configuration and implementation project. Costs relating to the development and implementation phases have been capitalised, costs relating to the research and training phases are expensed as incurred. Where software is provided on a subscription basis, the annual subscription costs are expensed as incurred.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over its useful economic life. Useful economic life is assessed separately for each business acquired, depending on the nature of that business. Where a reliable estimate of the useful life of goodwill cannot be made, the life shall not exceed five years. Provision is made for any impairment.

11. Property, plant and equipment

Land and buildings

Land is stated at deemed cost using the valuation on 31 July 2014. The valuation of land was undertaken during the 2012/13 year by Fisher Hargreaves Proctor Ltd, Property Consultants. Commercially held land is valued by suitably qualified chartered surveyors, the last valuation was at 31 July 2021 and the basis of valuation being open market value on an existing use basis. Land, with the exception of the Arts Centre and DH Lawrence Pavilion land, which are held on a long lease, is held freehold and is not depreciated as it is considered to have an indefinite useful life.

Buildings are stated at cost, other than those held as investments. Buildings are depreciated over their expected useful lives, which are between 40 and 50 years, with certain specific buildings depreciated over a longer period where appropriate. Each major component of land and buildings is reviewed separately and where major components have a significantly different useful economic life they are depreciated separately.

Major refurbishments are depreciated over their estimated life, normally 15 years. Leasehold land is depreciated over the life of the lease.

Assets in the course of construction are recognised at cost less impairment and are not depreciated.

Plant and equipment

Plant and equipment, including computers and software, costing less than £30,000 per individual item or group of related items is written off in the year of acquisition (unless specified by a grant condition). All other equipment is capitalised. Where expenditure on maintenance and refurbishments is expected to provide incremental future benefits to the university, it is capitalised and added to the carrying value of the building or equipment.

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

- IT equipment – three to five years
- IT software – three years
- Configured IT systems – useful economic life up to a maximum of 10 years
- Motor vehicles and other general equipment – three to 10 years
- Equipment acquired for specific research projects – project life (generally three years)

Each major component of capitalised plant and equipment is reviewed separately. Where major components have a significantly different useful economic life they are depreciated separately.

Statement of principal accounting policies continued

Impairment

At each reporting date all property, plant and equipment is reviewed for indications of impairment. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, an assessment is completed and any impairment charge arising is recognised against the asset and in the Statement of Comprehensive Income.

Borrowing costs

Borrowing costs are recognised as an expense within the Statement of Comprehensive Income and are not separately identified and capitalised.

12. Heritage assets

Heritage assets are recorded at cost or value of the asset where a revealed price is available. Heritage assets are reviewed for indicators of impairment annually and are not depreciated. They are subsequently recorded at cost less accumulated impairment. The university does not recognise heritage assets where the cost or value is not available and cannot be obtained at a reasonable expense. The nature of such assets is disclosed. The university's policy is to preserve the heritage assets in its care, to encourage access to its collections for teaching and research, and to enable public engagement with the collections.

13. Investment properties

Investment properties are initially measured at cost then subsequently at fair value at the reporting date, based on a triennial professional valuation, with changes in fair value recognised in the Statement of Comprehensive Income. Considering the balance between the cost of valuation and the materiality of the investment properties held, management has assessed a triennial valuation to be sufficient.

Mixed use investment property is separated between investment properties and property, plant and equipment. If the fair value of the investment property portion cannot be reliably measured the entire property will be included within property, plant and equipment. Investment property owned by one group company which is leased to another group company is treated as an investment property in the owner's individual financial statements.

Investment property is reviewed yearly to confirm whether it still meets the definition of an investment property. Where the asset is held in service of the university's charitable purpose, it is transferred to property, plant and equipment at its deemed cost.

The most recent valuation of investment property was on 30 July 2021, whereby management engaged external property consultants to provide an estimated existing use valuation.

14. Investments and endowments

Where there is a ready market for investments they are shown at fair value with changes in value being taken to the Statement of Comprehensive Income. For investments in non-listed companies a fair value is determined by reference to a percentage of the company's estimated net book value.

Should there not be a ready market, investments are shown at historical cost less impairment.

Endowment asset investments are included in the balance sheet at fair value, with changes taken to the Statement of Comprehensive Income. Cash held as part of the endowment portfolio is treated as an investment, as it is held as part of the portfolio in accordance with the university's strategy and is therefore not considered as free cash.

Investments in subsidiaries and associates in the university's separate financial statements are recorded at cost less impairment.

15. Financial instruments

Financial assets and financial liabilities are recognised when the university becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the university after deducting all of its liabilities.

a. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments, held for trading, are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled;

(b) the university transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(c) the university, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

b. Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment. In the university's balance sheet, investments in subsidiaries are measured at cost less impairment.

c. Derivative financial instruments

The university uses derivative financial instruments to reduce exposure to interest rate and cash flow movements. The university does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

d. Fair value measurement

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

16. Stocks

The inventories are stores, coal and oil held by the Estates office, stores held centrally for some academic schools, food and catering supplies, and farm livestock, produce and consumables. They are valued at the lower of cost and selling price less costs to sell.

17. Cash and cash equivalents

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

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

18. Taxation status

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

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

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

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

19. Provisions, contingent liabilities, and contingent assets

Provisions are recognised in the financial statements when:

- the institution 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
- a reliable estimate can be made of the amount of the obligation

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

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

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

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

20. Reserves

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

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

Statement of principal accounting policies continued

21. Changes in accounting policies

Note 5 total return investment accounting and note 10 intangible assets are new accounting policies in this financial year.

22. Critical accounting estimates and significant judgements

In the application of the university's accounting policies, judgements, estimates, and assumptions are required, which affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. Judgements, estimates and assumptions are based on historical experience and other factors such as reasonable expectations of future events. They are reviewed regularly and applied consistently to the current and prior year. Estimates based on assumptions and judgements are likely to differ from the actual results.

Critical accounting estimates

Listed below are areas where estimation uncertainty at the reporting date could cause a material adjustment to the carrying amount of assets or liabilities within the next financial year.

a. Provision for doubtful debts

The group holds a provision for doubtful debts of £14.4m (2021: £16.9m). Of this provision, £9.5m (2021: £9.4m), being 66% (2021: 56%) relates to debt from student tuition fees.

The £9.5m tuition fee aspect of the provision represents 74% (2021: 31%) of outstanding tuition fee debt at the year-end.

The higher percentage provision reflects improved reporting on tuition fee debt. The impact on tuition fee debt of Covid-related decisions to modify the type, timing or place of study has now become clearer.

Assumptions on recoverability are substantially unchanged from the prior year, taking into account several measures including the registration and course status of students, ageing, post year end recovery and experience in-year of the recovery of prior year debts.

Various scenarios were reviewed based on the year end debt balance and these were tested against post year-end recovery and credits raised.

The university will continue to actively recover debt in line with the university debt collection policy.

b. Provision for USS pension recovery plan

The value of the obligation to fund the USS Recovery Plan was calculated using a model developed by the British Universities Finance Director's Group (BUFDG) in conjunction with USS. The model calculates a provision by taking the university's expected future outflows to fund the USS recovery plan, discounted to present value at 3.32% (2021: 0.89%). The university has applied the discount rate suggested by guidance to BUFDG members provided by the USS actuary.

The most sensitive inputs to the model are the assumptions of growth in payroll costs and staff headcount. Management has assumed a 6% p.a. growth in payroll costs for two years until 31 July 2024, with 3.5% thereafter until the end of the deficit recovery plan on 30 April 2038. Headcount is assumed to grow at 2% p.a. throughout the plan.

Applying these assumptions resulted in an estimated liability of £282.1m (2021: £99.5m). This liability will be settled over the course of the deficit recovery plan.

These inputs were determined by management by reference to the expected cost growth in the university's MTFP. A range of possibilities was considered with the selected inputs being considered the most reasonable expectation. Alternative values of the liability are shown in the sensitivity analysis below.

Change in variable	Increase/ (decrease) in provision
1% p.a. higher/(lower) than modelled increase in salary inflation in all years	£25.2 / (£22.8m)
1% p.a. higher/(lower) than modelled headcount increase in all years	£25.7m / (£23.3m)
0.5% p.a. (increase)/ decrease in discount rate	(£11.7m) / £12.4m

Management also considered the possible impact on the estimate of a change to either the contribution rate or deficit recovery period.

Change in variable	Increase/ (decrease) in provision
1% increase in contribution rate from April 2022 onwards	£44.8m

c. Provision for CPAS pension recovery plan

To determine the appropriate values for the CPAS pension recovery plan the scheme's independent trustees carry out a formal actuarial valuation on a yearly basis using reasonable actuarial assumptions which are disclosed in note 28. The liability for the plan is £17.6m (2021: £84.1m). The movement during the year was caused by the actual return on the plan's assets and the remeasurement of the benefit obligation incorporating new census data, actuarial and life expectancy assumptions.

The nature of actuarial valuations means that different assumptions could reasonably be applied and result in a material variation to the valuation. Management mitigates the level of estimation by the use of an independent third party for the actuarial valuation.

d. Liability for staff annual leave not taken at the reporting date

To determine an appropriate accrual for holiday pay contractually earned but not yet taken, management applies an estimation. A sample of data was taken from holiday records maintained by departments across the university and used to generate a percentage value of leave untaken versus staff costs. This percentage was then extrapolated to cover all staff. This percentage value was last calculated in the 2020/21 year. This extrapolation method resulted in an estimated liability on 31 July 2022 of £18.0m (2021: £13.2m). The anticipated move in 2024 to an integrated HR and Finance system will improve the accuracy of annual leave data.

e. Fair valuation of the private placement

In determining a fair value for the private placement, management discounted expected future cash flows to present value using a discount rate which was judged to be reflective of the university's credit risk (notes 18 and 27 refer). The resulting valuation is highly sensitive to changes in the discount rate applied.

Management have applied a discount rate based on the average yield of UK 30-year government bonds during the financial year to 31 August 2022 (1.60%, 2021: 1.03%), adjusted upwards to 2.56% (2021: 1.99%) to reflect the university's credit risk profile. This results in the private placement having a fair value of £70.7m (2021: £110.5m) and thus a gain of £39.8m (2021: loss of £5.5m) being recorded through income and expenditure.

If management had applied the government bond yield on 31 July 2021 alone (0.99%), it would have resulted in the private placement having a present value of £111.3m and a loss of £6.3m being processed through income and expenditure.

In the judgement of management, the unchanged S&P credit rating of A+ indicates that the university's credit risk is unchanged from the prior period. The university's current risk profile and future outlook is detailed in the strategic report. However, the discount rate applied by management is based on prevailing market rates for similar debt instruments. These have increased during the year, resulting in a higher discount rate and a lower liability being recorded.

A 0.1% reduction in discount rate would increase the present value of the liability by around £2m.

Significant judgements

a. Fair value of investments in non-listed companies

The university recognises its investment in collaboration and spin out companies which are at an early stage of their development. For non-listed companies it has been judged that a percentage of net assets reveals a fair value of the investment. Where net assets are negative the investment is valued at nil. Alternative judgements could be made to recognise a fair value, for example by discounting expected future cashflows. However due to the significant uncertainty attached to these investments, management considers a percentage of net assets to be the most reliable and prudent valuation method.

b. Treatment of USS Pension Scheme

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

Consolidated and University statement of comprehensive income

For the year ended 31 July 2022

		Consolidated		University	
		2022	2021	**2022**	2021
	Note	£m	£m	£m	£m
Income					
Tuition fees and education contracts	1	**433.7**	387.7	**433.7**	387.7
Funding body grants	2	**108.5**	102.0	**108.5**	102.0
Research grants and contracts	4	**131.4**	114.9	**131.4**	114.9
Other operating income	5	**122.7**	87.6	**112.9**	85.3
Investment income	6	**1.2**	2.1	**1.4**	2.3
Donations and endowments	7	**4.3**	1.8	**4.3**	1.8
Total income		**801.8**	696.1	**792.2**	694.0
Expenditure					
Staff costs excluding movement in USS pension liability	8	**402.2**	378.5	**398.4**	376.6
Movement in USS pension liability	8, 21	**181.7**	14.4	**181.7**	14.4
Total staff costs		**583.9**	392.9	**580.1**	391.0
Other operating expenses	9	**292.3**	241.1	**287.4**	239.8
Depreciation	13	**43.7**	44.0	**43.2**	43.5
Interest and other finance costs	10	**5.4**	5.7	**5.4**	5.7
Total expenditure		**925.3**	683.7	**916.1**	680.0
Surplus / (deficit) before other gains / (losses) and share of operating surplus in associates		**(123.5)**	12.4	**(123.9)**	14.0
Gain on disposal of fixed assets and investments		**(0.3)**	7.4	**(0.3)**	7.4
Gain/(loss) on valuation of investments		**2.6**	8.5	**(2.4)**	8.3
Gain / (loss) on fair valuation of private placement	20, 29	**39.8**	(5.1)	**39.9**	(5.1)
Share of profits in associated companies	17	**8.4**	3.7	**-**	-
Surplus for the year		**(73.0)**	26.9	**(86.7)**	24.6
Actuarial gain/(loss) in respect of pension scheme	28	**62.5**	60.1	**62.5**	60.1
Total comprehensive income for the year		**(10.5)**	87.0	**(24.2)**	84.7
Represented by:					
Endowment comprehensive income/(loss) for the year	22	**(0.1)**	10.0	**(0.1)**	10.0
Restricted comprehensive income/(loss) for the year	23	**0.2**	(0.9)	**0.2**	(0.9)
Revaluation reserves comprehensive income/(loss) for the year		**-**	(2.7)	**-**	(2.7)
Unrestricted comprehensive income/(loss) for the year		**(10.6)**	80.6	**(24.3)**	78.3
		(10.5)	87.0	**(24.2)**	84.7

The consolidated income is attributable to the university and its subsidiaries, there is no non controlling interest. All income and expenditure of the university and its subsidiaries relate to continuing operations.

Consolidated and University statement of changes in reserves

For the year ended 31 July 2022

						Consolidated
		Income and expenditure account			Revaluation reserve	Total
		Endowment	Restricted	Unrestricted	Unrestricted	
	Note	£m	£m	£m	£m	£m
Balance at 1 August 2020		**62.3**	**8.4**	**405.8**	**4.0**	**480.4**
Unrestricted surplus/(deficit) from the income and expenditure statement		-	-	77.9	-	**77.9**
Income from investment of the endowment portfolio	22	2.0	-	-	-	**2.0**
New endowments, donations and grants (including research)	22, 23	0.1	1.7	-	-	**1.8**
Release of restricted funds spent in year	22, 23	(1.2)	(2.6)	-	-	**(3.8)**
Unrealised appreciation of endowments, investments and investment properties	22, 23	9.1	-	-	-	**9.1**
Transfers between revaluation and income and expenditure reserve		-	-	2.7	(2.7)	**-**
Total comprehensive income/(loss) for the year		10.0	(0.9)	80.6	(2.7)	**87.0**
Balance at 31 July 2021		**72.3**	**7.5**	**486.3**	**1.3**	**567.4**
Unrestricted surplus from the income and expenditure statement		-	-	(10.6)	-	**(10.6)**
Income from investment of the endowment portfolio	22	0.7	-	-	-	**0.7**
New endowments, donations and grants (including research)	22, 23	1.0	2.2	-	-	**3.2**
Release of restricted funds spent in year	22, 23	(1.1)	(2.0)	-	-	**(3.1)**
Unrealised appreciation of endowments, investments and investment properties	22, 23	(0.7)	-	-	-	**(0.7)**
Transfers between revaluation and income and expenditure reserve		-	-	-	-	**-**
Total comprehensive income/(loss) for the year		(0.1)	0.2	(10.6)	0.0	**(10.5)**
Balance at 31 July 2021		**72.2**	**7.7**	**475.7**	**1.3**	**556.9**

Consolidated and University statement of changes in reserves continued

						University
		Income and expenditure account			Revaluation reserve	Total
		Endowment	Restricted	Unrestricted	Unrestricted	
	Notes	£m	£m	£m	£m	£m
Balance at 1 August 2020		**62.3**	**8.4**	**365.9**	**4.0**	**440.5**
Unrestricted surplus/(deficit) from the income and expenditure statement		-	-	75.6	-	**75.6**
Income from investment of the endowment portfolio	22	2.0	-	-	-	**2.0**
New endowments, donations and grants (including research)	22, 23	0.1	1.7	-	-	**1.8**
Release of restricted funds spent in year	22, 23	(1.2)	(2.6)	-	-	**(3.8)**
Unrealised appreciation of endowments, investments and investment properties	22, 23	9.1	-	-	-	**9.1**
Transfers between revaluation and income and expenditure reserve		-	-	2.7	(2.7)	**-**
Total comprehensive income/(loss) for the year		10.0	(0.9)	78.3	(2.7)	**84.7**
Balance at 31 July 2021		**72.3**	**7.5**	**444.2**	**1.2**	**525.3**
Unrestricted surplus from the income and expenditure statement		-	-	(24.4)	-	**(24.4)**
Income from investment of the endowment portfolio	22	0.7	-	-	-	**0.7**
New endowments, donations and grants (including research)	22, 23	1.0	2.2	-	-	**3.2**
Release of restricted funds spent in year	22, 23	(1.1)	(2.0)	-	-	**(3.1)**
Unrealised appreciation of endowments, investments and investment properties	22, 23	(0.7)	-	-	-	**(0.7)**
Transfers between revaluation and income and expenditure reserve		-	-	-	-	**-**
Total comprehensive income/(loss) for the year		(0.1)	0.2	(24.4)	0.0	**(24.3)**
Balance at 31 July 2022		**72.2**	**7.7**	**419.8**	**1.2**	**501.0**

Consolidated and University statement of financial position

As at 31 July 2022

		Consolidated		University	
		2022	2021	**2022**	2021
	Note	£m	£m	£m	£m
Fixed assets					
Fixed assets	13	**971.2**	929.3	**964.7**	922.7
Intangible fixed assets	14	**2.6**	0.0	**2.6**	0.0
Heritage assets	15	**1.1**	1.1	**1.1**	1.1
Investments	16	**75.0**	85.5	**77.8**	85.9
Investments in associates	17	**67.0**	53.7	**11.1**	11.1
		1,116.9	1,069.6	**1,057.3**	1,020.8
Current assets					
Stock		**1.9**	1.7	**1.6**	1.4
Trade and other receivables	18	**111.0**	118.7	**114.6**	125.4
Short term investments		**0.1**	0.1	**0.1**	0.1
Cash and cash equivalents		**139.0**	110.3	**135.4**	107.4
		252.0	230.8	**251.7**	234.3
Creditors: amounts falling due within one year	19	**(235.0)**	(251.3)	**(231.0)**	(248.8)
Net current liabilities		**17.0**	(20.5)	**20.7**	(14.5)
Total assets less current liabilities		**1,133.9**	1,049.1	**1,078.0**	1,006.3
Creditors: amounts falling due after more than one year	20	**(277.3)**	(298.0)	**(277.3)**	(298.0)
Provisions	21	**(299.7)**	(183.9)	**(299.7)**	(183.9)
Total net assets		**556.9**	567.2	**501.0**	524.4
Restricted reserves					
Income and expenditure reserve – endowment reserve	22	**72.2**	72.3	**72.2**	72.3
Income and expenditure reserve – restricted reserve	23	**7.7**	7.5	**7.7**	7.5
		79.9	79.8	**79.9**	79.8
Unrestricted reserves					
Income and expenditure reserve – unrestricted		**475.7**	486.1	**419.8**	443.3
Revaluation reserve		**1.3**	1.3	**1.3**	1.3
		477.0	487.4	**421.1**	444.6
Total reserves		**556.9**	567.2	**501.0**	524.4

The financial statements on pages 38-71 were approved by Council on 16 December 2022 and signed on its behalf by:

Shearer West

Professor Shearer West
President and Vice-Chancellor

Ian Kenyon

Ian Kenyon
Treasurer and Chairman of Finance Committee

Consolidated cashflow statement

For the year ended 31 July 2022

	Note	2022 £m	2021 £m
Cash flow from operating activities			
Surplus/(deficit) for the year		**(73.0)**	26.9
Adjustment for non-cash items			
Depreciation	13	**43.7**	44.0
(Gain)/loss on endowments and investments		**(33.2)**	(3.4)
(Increase)/decrease in stock		**0.2**	-
(Increase) in debtors	18	**7.9**	(2.4)
Increase in creditors	19, 20	**2.7**	23.3
Increase/(decrease) in pension provision	21	**176.4**	8.7
Increase/(decrease) in other provisions	21	**(0.3)**	0.3
Share of operating (surplus) in associates	17	**(8.4)**	(3.7)
Adjustment for investing or financing activities			
Investment income	6	**(0.1)**	(0.1)
Investment income on endowments	6	**(1.1)**	(2.0)
Interest payable	10	**5.4**	5.7
Endowment additions		**-**	(0.1)
(Profit) on the sale of fixed assets and investments		**0.3**	(7.4)
Capital grant income/release		**(11.6)**	(12.3)
Net cash inflow from operating activities		**108.9**	77.5

Consolidated cashflow statement continued

	Note	2022	2021
		£m	£m
Cash flows from investing activities			
Proceeds from sales of fixed assets	13	**-**	0.1
Capital grants receipts		**12.7**	22.1
Disposal of non-current asset investments	16	**0.6**	9.5
Payments to acquire non-current asset investments		**(1.6)**	-
Investment income	6	**0.1**	0.1
Proceeds on sale of endowment investments	22	**0.7**	4.6
Payments to acquire endowment investments	22	**(1.1)**	(5.7)
New deposits of endowment investments	22	**-**	(0.1)
Investment income on endowments	6	**1.1**	2.0
Payments made to acquire fixed assets	13	**(89.3)**	(36.9)
Cash flows from investing activities		**(76.8)**	(4.3)
Cash flows from financing activities			
Interest paid	10	**(3.2)**	(2.9)
Endowment cash received		**-**	0.1
Cash flows from financing activities		**(3.2)**	(2.8)
Effect of retranslation of foreign currency cash balances		**(0.2)**	(0.1)
Increase in cash and cash equivalents in the year		**28.7**	70.3
Cash and cash equivalents at beginning of the year		**110.3**	40.0
Cash and cash equivalents at end of the year		**139.0**	110.3

As permitted under FRS102, the university has taken advantage of the disclosure exemption available to it in respect of a university-only cashflow statement.

Notes to the financial statements

For the year ended 31 July 2022

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
1. Tuition fees and education contracts				
Full-time credit-bearing courses – home fees	**235.2**	230.6	**235.2**	230.6
Full-time credit-bearing courses – international fees	**171.2**	131.4	**171.2**	131.4
Part-time credit-bearing courses	**4.3**	5.1	**4.3**	5.1
Other teaching contracts	**3.9**	3.1	**3.9**	3.1
Non credit-bearing courses and other fees	**19.1**	17.5	**19.1**	17.5
	433.7	387.7	**433.7**	387.7

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
2. Funding body grants				
Recurrent grants				
Office for Students (OfS)	**40.5**	34.6	**40.5**	34.6
OfS Capital Grant	**5.6**	4.8	**5.6**	4.8
Research England	**62.2**	61.9	**62.2**	61.9
	108.3	101.3	**108.3**	101.3
Specific grants				
Other OfS	**0.2**	0.8	**0.2**	0.8
Education and Skills Funding Agency	**-**	(0.1)	**-**	(0.1)
	0.2	0.7	**0.2**	0.7
	108.5	102.0	**108.5**	102.0

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
3. Sources of grant and fee income				
Grant income from the OfS	**46.3**	40.3	**46.3**	40.3
Grant income from other bodies	**62.2**	61.8	**62.2**	61.8
Fee income for taught awards	**390.7**	344.5	**390.7**	344.5
Fee income for research awards	**38.6**	38.8	**38.6**	38.8
Fee income from non-qualifying courses	**4.4**	4.3	**4.4**	4.3
Total grant and fee income	**542.2**	489.7	**542.2**	489.7

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
4. Research grants and contracts				
Research councils	**57.8**	47.7	**57.8**	47.7
UK based charities	**12.6**	11.5	**12.6**	11.5
UK central or local government and health authorities	**31.0**	26.9	**31.0**	26.9
UK industry, commerce and public corporations	**9.1**	10.0	**9.1**	10.0
EU government and other sources	**13.3**	12.8	**13.3**	12.8
Other grants and contracts	**7.5**	6.0	**7.5**	6.0
	131.3	114.9	**131.3**	114.9

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
5. Other operating income				
Residences, catering and conferences	**47.0**	25.7	**37.9**	24.7
Other services rendered	**27.8**	21.7	**25.7**	19.8
Health authorities	**9.4**	9.8	**9.4**	9.8
Released from deferred capital grants	**1.5**	1.9	**1.5**	1.9
Other income	**37.0**	28.5	**38.4**	29.1
	122.7	87.6	**112.9**	85.3

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
6. Investment income				
Investment income on endowments (note 22)	**1.1**	2.0	**1.1**	2.0
Other interest receivable	**0.1**	0.1	**0.3**	0.3
	1.2	2.1	**1.4**	2.3

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
7. Donations and endowments				
New endowments (note 22)	**1.0**	0.1	**1.0**	0.1
Donations with performance conditions	**1.1**	0.6	**1.1**	0.6
Donations with restrictions (note 23)	**2.0**	1.4	**2.0**	1.4
Unrestricted donations	**0.2**	(0.3)	**0.2**	(0.3)
	4.3	1.8	**4.3**	1.8

Notes to the financial statements continued

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
8. Staff				
Staff costs				
Gross pay	**315.0**	297.1	**311.5**	295.4
Social security costs	**31.8**	29.3	**31.6**	29.2
Other pension costs (note 28)	**55.4**	52.1	**55.3**	52.0
Movement on USS pension provision (note 21, 28)	**181.7**	14.4	**181.7**	14.4
	583.9	392.9	**580.1**	391.0

	2022	2021
	£	£
8a. Emoluments of Vice-Chancellor Professor Shearer West		
Contractual salary	**290,500**	286,000
Voluntary waiver of salary		-18,833
Basic salary	**290,500**	267,167
In lieu of pension contributions	**30,502**	30,030
Remuneration	**321,002**	297,197
Employers pension contributions	**12,056**	5,720
Total cost	**333,058**	302,917

The Vice-Chancellor is eligible to be a member of the Universities Superannuation Scheme pension and has received employer pension contributions at the same rate as for other members of the scheme. Where a payment is made in lieu of employer pension contribution, this is calculated on the same basis as the employer contribution rate to ensure it is cost-neutral to the university.

The Vice-Chancellor's salary has been determined according to a number of factors including, but not limited to:

- the depth of the Vice-Chancellor's leadership, management and academic experience within the higher education section;
- the breadth of leadership responsibilities for one of the UK's largest universities consisting of more than 46,000 students and 7,000 staff based in campuses across the UK, China and Malaysia, as well as a global community of 270,000 alumni in more than 200 countries;
- the financial responsibilities for an institution with an annual turnover of circa £800 million, and which contributes more than £1 billion to the national economy, £677 million to the regional economy, and supports 18,000 jobs; and
- the accountability for sustaining a TEF Gold-ranked educational experience for our students, and a world-leading research portfolio worth £600 million devoted to solving some of the most pressing global challenges, to the benefit of society in the UK and around the world.

Salaries for the Vice-Chancellor and senior staff are set by the Remuneration Committee – part of the university's Council, its governing body – which comprises independent external members of Council, who possess commercial and public sector pay knowledge and expertise. Objectives for the Vice-Chancellor are set annually by the Chair of Council and performance and progress against them reported to and assessed by the Remuneration Committee.

The Vice-Chancellor is not a member of the Remuneration Committee and has no role in determining remuneration for herself or those under her line management. She does not attend meetings of the Remuneration Committee unless specifically invited to discuss the performance of senior staff under her line management. Details of the membership and terms of reference of the Remuneration Committee can be found here.

Since she took office in October 2017, details of the Vice-Chancellor's salary have been published on the university website.

In 2021/22, the Vice-Chancellor Professor Shearer West received only the national salary increase of 3% implemented for all staff covered by UCEA negotiations. It is important to note that the significant difference in the Basic Salary and Remuneration totals between 2020/21 and 2021/22 are accounted by the Vice-Chancellor's voluntary reduction of salary during the height of the Covid-19 pandemic, and not by a salary increase beyond the national pay award of 3%.

Professor Shearer West was employed for the full financial year. Her basic salary was 8.0 times the median basic pay of staff (2021: 8.0), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the university to its staff excluding agency staff.

Her total remuneration was 7.4 times (2021 restated: 7.3 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff. In both cases the median is calculated gross, i.e. prior to any voluntary waiver of salary.

There was an omission to the median total remuneration disclosure in the prior year. The Vice Chancellor's total remuneration was disclosed as 6.9 times the median total remuneration of staff, a figure which was net of her voluntary waiver of salary. The figure for gross total remuneration – prior to any salary waiver – was 7.3 times the median total remuneration of staff. For clarity, that figure is 7.4 times in the current year.

8b. Compensation for loss of office

	2022	2021
	£000	£000
Compensation for loss of office paid (or payable) to employees of the university	**1,499**	1,286
Number of employees of the university where compensation has been paid (or is payable)	**159**	171

	2022	2021
	£000	£000
Compensation for loss of office paid (or payable) to employees of subsidiaries of the university	**-**	43
Number of employees of subsidiaries of the university where compensation has been paid (or is payable)	**-**	1

8c. Average staff numbers (consolidated)

	2022	2021
	FTE	FTE
Average staff numbers by major category:		
Teaching and research	**3,266.7**	3,232.1
Technical	**531.0**	538.7
Administrative, professional and managerial	**2,668.2**	2,516.0
Other, including manual	**926.6**	872.1
	7,392.5	7,158.8

Notes to the financial statements continued

8d. Higher paid staff

This lists the number of staff (full time equivalent) with a basic salary, i.e. excluding employer's pensions contributions, of over £100,000 per annum, broken down into bands of £5,000. It does not include staff who left part way through a year but who would have received salary in these bands for a full year. Where a proportion of the salary is reimbursed by the NHS or Research Council for example, only the portion paid by the institution is disclosed.

In each band, the number of University Executive Board members is indicated as a subset of the total in that band. The membership of the Executive Board can be seen on the university website.

	Number (FTE) of staff 2021-22	Of which, University Executive Board members (FTE)	Number (FTE) of staff 2020-21	Of which, University Executive Board members (FTE)
Basic salary per annum				
£100,000 – £104,999	**27.63**		18.02	
£105,000 – £109,999	**10.20**		6.50	
£110,000 – £114,999	**29.23**	**1.00**	25.27	
£115,000 – £119,999	**6.40**		11.40	
£120,000 – £124,999	**16.65**	**2.00**	12.95	2.00
£125,000 – £129,999	**4.70**	**2.00**	6.00	3.00
£130,000 – £134,999	**4.80**	**3.00**	1.50	
£135,000 – £139,999	**3.50**		3.70	1.00
£140,000 – £144,999	**3.60**	**2.00**	5.00	2.00
£145,000 – £149,999	**1.00**	**1.00**		
£150,000 – £154,999	**0.80**	**0.80**	2.80	2.00
£155,000 – £159,999	**0.80**		0.25	
£160,000 – £164,999	**0.25**		0.27	
£170,000 – £174,999	**1.00**	**1.00**	3.00	2.00
£175,000 – £179,999	**2.00**	**1.00**	1.20	1.00
£180,000 – £184,999	**1.20**	**1.00**	1.00	1.00
£190,000 – £194,999	**1.00**			
£285,000 – £289,999			1.00	1.00
£290,000 – £294,999	**1.00**	**1.00**		
	115.76	**15.80**	99.86	15.00

8e. Key management personnel

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the university. The university's Executive Board are determined as having the appropriate level of authority to meet this definition. Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits excluding employer's pension contribution. The Vice-Chancellor sits as part of the Executive Board. Her remuneration is disclosed separately above and is thus excluded here.

At 31st July 2022 there were 16 members (2021: 16 members).

	2022	2021
	£m	£m
Compensation paid to key management personnel	**2.4**	2.4

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
9. Other operating expenses				
Purchase, hire and repair of equipment	**47.0**	34.8	**46.8**	34.6
Consumables and laboratory expenditure	**24.0**	20.4	**23.7**	20.2
Published materials	**8.7**	8.8	**8.6**	8.8
Travel and subsistence	**5.6**	0.7	**5.5**	0.7
Professional and other fees	**79.9**	51.1	**76.9**	49.9
Fellowships, scholarships and prizes	**48.9**	53.3	**48.9**	53.3
Catering supplies	**6.0**	3.0	**5.1**	2.7
Repairs and general maintenance	**22.3**	13.8	**20.3**	12.5
Heat, light, water and power	**20.8**	15.1	**21.3**	15.7
Rent, rates and insurance	**9.0**	11.8	**9.1**	12.3
Grants to University of Nottingham Students' Union	**2.1**	2.0	**2.1**	2.0
Auditor's remuneration	**0.3**	0.4	**0.3**	0.3
Training	**2.2**	1.8	**2.2**	1.7
Advertising	**1.7**	0.9	**1.7**	0.9
Other expenses	**13.9**	23.2	**15.0**	24.2
	292.3	241.1	**287.4**	239.8

	Consolidated		University	
	2022	2021	**2022**	2021
	£000	£000	£000	£000
Auditor's remuneration includes:				
In respect of audit services, excluding VAT	**215.0**	342.2	**175.0**	289.9
Other assurance services, excluding VAT	**131.5**	27.2	**131.5**	27.2
Non-audit services, excluding VAT		19.0		19.0
	346.5	388.4	**306.5**	336.1

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
10. Interest and other finance costs				
Bank interest on loans	**3.2**	2.9	**3.2**	2.9
Finance costs for CPAS pension scheme (note 28)	**1.3**	2.2	**1.3**	2.2
Finance costs for USS pension scheme provision (notes 21 and 28)	**0.9**	0.6	**0.9**	0.6
	5.4	5.7	**5.4**	5.7

Notes to the financial statements continued

11. Analysis of expenditure by activity

Consolidated

	Staff costs	Dep'n	Other operating expenses	Interest payable	2022 total	2021 total
	£m	£m	£m	£m	£m	£m
Academic departments	225.6	4.8	68.1	-	**298.5**	280.0
Research grants and contracts	52.2	3.7	36.8	-	**92.7**	84.3
Total teaching and research	277.8	8.5	104.9	-	**391.2**	364.3
Academic services	27.9	4.1	46.6	-	**78.6**	60.7
Administration	59.6	5.7	55.1	-	**120.4**	116.7
Premises	12.7	21.1	47.3	0.1	**81.2**	63.1
Residences, catering and conferences	12.3	4.1	23.2	0.1	**39.7**	31.8
Other expenses	193.6	0.2	15.2	5.2	**214.2**	47.1
Total per income and expenditure account	**583.9**	**43.7**	**292.3**	**5.4**	**925.3**	**683.8**

University

	Staff costs	Dep'n	Other operating expenses	Interest payable	2022 total	2021 total
	£m	£m	£m	£m	£m	£m
Academic departments	225.6	4.8	68.3	-	**298.7**	280.4
Research grants and contracts	52.2	3.7	36.8	-	**92.7**	84.3
Total teaching and research	277.8	8.5	105.1	-	**391.4**	364.7
Academic services	27.9	4.1	46.7	-	**78.7**	60.7
Administration	59.6	5.7	55.1	-	**120.4**	116.8
Premises	12.7	20.8	49.5	-	**83.0**	64.9
Residences, catering and conferences	8.9	3.9	18.3	-	**31.1**	28.7
Other expenses	193.2	0.2	12.7	5.4	**211.5**	44.4
Total per income and expenditure account	**580.1**	**43.2**	**287.4**	**5.4**	**916.1**	**680.1**

Other operating expenses includes a charge of £181.7m in relation to the USS pension provision (2021: £14.4m).

12. Access and participation	2022 staff costs £m	2022 other costs £m	2022 total £m	2021 total £m
				Consolidated and University
Access investment	1.8	1.0	**2.8**	2.1
Financial support	0.3	10.8	**11.1**	12.2
Disability support	1.6	0.2	**1.8**	1.5
Research and evaluation	0.1	-	**0.1**	0.1
	3.8	**12.0**	**15.8**	**15.9**

The staff costs are included within the totals at note 8. The staff costs also disclosed in this note are intrinsic to the delivery of Access and Participation activities.

The university's OfS Access and Participation Plan is published online. It sets out how the university will improve equality of opportunity for under-represented groups in higher education. The plan must be approved by the OfS to allow an institution to charge higher UK undergraduate tuition fees.

	Land and buildings					Consolidated
13. Tangible fixed assets	Freehold £m	Long leasehold £m	Investment properties £m	Equipment £m	Assets in course of construction £m	Total £m
Cost/deemed cost						
At 1 August 2021	1,004.9	15.0	1.4	302.8	34.1	1,358.2
Additions at cost	42.8	0.1	-	3.4	39.6	85.9
Revaluations	-	-	-	-	-	-
Transfers	15.4	-	0.1	10.5	(26.0)	-
Disposals	(1.4)	-	-	(17.6)	-	(19.0)
At 31 July 2022	**1,061.7**	**15.1**	**1.5**	**299.1**	**47.7**	**1,425.1**
Depreciation						
At 1 August 2021	212.3	3.7	-	212.9	-	428.9
Charge for year	20.9	0.1	-	22.7	-	43.7
Eliminated on disposals	(1.4)	-	-	(17.3)	-	(18.7)
At 31 July 2022	**231.8**	**3.8**	**-**	**218.3**	**-**	**453.9**
Net book value						
At 31 July 2022	**829.9**	**11.3**	**1.5**	**80.8**	**47.7**	**971.2**
At 31 July 2021	792.6	11.3	1.4	89.9	34.1	929.3

Notes to the financial statements continued

	Land and buildings					University
	Freehold	Long leasehold	Investment properties	Equipment	Assets in course of construction	Total
	£m	£m	£m	£m	£m	£m
Cost/deemed cost						
At 1 August 2021	1,004.9	15.0	1.4	296.6	32.0	1,349.9
Additions at cost	44.2	-	-	3.1	38.2	85.5
Revaluations	-	-	-	-	-	-
Transfers	13.7	-	-	10.5	(24.2)	-
Disposals	(1.4)	-	-	(17.6)	-	(19.0)
At 31 July 2022	**1,061.4**	**15.0**	**1.4**	**292.6**	**46.0**	**1,416.4**
Depreciation						
At 1 August 2021	212.3	3.7	-	211.2	-	427.2
Charge for year	20.8	0.1	-	22.3	-	43.2
Eliminated on disposals	(1.4)	-	-	(17.3)	-	(18.7)
At 31 July 2022	**231.7**	**3.8**	**-**	**216.2**	**-**	**451.7**
Net book value						
At 31 July 2022	**829.7**	**11.2**	**1.4**	**76.4**	**46.0**	**964.7**
At 31 July 2021	792.6	11.3	1.4	85.4	32.0	922.7

Included in both consolidated and university within freehold land and buildings is £243.0m (2021: £237.9m) of land which is not being depreciated.

Property valuations were made by senior management using the July 2014 surveyor's report of Savills (L&P) Ltd, the basis of valuation being open market value taking groups of properties together for this purpose. This valuation was applied on transition to FRS102 and these assets have subsequently been accounted for at deemed cost.

Investment property was valued by management at 31 July 2021 using an indicative property valuation report by Avison Young, and a RICS valuation report from Savills. Management consider both reports to be a reasonable basis for a reliable estimate. Investment property was not revalued during the year ending 31 July 2022 as management do not consider the valuation to have altered materially.

	Consolidated and University	
	Assets in course of construction	Total
	£m	£m
14. Intangible fixed assets		
Cost		
At 1 August 2021	**-**	-
Additions at cost	**2.6**	2.6
Revaluations	**-**	-
Transfers	**-**	-
Disposals	**-**	-
At 31 July 2022	**2.6**	2.6
Amortisation		
At 1 August 2021	**-**	-
Charge for year	**-**	-
Eliminated on disposals	**-**	-
At 31 July 2022	**-**	-
Net book value		
At 31 July 2022	**2.6**	2.6
At 31 July 2021	**-**	-

Intangible assets capitalised during the year related to separable assets created through the university's Digital Engagement programme.

Notes to the financial statements continued

	Consolidated and University	
	2022	2021
	£m	£m
15. Heritage assets		
At 1 August	**1.1**	1.1
Additions	**-**	-
Acquisitions purchased with specific donations	**-**	-
Acquisitions purchased with institution funds	**-**	-
Total cost of acquisitions purchased	**-**	-
Value of acquisitions by donation	**-**	-
Total acquisitions capitalised	**-**	-
Disposals	**-**	-
Impairment	**-**	-
At 31 July	**1.1**	1.1

The heritage assets recognised are the Ada Clarke collection relating to D. H. Lawrence, and the Wollaton Library Collection of medieval manuscripts. These are recognised at cost when the collections were purchased by the university. The university also holds several classes of heritage assets that are not recognised in the financial statements because no cost or value can be obtained at a reasonable expense.

Assets include numerous pieces of artwork, a special collection of papers relating to D. H. Lawrence, and the papers of Nobel laureate Sir Peter Mansfield. The significance of these assets is in the preservation of the unique documents for future use by researchers.

Both the artwork and the special collections are covered by insurance (to £5m and £80m respectively), however the insurance values are not considered by management to be representative of a reliable market value. Management has not obtained an accurate valuation due to the disproportionate cost of doing so.

	Consolidated 2022 £m	Consolidated 2021 £m	University 2022 £m	University 2021 £m
16. Investments				
Subsidiary companies	**-**	-	**2.8**	0.4
Spin out investments	**3.4**	3.4	**3.4**	3.4
Medium term expendable endowments	**9.2**	9.8	**9.2**	9.8
Endowment asset portfolio	**62.4**	72.3	**62.4**	72.3
	75.0	85.5	**77.8**	85.9

Included within investments are amounts invested in university collaborations and spin out companies. As the companies that are invested in are at early stage of development there is a degree of financial uncertainty attached to them. The cost of such investments are £7.6m (2021: £6.6m) with an impairment provision of £4.2m (2021: £3.3m). The university is also a member of EMMAN Limited, The Manufacturing Technology Centre Limited, CIELivestock Limited, all of which are companies limited by guarantee for which the university's potential liability is limited to £1 each.

	Spin out investments £m	Medium term endowments £m
16a. Breakdown of consolidated investments		
Cost or market valuation		
At 1 August 2021	6.7	9.8
Additions at cost	0.9	0.1
Revaluation	0.0	(0.1)
Disposals	-	(0.6)
Write off	-	-
Market value appreciation	-	-
At 31 July 2022	**7.6**	**9.2**
Provisions for impairment		
At 1 August 2021	(3.3)	-
Impairment	(0.9)	-
Reversal of past impairment	-	-
Disposals	-	-
At 31 July 2022	**(4.2)**	**0.0**
Carrying value		
At 31 July 2022	**3.4**	**9.2**
At 31 July 2021	**3.4**	**9.8**

Investments in spin-out companies are structured such that the university does not have voting rights, and as such does not control nor have significant influence over the spin-out company. As such, the investments listed below are not consolidated or equity accounted. Rather a share of net assets is included in investments. The university's principal spin-out investments are listed below, with full details on the university's website.

Notes to the financial statements continued

Investment	Type of business	Country of incorporation	% holding 2022	% holding 2021
Scintam Engineering Ltd	Innovative surfacing solutions	United Kingdom	**49%**	49%
Taraz Metrology	Optical metrology	United Kingdom	**48%**	49%
Texture jet	Innovative surfacing solutions	United Kingdom	**48%**	60%
Remedi Ltd	Human health activities	United Kingdom	**47%**	0%
The Thinking Pod Innovations Limited	Sustainable transport and energy systems	United Kingdom	**45%**	45%
Blue Skeye	Artificial Intelligence	United Kingdom	**38%**	50%
IsomAb Ltd	Research and development	United Kingdom	**35%**	0%
Neurotherapeutics Ltd	Research and development	United Kingdom	**33%**	0%
Alevin Therapeutics Ltd	Research and development	United Kingdom	**32%**	0%
Cerca Magnetics Ltd	Scientific and technical activities	United Kingdom	**25%**	0%
Added Scientific Ltd	3D printing	United Kingdom	**21%**	21%
Promethean Particles Ltd	Inorganic nanoparticle dispersion manufacture	United Kingdom	**21%**	22%
Surepulse Medical Ltd (formerly Heartlight)	Heart rate measuring technology	United Kingdom	**18%**	21%
FaHRAS Ltd	Health related software	United Kingdom	**18%**	18%
NuVision Biotherapies Ltd	Human health activities	United Kingdom	**14%**	24%
Terra Motion Ltd	Environmental consulting activities	United Kingdom	**13%**	0%
PBD Biotech Ltd	Diagnosis of Bacterial Infections	United Kingdom	**13%**	15%
Exonate Ltd	Specialist Pharmaceutical	United Kingdom	**10%**	10%
Staff Roster Solutions Ltd	Software development and application	United Kingdom	**10%**	10%
Footfalls and Heartbeats Ltd	Research and development	United Kingdom	**9%**	10%

The group owns 100% (2021: 100%) of the issued share capital of the following companies which are registered in England and operating in the UK:

Company name	No of £1 ordinary shares
Nottingham University Industrial and Commercial Enterprise Limited (NOTICE)	100,000
Nottingham Venues Limited (previously East Midlands Conference Centre Limited)	100
UNIP Management Limited	2
Eminate Limited	1
Nottingham Technology Ventures Limited	2

NOTICE is a provider of services, such as consultancy and power supplies. UNIP Management provides rental and property services. Eminate developed products for the food and pharmaceutical sectors and receives royalties. Nottingham Venues Limited is a provider of facilities for conference and other events. Nottingham Technology Ventures manages the university's spin-out portfolio.

The consolidated results of the Group incorporate the above 100% owned companies and the results of the University of Nottingham Foundation (Hong Kong) Limited, a company granted charitable status in April 2003, Nottingham Technologies Asia Limited (a company registered and operating in Hong Kong), University of Nottingham Chile Foundation and University of Nottingham Italy SCARL, which are all wholly owned subsidiaries of the Group.

The university acts as a guarantor and provides financial support, by the way of loans on an arms length basis and by formal agreement, to the subsidiary and associate companies in order that they can meet their financial obligations.

	Consolidated	University
	£m	£m
17. Investment in associated companies		
At 1 August 2021	53.7	11.1
Share of retained profits	8.4	-
Exchange movements	4.9	-
At 31 July 2022	67.0	11.1

The university owns 37.5% (2021: 37.5%) of the University of Nottingham Ningbo, China, a co-operative joint venture established in China. It has a financial year end of 31 December in accordance with Chinese regulations. The consolidated financial statements of the university reflects a carrying value of £48.5m (2021: £38.6m) equal to 37.5% of the net assets, excluding intellectual property, as at 31 July.

The university owns 29.9% (2021: 29.9%) of the ordinary share capital of the University of Nottingham, Malaysia, a company incorporated in Malaysia. It has a financial year end of 31 December in common with its majority shareholder. The consolidated financial statements of the university reflects a carrying value of £18.5m (2021: £15.1m) equal to 29.9% (2021: 29.9%) of the net assets, excluding intellectual property, as at 31 July.

Academic quality in both China and Malaysia is controlled by the University of Nottingham.

Notes to the financial statements continued

	Consolidated 2022 £m	Consolidated 2021 £m	University 2022 £m	University 2021 £m
18. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	**44.3**	68.4	**43.1**	68.1
Amounts due from subsidiaries	**-**	-	**8.0**	8.2
Amounts due from associates (note 26)	**3.1**	2.5	**3.1**	2.5
Prepayments and accrued income relating to research grants	**39.9**	22.4	**39.9**	22.4
Prepayments and accrued income	**23.1**	22.5	**20.0**	21.3
	110.4	115.8	**114.1**	122.5
Amounts falling due after more than one year:				
Prepayments and accrued income	**0.6**	2.9	**0.5**	2.9
	0.6	2.9	**0.5**	2.9
Total trade and other receivables	**111.0**	118.7	**114.6**	125.4
Donations and pledges included within prepayments and accrued income above	**3.8**	6.1	**3.8**	6.1

	Consolidated 2022 £m	Consolidated 2021 £m	University 2022 £m	University 2021 £m
19. Creditors: amounts falling due within one year				
Payments received in advance	**2.3**	1.5	**1.3**	0.7
Trade payables	**20.1**	31.2	**19.6**	30.9
Social security and other taxation payable	**14.5**	1.4	**14.7**	1.6
Amounts due to subsidiaries	**-**	-	**1.0**	1.0
Accruals and deferred income	**198.1**	217.2	**194.4**	214.6
	235.0	251.3	**231.0**	248.8

	Consolidated 2022 £m	Consolidated 2021 £m	University 2022 £m	University 2021 £m
19a. Deferred income				
Donations	**1.1**	1.8	**1.1**	1.8
Research grants received in advance	**104.2**	100.5	**104.2**	100.5
Deferred capital grants	**9.2**	8.8	**9.2**	8.8
	114.5	111.1	**114.5**	111.1

	Consolidated 2022	Consolidated 2021	University 2022	University 2021
	£m	£m	£m	£m
20. Creditors: amounts falling due after more than one year				
Government energy efficiency loans	**0.3**	0.3	**0.3**	0.3
Private placement of debt	**70.7**	110.5	**70.7**	110.5
Deferred capital grants	**206.3**	187.2	**206.3**	187.2
	277.3	298.0	**277.3**	298.0

The university's borrowing facilities are the following:

- A £100m unsecured fixed-rate Private Placement issued in November 2019 for a 30-year term at a coupon rate of 2.47%. The private placement is restated to fair value at each period close (note 29 refers)
- An £80m non-amortising Revolving Credit Facility issued in November 2019 at a variable rate of LIBOR plus 0.4% for a term of 10 years. The university has the ability to repay and redraw against the facility over the period of the loan and utilises this facility to manage its cash requirements. As at 31 July 2022 this facility was undrawn (2021: undrawn)
- A £60m Coronavirus Large Business Interruption Loan Scheme (CLBILS) Revolving Credit Facility (RCF) issued in October 2020 with a margin of LIBOR plus 0.12% over a three year term, with the ability to draw down and repay as often as required. In addition to margin there is a periodic fee payable quarterly in arrears of 0.5% of the total facility in year 1, increasing to 1.0% in years 2 and 3
- A multi-option facility (an overdraft) for £15 million reviewable annually by the university's main banker
- A HEFCE loan to enable the installation of energy efficient technology, which does not have a fixed repayment profile, with repayments being dependent on the individual project

The university does not currently hold any finance lease arrangements.

	Obligation to fund USS deficit	CPAS deficit	Pension total	Other 0	Total
					Consolidated and University
	£m	£m	£m	£m	£m
21. Provisions					
At 1 August 2021	99.5	84.1	183.6	0.3	183.9
Additions in year (note 8)	187.1	-	187.1	-	187.1
Utilised in year (note 8 and 10)	(4.5)	(3.9)	(8.4)	(0.3)	(8.7)
Unused amounts reversed in year (note 28)	-	(62.6)	(62.6)	-	(62.6)
At 31 July 2022	**282.1**	**17.6**	**299.7**	**-**	**299.7**

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions and sensitivities are shown in the key judgements and estimates section. Further information is provided in note 28.

The increase in the period of deficit recovery contributions, arising from the outcome of the 2020 USS valuation, led to an increase in the deficit funding obligation.

The University of Nottingham Contributory Pension and Assurance Scheme (CPAS) is a closed scheme. The detail behind the assessment of the deficit is described in note 28.

Notes to the financial statements continued

22. Endowments

With effect from 1 August 2021 Council adopted a policy of total return for the university's permanent endowment assets.

Expendable endowments are shown at note 16. Endowment reserves are split between amounts held in investments and in cash.

The initial amount of the trust for investment on 1 August 2021 is the £72.3m carrying value of permanent endowment investments on that date.

Total return generates an investment return without regard to a capital or income distinction. The return is accumulated into the 'unapplied total return' of the endowment.

Council policy is to apply 4% of the investment return. This is determined to provide a sustainable investment return.
Council is advised by an investment partner, Cazenove Capital, in this regard.

	Consolidated and University		
	2022	2022	2022
	Capital	Unapplied total return	Total
	£m	£m	£m
Endowments			
At 1 August 2021			
Gift component of the endowment	**72.3**	**-**	**72.3**
Unapplied total return	**-**	**-**	**-**
	72.3	**-**	**72.3**
Movements in the reporting period:			
Gift of endowment funds	**1.0**	**-**	**1.0**
Investment return: dividends and interest	**-**	**0.8**	**0.8**
Investment return: realised and unrealised gains / (losses)	**-**	**(0.7)**	**(0.7)**
Less: investment management costs	**-**	**(0.0)**	**(0.0)**
	1.0	**0.1**	**1.1**
Unapplied total return allocated to income in the period	**-**	**(1.1)**	**(1.1)**
At 31 July 2022	**1.0**	**(1.1)**	**(0.1)**
At 31 July 2022			
Gift component of the endowment	**73.3**	**-**	**73.3**
Unapplied total return	**-**	**(1.1)**	**(1.1)**
	73.3	**(1.1)**	**72.2**

	2022	2021
	Total	Total
Analysis by type of purpose:	£m	£m
Academic staff	**34.5**	38.1
Prizes, scholarships and student support	**19.5**	19.6
Subject specific	**6.2**	3.1
Research	**3.1**	3.1
Other	**8.9**	8.4
	72.2	**72.3**

	2022	2022	2022	2021
	Consolidated and University			
	Research	Donations	Restricted total	Total
	£m	£m	£m	£m
23. Restricted reserves				
At 1 August 2021	**1.3**	**6.2**	**7.5**	8.4
New grants	**0.2**	**-**	**0.2**	0.3
New donations	**-**	**2.0**	**2.0**	1.3
Expenditure	**(0.2)**	**(1.8)**	**(2.0)**	(2.6)
At 1 August 2022	**1.3**	**6.4**	**7.7**	**7.5**

Analysis by type of purpose:

	2022	2021
Academic staff	**0.1**	0.1
Prizes, scholarships and student support	**2.5**	2.5
Subject specific	**2.7**	2.2
Research	**1.2**	1.3
Other	**1.3**	1.5
	7.7	7.5

	Consolidated and University			
	Equipment	Buildings	2022	2021
	£m	£m	£m	£m
24. Operating lease obligations				
Minimum lease payments due:				
Within one year	2.2	1.8	**4.0**	4.0
Between two and five years	0.2	7.3	**7.6**	9.3
Over five years	-	5.8	**5.8**	7.3
	2.4	15.0	**17.4**	20.5

	Consolidated		**University**	
	2022	2021	2022	2021
	£m	£m	£m	£m
25. Capital commitments				
Commitments contracted at 31 July	**14.0**	14.4	**14.0**	14.4

The largest capital commitment at the financial year end is £7.1m relating to the Florence Boot refurbishment. The remainder relates to a number of refurbishment programmes which are in progress to improve teaching, research and halls spaces across all campuses.

Notes to the financial statements continued

26. Related party transactions

(a) Entities with control, joint control or significant influence over the institution

Two senior elected officers of the University of Nottingham Students' Union are also members of the University Council. The Students' Union is not considered to have significant influence over the university, nor the university over the Union. Note 9 sets out the grants paid to the University of Nottingham Students' Union.

(b) Entities over which the institution has control, joint control or significant influence

Transactions with wholly owned subsidiaries which have been consolidated in the Group financial statements are not disclosed below, in accordance with the exemption given in FRS 102 Section 33 (Related Party Disclosures). Details of the wholly owned subsidiaries are disclosed in note 14.

The University of Nottingham owns a 29.9% (2021: 29.9%) stake in the University of Nottingham, Malaysia, and a 37.5% (2021: 37.5%) stake in the University of Nottingham, Ningbo China both of which are accounted for as associated entities (see note 17). Academic quality in both China and Malaysia is controlled by the University of Nottingham, for which it receives management fees, and certain members of staff are seconded to both overseas campuses for periods of up to 3 years. In addition certain costs incurred by the university are rechargeable between each associate and the university in accordance with signed agreements.

The university sponsors the University of Nottingham Contributory Pension and Assurance Scheme (CPAS), a pension scheme for the benefit of employees which is closed to new members. The university also participates in the Universities Superannuation Scheme and operates a defined contribution scheme, the Contributory Retirement and Savings Plan (CRSP). Transactions with related pension schemes are disclosed at notes 8 and 28.

		Year to 31 July 2022	**At 31 July 2022**		Year to 31 July 2021	At 31 July 2021
	Income from related party	**Expenditure to related party**	**Balances due from/ (owed to) the related party**	Income from related party	Expenditure to related party	Balances due from/ (owed to) the related party
	£000	**£000**	**£000**	£000	£000	£000
University of Nottingham, Malaysia	**2,807**	**324**	**3,005**	2,407	326	2,443
University of Nottingham, China	**4,410**	**(294)**	**143**	3,922	(134)	103
IAMET (subsidiary of UoN China)	**-**	**-**	**-**	-	-	-
NMI (subsidiary of UoN China)	**-**	**-**	**-**	-	-	-
NEC (subsidiary of UoN China)	**-**	**-**	**-**	-	-	-
NBL (subsidiary of UoN China)	**-**	**-**	**-**	-	-	-
China Beacons Institute (subsidiary of UoN China)	**-**	**-**	**-**	-	-	-

(c) Key management personnel

Key management personnel are defined as trustees of the institution and those responsible for planning, directing and controlling its activities. These persons are:

- members of the University Council, being the university's governing body, and with Council members being trustees for purposes of charity law
- the Chancellor, as ceremonial head of the university
- other senior management, being members of the University Executive Board

Names of these individuals are disclosed in the introduction to the financial statements.

Remuneration of key management personnel is disclosed at note 8. No remuneration was paid to Council members in connection with their duties as a Council member (2021: none).

Expenses of £5,239 were paid to Council members in connection with their duties (2021: none).

The university does not remunerate its external lay members of the University Council. Reasonable travel and subsistence expenses incurred in attending meetings relating to the work of the Council and associated charitable events in members' official capacity are reimbursed upon request. The salaries of members of the staff of the university who serve on the Council do not include any element specific to their trusteeship.

Due to the nature of the university's operations and the composition of the Council (members being drawn from commerce, industry and the public sector) and senior management, it is inevitable that transactions will take place with organisations in which a member of the Council or the senior management team may have an interest. All transactions involving organisations in which a member of Council or the senior management team may have an interest are conducted at arm's length and in accordance with the university's financial regulations and usual procurement procedures.

Management have reviewed the substance of the relationship with any organisation over which the university's key management – or their close families – has control or significant influence. No related party transactions were identified.

27. Reconciliation of net debt

				Consolidated
	At 1 August 2021	Cash flows	Non-cash changes	**At 31 July 2022**
	£m	£m	£m	£m
Consolidated				
Cash and cash equivalents				
Cash	53.1	**(81.9)**	10.2	(18.6)
Cash equivalents	57.2	**110.6**	-	167.8
Bank overdraft	-	**-**	-	-
	110.3	**28.7**	**10.2**	**149.2**
Borrowings				
Private placement of debt	(110.5)	**-**	39.8	(70.7)
Government energy efficiency loans	(0.3)	**-**	-	(0.3)
	(110.8)	**-**	**39.8**	**(71.0)**
Net (debt)/cash	**(0.4)**	**28.6**	**50.0**	**78.2**

Notes to the financial statements continued

28. Pension schemes

The principal pension schemes for the university's staff are the Universities Superannuation Scheme (USS), the University of Nottingham Contributory Pension and Assurance Scheme (CPAS) – which is closed to new members – and a defined contribution scheme, The University of Nottingham Contributory Retirement Savings Plan (CRSP).

The total pension charge for the university and its subsidiaries was:

	2022	2021
	£m	£m
Contributions to USS	**47.8**	44.7
USS deficit recovery adjustment	**181.7**	14.4
Charge to I&E account re CPAS	**3.4**	3.2
Contributions to other pension schemes	**4.1**	4.2
Total pensions cost (note 8)	**237.0**	66.5

28a. Universities Superannuation Scheme (USS)

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to the Consolidated Statement of Comprehensive Income is £47.8m (2021: £44.7m) including Pension Choice, but excluding the impact of the change in the deficit recovery plan, as shown in note 8.

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

Deficit recovery contributions due within one year for the institution are £15.1m (2021: £12.0m)

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

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

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus:
	Pre-retirement: 2.75% p.a.
	Post retirement: 1.00% p.a.

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

	2020 valuation	
Mortality base table	Male members' mortality:	101% of S2PMA "light"
	Female members' mortality:	95% of S£PFA
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	

The current life expectancies on retirement at age 65 are:

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

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	**3.32%**	0.89%
Pensionable salary growth years one & two	**6.00%**	3.00%
Pensionable salary growth subsequently	**3.50%**	3.00%

Sensitivity analysis of these inputs is shown under critical accounting estimates.

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.1%
1 October 2021 to 31 March 2022	21.4%
1 April 2022 to 31 March 2024	21.6%
1 April 2024 to 30 April 2038	21.4%

28b. University of Nottingham Contributory Pension and Assurance Scheme (CPAS)

The university sponsors the University of Nottingham Contributory Pension and Assurance Scheme, a funded defined benefit pension scheme in the UK. The Scheme is a separate trust independent of the university and is supervised by independent trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that the Scheme assets are appropriately invested.

Active members of the Scheme pay contributions at the rate of 7.5% of salary and the university pays the balance of the costs as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

The basis of valuation is the Scheme's 31 July 2020 Statutory Funding Valuation, results of which can be found in the Scheme Actuary's report dated 9 November 2021.

Under the Recovery Plan dated October 2018 the university has agreed to make annual contributions to reduce the deficit by February 2032. In the forthcoming year the university expects to contribute £7.0m (2021: £6.7m) in respect of the funding shortfall. On top of this the university will pay an amount equal to the aggregate contributions that would otherwise have been payable by those members who have elected to pay their contributions by salary sacrifice. In addition to these contributions the university will pay the cost of early retirement strains and all Scheme expenses attributable to the university under the terms of the Operating Costs protocol, including the cost of death-in-service benefits.

Notes to the financial statements continued

	2022 £m	2021 £m
CPAS – FRS102 Disclosure		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of defined benefit obligation	**(273.6)**	(369.0)
Fair value of plan assets	**256.0**	284.8
Net defined benefit (liability) / asset	**(17.6)**	(84.2)
The amounts recognised in staff costs within comprehensive income are as follows:		
Service cost (recognised in staff costs)		
Current service cost	**3.8**	3.4
Net interest expense/(credit)	**1.3**	2.2
Operating charge/(credit)	**5.1**	5.5
Actual return less expected return on pension scheme assets		
Effect of changes in assumptions	**107.2**	11.9
Effect of experience adjustments	**(11.6)**	20.8
Return on plan assets	**(33.0)**	27.4
Actuarial gain/(loss) recognised in Comprehensive Income	**62.5**	60.1
Total (income)/cost related to CPAS recognised through the Statement of Comprehensive Income	**(57.5)**	(54.5)
The return on plan assets was:		
Interest income	**4.7**	3.9
Return on plan asset (excluding amount included in net interest)	**(33.0)**	27.4
Actual return on plan assets	**(28.3)**	31.3

Reconciliation of scheme assets and liabilities	2022 Assets £m	2022 Liabilities £m	2022 Total £m
At 1 August 2021	284.8	(369.0)	(84.2)
Benefits paid from plan assets	(9.8)	9.8	-
Administration expenses	(0.1)	0.1	-
Current service cost	-	(3.9)	(3.9)
Employer contributions	9.2	-	9.2
Employee contributions	0.3	(0.3)	-
Interest income/(expense)	4.7	(6.0)	(1.3)
Return on assets (excluding amount included in net interest)	(33.0)	-	(33.0)
Actuarial change in assumptions	-	107.2	107.2
Actuarial experience adjustments	-	(11.6)	(11.5)
Gain/(loss) on plan introductions and changes	-	-	-
At 31 July 2022	**256.1**	**(273.7)**	**(17.6)**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022	2021
Liability discount rate	**3.50%**	1.65%
Inflation assumption – RPI	**3.25%**	3.25%
Inflation assumption – CPI	**2.65%**	2.55%
Rate of increases in salaries	**2.65%**	2.55%
Revaluation of deferred pensions:		
benefits accrued prior to May 2003	**2.55%**	2.20%
benefits accrued after May 2003	**3.25%**	2.90%
Increases for pensions in payment:		
benefits accrued prior to May 2003	**3.65%**	3.50%
benefits accrued after May 2003	**3.10%**	2.80%
Post-retirement mortality assumption	**111%/102% (M/F) of S3PA tables ("middle" for females) CMI 2021 model with long term improvement rate of 1.5%p.a., a smoothing parameter (skappa) of 7.5 and default core initial improvements parameter of zero**	111%/102% (M/F) of S3PA tables ("middle" for females) CMI 2020 model with long term improvement rate of 1.5%p.a., a smoothing parameter (skappa) of 7.5 and default core initial improvements parameter of zero
Assumed life expectancy on retirement at age 65		
Retiring today (male age 65)	**21.5**	21.5
Retiring in 20 years (male age 45 today)	**23.2**	23.1
Retiring today (female age 65)	**24.0**	23.9
Retiring in 20 years (female age 45 today)	**25.7**	25.7

The major categories of scheme assets are as follows:

	2022 £m	2021 £m
Equities and equity-type instruments	**73.4**	105.2
Government bonds	**58.7**	44.9
Corporate bonds	**36.2**	50.8
Infrastructure	**22.9**	20.5
Diversified growth	**32.2**	32.8
Diversified alternatives	**28.1**	25.9
Insured annuities	**3.1**	3.8
Cash	**1.5**	0.9
Total market value of assets	**256.0**	284.8

The scheme has no investments in the group or in property occupied by the university.

Notes to the financial statements continued

	31 July 2022	31 July 2021	31 July 2020	31 July 2019	31 July 2018
	£m	£m	£m	£m	£m
Amounts for the current and previous four periods are as follows:					
Defined benefit obligation	**(273.6)**	(368.9)	(402.8)	(366.2)	(323.5)
Plan assets	**256.0**	284.8	255.2	238.1	215.7
Deficit	**(17.6)**	(84.1)	(147.6)	(128.1)	(107.8)
Experience adjustments on plan liabilities	**95.6**	32.7	(34.7)	(36.5)	25.0
Experience adjustments on plan assets	**(33.0)**	27.4	12.3	16.0	4.3

28c. Contributory Retirement Savings Plan (CRSP)

Following the closure of CPAS to new entrants on 1 September 2006, the university engaged Legal & General to operate a defined contribution pension scheme for the benefit of members. The Contributory Retirement Savings Plan (CRSP) is designed as the primary pension plan for members of staff who are not already in another pension scheme. The university makes contributions equivalent to twice the employee's contribution, up to a maximum of 10%. As at 31 July 2022 the university owed no contributions to the scheme (2021: £183k).

29. Financial instruments

	Consolidated		University	
	2022	2021	**2022**	2021
	£m	£m	£m	£m
Financial assets				
Measured at fair value through income and expenditure				
Investments (including endowments) (note 16)	**75.0**	85.5	**77.8**	85.9
Short term investments	**0.1**	0.1	**0.1**	0.1
Measured at undiscounted amount receivable				
Trade and other receivables (note 18)	**44.4**	68.4	**43.1**	68.1
	119.5	154.0	**121.0**	154.2
Financial liabilities				
Measured at fair value through income and expenditure				
Private placement (note 20)	**(70.7)**	(110.5)	**(70.7)**	(110.5)
Measured at undiscounted amount payable				
Trade payables (note 19)	**(20.1)**	(31.2)	**(19.6)**	(30.9)
Amounts due to subsidiaries (note 19)	**-**	-	**(1.0)**	(1.0)
Bank loans (note 20)	**-**	-	**-**	-
Government energy efficiency loan (note 20)	**(0.3)**	(0.3)	**(0.3)**	(0.3)
	(91.1)	(142.0)	**(91.5)**	(142.7)

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate. Further details are provided in the accounting policies.

At period end, the university recorded a fair value gain of £39.8m on the discounted value of the future payments arising from the £100m private debt placement (note 20 refers). The method of calculation is disclosed under critical accounting estimates. The contractual cash payments arising from the private placement remain unchanged. As per note 20, these are bi-annual payments of a coupon rate of 2.47% on the principal debt of £100m, with the principal repaid in 2050.

30. Connected charitable institutions

The following non-operating charities are linked to the university and are consolidated within the Group.

	2022	2021
	£m	£m
Reserves		
Children's Play Activities Trust Fund	**0.4**	0.4
The AF Bird Memorial Award	**0.0**	0.0

31. Contingent liability – overseas employment taxes

Management estimates that there is a possible but uncertain obligation to pay for employer's taxes for university employees who are currently based in overseas jurisdictions. The possible liability arises from employees who left the UK for personal reasons during the 2020-21 national lockdowns, and have remained working from home in various overseas jurisdictions. At the date of signing these accounts, management was in the process of gathering information on the employees concerned so that professional advisors can be engaged to estimate the possible scale of the liability to both the employer and the employee. It is possible that there will be an outflow in the next five years, should the university be found liable for employer's taxes. The amount cannot currently be estimated but will almost certainly be immaterial to the group.

32. Contingent Liability and Asset – NHS Pension Scheme Pays

As an employer of members of the NHS Pension Scheme, the university is obliged under the NHS Pension Scheme Pays policy to pay members an amount on their retirement to compensate a tax charge for exceeding the pensions annual allowance in 2019/20. NHS England has committed to reimburse employers for this amount leaving a net nil financial impact. NHS England recommends a standard amount per employee is used to calculate a provision, which would suggest a provision of £63,555. Management considers the standard amount does not give a reliable estimate, but does not have the data to calculate a reliable estimate. Therefore a contingent liability of £63,555, and a corresponding contingent asset of £63,555 is disclosed. The present value of the liability is likely to be immaterial to the group.

Notes to the financial statements continued

33. US Federal Aid Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the university is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- compiled from the example financial statements included in the Federal Register / Vol 84 No 184 / Mon Sept 23, 2019 / Rules and Regulations
- prepared under the historical cost convention, subject to the revaluation of investments
- prepared using United Kingdom Generally Accepted Accounting Practice, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP 2019) and with Financial Reporting Standard FRS 102
- presented in Sterling: the functional currency of the entity

	2022	2021
Statement of Financial Position	**£m**	£m
1. Cash and cash equivalents	**149.3**	110.3
2. Accounts receivable, net	**44.4**	68.4
3. Other debtors and Prepaid expenses	**63.5**	43.4
4. Related party receivable	**3.1**	2.5
5. Contributions receivable, net	**-**	6.1
6. Student loans receivable, net	**-**	-
7. Investments	**131.8**	129.0
8. Property, plant and equipment, net (includes investment property and heritage assets)	**972.2**	930.4
9. Lease right-of-use asset, net	**-**	-
10. Goodwill	**-**	-
Other intangible assets	**2.6**	-
11. Inventories	**1.9**	0.1
12. Total assets	**1,368.7**	1,290.2
13. Line of credit – short term	**-**	-
14. Line of credit – short term for CIP	**-**	-
15. Accrued expenses/accounts payable	**243.3**	34.1
16. Accruals and deferred revenue	**198.0**	217.2
17. Post-employment and pension liability	**299.7**	183.6
18. Line of credit- operating	**-**	-
19. Other liabilities	**-**	0.3
20. Notes payable	**-**	-
21. Lease right-of-use asset liability	**-**	-
22. Line of credit for long term purposes	**71.0**	298.0
23. Total liabilities	**812.0**	733.2
24. Net assets without donor restrictions	**476.8**	487.4
Net assets with donor restrictions	**-**	-
25. Annuities	**-**	-
26. Term endowments	**-**	72.3
27. Life income funds	**-**	-
28. Other restricted by purpose and time	**-**	-
29. Restricted in perpetuity	**80.0**	7.4
30. Total net assets with donor restrictions	**80.0**	79.8
31. Total net assets	**556.7**	567.2
32. Total liabilities and net assets	**1,368.7**	1,300.4

Statement of Activities

Changes in net assets without donor restrictions
Operating revenue and other additions

33. Tuition and fees, net	**433.7**	387.7
34. Funding body income	**108.5**	102.0
35. Investment return appropriated for spending	**1.2**	2.1
36. Other income	**127.0**	87.6
37. Research income	**131.4**	107.6
38. Total operating revenue and other additions	**801.8**	687.0
Operating expenses and other deductions		
39. Education and research expenses	**512.8**	522.2
40. Depreciation and amortization	**43.7**	44.0
41. Interest expense	**5.4**	5.7
42. Auxiliary enterprises	**-**	111.8
43. Total operating expenses	**561.9**	683.7
44. Change in net assets from operations	**239.9**	3.3
Non-operating changes		
45. Investments, net of annual spending, gain(loss)	**2.7**	7.1
46. Other components of net periodic pension costs	**62.5**	60.1
47. Pension-related changes other than net periodic pension costs	**-**	-
48. Change in value of split-interest agreements	**-**	-
49. Other gains (losses)	**48.3**	-
50. Sale of fixed assets, gains (losses)	**(0.3)**	7.4
Taxation	**-**	-
Total non-operating changes	**113.2**	74.6
51. Total change in net assets	**353.1**	77.9
Change in net assets with donor restrictions	**-**	-
52. Contributions	**0.1**	9.1
53. Net assets released from restriction	**-**	-
54. Changes in net assets with donor restrictions	**0.1**	9.1
55. Change in net assets without restrictions	**353.0**	87.0
56. Net assets, beginning of year	**203.9**	116.9
57. Net assets, end of year	**556.9**	203.9

University of Nottingham

University Park
Nottingham
NG7 2RD
UK

+44 (0)115 951 5151

University of Nottingham Malaysia

Jalan Broga
43500 Semenyih
Selangor Darul Ehsan
Malaysia

+60 (0)3 8924 8000

University of Nottingham Ningbo China

199 Taikang East Road
315100
Ningbo
China

+86 (0)574 8818 0000
+86 (0)574 8818 0188