University of Nottingham

Financial Statements for the year ended 31 July 2023

Council membership

1 August 2022 to 31 July 2023

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 Jane Norman (from 1 December 2022)
Treasurer	Ian Kenyon (to 19 January 2023)
	Piyali Mitra (20 January 2023 to 1 August 2023)
Members of Staff	
Professor Jo Lymn	Dr Stuart Reeves (from 1 January 2023)
Professor Rachel Gomes	Dr Pearl Agyakwa
External Members appointed by the Council	
Vicky Bailey	Lynette Eastman
Richard Newsome (until 31 March 2023)	Sonya Leydecker
Sherry Madera	Piyali Mitra
Michelle Haslem (from 1 January 2023)	Stephen Odell
Rakesh Sharma (from 1 April 2023)	
Appointed by the Union of Students	
Sultan Chaudhury (Union Development Officer)	
River Butterworth (Education Officer)	

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 Katherine Linehan
	Professor Robert Mokaya OBE
	Professor Dame Jessica Corner (to 30 September 2022)
	Professor Neil Crout (from 1 October 2022 to 31 March 2023)
	Professor Sarah Speight
Faculty Pro-Vice-Chancellors	Professor Sir Jonathan Van-Tam MBE (to 30 April 2023)
	Professor Clive Roberts (from 1 May 2023)
	Professor Jeremy Gregory
	Professor Todd Landman (to 30 June 2023)
	Professor Sam Kingman
	Professor Zoe Wilson
Chief Financial Officer	Margaret Monckton
Chief Digital Officer	David Hill
Director of Human Resources	Jaspal Kaur

Foreword by the Vice-Chancellor

When we were looking ahead to the 2022/23 academic year, our aim was to progress fundamental developments and improvements in our research, educational offering and in the student experience at the University, acting on the framework agreed by our Council.

Building on our good REF2021 outcome, we have started to implement our new Research Strategy, targeting investment in our strengths and understanding where we need to do more to enhance quality and impact. It is wonderful to see the breadth and depth of research we have published in the past academic year, and the funding awards received for new studies. It is heartening to see colleagues making such a difference.

I am especially delighted that we have been able to create a Student Living Strategy in partnership with Nottingham City Council and Nottingham Trent University. We are very much at the beginning of what will be a considerable journey, but I am immensely proud of the way that the partnership has begun to take shape. We are motivated by the challenges ahead, and heartened by the clear evidence that working together can have real, lasting benefits.

We have also continued to develop our plans for Castle Meadow Campus, to provide a new home for our Business School and a base for our civic engagement, including Digital Nottingham. We will be working with our industry and business partners to enhance our already considerable strengths in collaborative research, impact and innovation and I look forward to the opening in 2025.

Another key priority for this year has been reinforcing our focus on people. This includes implementing our EDI priorities, notably our commitments under the Race Equality Charter; more comprehensive support and development for University Leaders; and continuing our programme to improve staff workspaces. We are making progress, with some timely and positive developments moving things forward, but we remain on a journey to improvement.

We have continued to operate within a challenging economic and political environment. The cost-of-living crisis has been the dominant feature of politics, government and community life this year. It has had an impact on all of our students, and in response the University developed a package of support for students to help ease concerns. Working with the Students' Union, I know we will continue to do everything we can to support our students most affected by rising prices and energy costs. We have been able to prioritise support for staff who have been experiencing significant cost-of-living pressures in the current climate as well.

Amidst all of this turmoil we have experienced, we will continue to focus on what is important to us including our students' education and campus experience, our commitment to research that changes lives for the better, and our civic role in enhancing the social and economic fabric of our city.

Professor Shearer West CBE

President and Vice-Chancellor of the University of Nottingham

Strategic and operational review

Solving problems and improving lives

With 3,000 dedicated researchers, more than 2,800 postgraduate research students, and having been ranked 7th in the UK for Research Power (REF2021), our research is changing the world, transforming lives and shaping the future.

During the year, the University was 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 was thought to be the largest single grant ever received by the University and emphasised our position as the birthplace of MRI.

This year, new research has demonstrated, for the first time, that a wearable brain scanner can measure brain function whilst people are standing and walking around. A research team has developed a new design of magnetic field control system, allowing a much greater degree of subject movement than has ever been possible previously. The breakthrough could help better understand and diagnose a range of neurological problems that affect movement, including Parkinson's Disease, stroke and concussion.

A new £4m research centre which will drive forward the latest advancements to tackle ovarian cancer is to be launched at the University. The Nottingham Ovarian Cancer Research Centre, which will bring together leading scientists and clinicians to develop innovative new approaches to diagnosing and treating the disease, will be established within the Biodiscovery Institute on University Park Campus.

Meanwhile, a £3.8m OMNIFACTORY, a concept factory where different digital technologies are implemented to improve traditional manufacturing practices, was opened. Situated on Jubilee Campus, OMNIFACTORY is home to a bespoke test bed floor, developed in Nottingham, that provides a unique reconfigurable environment. The floor autonomously adapts itself to the next product's environment and specifications, reshaping itself through digital technologies, robotics, and artificial intelligence.

The National Institute for Heath and Care Research (NIHR) Nottingham Biomedical Research Centre will benefit from £23.3m funding meaning the development of new treatments for common illnesses like asthma, irritable bowel syndrome (IBS), depression and arthritis will be accelerated over the next five years. Another healthcare research team received a share of £25m to help improve patient safety and the overall safety of health and care services across England. A consortium was also awarded £31m to create an international research and innovation ecosystem for responsible Artificial Intelligence (AI) that will be responsive to the needs of society.

In other funding news, research developing next-generation batteries for electric transport will benefit from a £5m funding pot to accelerate commercialisation. Scientists received more than £1m to support research that aims to develop new treatments for advanced prostate cancer and train the next generation of prostate cancer research leaders, and a further £700k was awarded for studies into improving treatment outcomes for psychosis.

A new wrist device to help control Tourette's Syndrome, which was tried out by singer Lewis Capaldi earlier this year, moved a step closer to being commercialised after University of Nottingham spin-out company Neupulse raised almost £1m in additional funding.

Research discoveries were published in quick succession. The first ever UK 'ghost driver' study using visual displays to communicate with pedestrians found that, in the absence of someone in the driving seat, pedestrians trust certain visual prompts more than others when deciding whether to cross in front of an autonomous car.

New research identified which people with compromised immune systems are less likely to have Covid-19 antibodies. Around one in five people with solid organ transplant, rare autoimmune disease or blood cancer affecting lymphocytes had no antibodies after three or more vaccinations, making them more vulnerable to a severe infection. Meanwhile, researchers used a common disinfectant and antiseptic to create a new antimicrobial coating material that effectively kills bacteria and viruses, including Covid-19 and MRSA.

In other projects, a study revealed that teeth could be capable of preserving antibodies for hundreds of years, allowing scientists to investigate the history of infectious human diseases. Another found that children in care and on the periphery of care who have the opportunity to attend state boarding or independent schools enjoy greater stability and secure significantly improved educational outcomes. PeptiMatrix, the latest University spin-out company, announced its innovative 3D cell culture platform that aims to reduce and eventually replace the use of animals and animal-derived products in drug development and investigative research.

We also hosted the first annual Advanced Pain Discovery Platform conference, bringing together UK research resources and expertise with people who suffer with chronic pain, to discuss a problem that affects so many lives.

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, 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. The University has two aims: firstly, 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 2022/23 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:

Access and participation spend in 2022/23 (£ millions)			
	Staff Costs	***Other Costs***	***Total***
Access investment	*1.8*	*1.1*	***2.9***
Financial support (such as bursaries and scholarships)	*0.3*	*10.2*	***10.5***
Disability support	*1.7*	*0.3*	***2.0***
Research and evaluation related to access and participation	*0.1*	-	***0.1***
	3.9	***11.6***	***15.5***

Plans were unveiled for the University of Nottingham Maths School for 16-19 year olds. This is a collaboration with the East Midlands Education Trust, which aims to encourage more students from underrepresented backgrounds to study maths-based STEM subjects and increase diversity within STEM. It will grow to educate around 200 students, building on the models of other maths schools now established around the UK.

Staff and students again participated in the Nottingham Festival of Science and Curiosity. The first week saw our researchers take science out of the labs and into schools, giving pupils the opportunity to explore a wide range of STEM topics through interactive workshops, as well as activities and talks about careers in science from local industry partners. The second week comprised a host of live shows, science fun days and a range of hands-on activities delivered by local researchers in libraries, museums and community spaces across the city and county.

Hundreds of schoolchildren from across the county learned about ‘The Future of Transportation’ as part of the Faculty of Engineering’s Christmas Lecture. Hosted by a different department each year, the Christmas Lecture aims to inspire the next generation of students to continue with STEM subjects and, eventually, pursue a career in the industry.

Other events formed part of the University’s public engagement activities, focusing on supporting Nottingham’s journey to be recognised as a UNICEF child friendly city by making academic research accessible to all ages. ‘Apollo Legacy: How Engineers Landed People On The Moon’ was attended by more than 150 adults and children who came along to learn all about the story of the lunar landing in a presentation.

Meanwhile, the impact of our long-standing access and participation activity with IntoUniversity was highlighted. The University joined forces with IntoUniversity in 2011, building on an existing programme of outreach work. In that time, this partnership has enabled 16,942 local young people to receive support and encouragement to do well at school and go on to university. The three community learning centres set up in Nottingham provide 7-18 year-olds with after-school support, university-student mentors, workshops and direct experience of university life. They help to address the fact that young people facing disadvantages face considerable educational barriers and are far less likely to aspire to, or attend, university than their more advantaged peers.

Having secured Advance HE's Bronze Race Equality Charter (REC) status, 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 staff and students. Our REC Action Plan, published 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.

Recently launched EDI initiatives include the AccessAble app, which provides practical information about facilities available and access routes into a building, as well as signposting to prayer rooms, parenting rooms, gender-neutral toilets and quiet spaces. It also gives insight on the accessibility of different buildings on campus, including step-free access, parking and accessible toilets. And the newly expanded university initiative, Period Project, aims to address the issue of period poverty and promote open and inclusive conversations around menstruation and menopause.

In another project, together with The Women's Organisation, we developed a Charter for Inclusive Entrepreneurship which aims to minimise barriers to and enhance outcomes from entrepreneurship for all, especially underrepresented groups. The East Midlands Chamber, Local Enterprise Partnership D2N2, and the Institute for Small Business and Entrepreneurship are some of the first signatories, demonstrating their commitment to supporting anyone who wants to start a successful and sustainable business.

Developing the campus experience

Our students, staff, and alumni have a strong emotional connection with the University's campuses – our 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.

As we plan ahead for the future needs of our University, we are led by eight guiding principles in our Estates Development Framework (EDF), with particular emphasis on civic contribution, sustainability and renewal of our campuses.

The University Strategy places a special emphasis on environmental sustainability and supporting the city's ambitions to become a net zero carbon city 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 Castle Meadow Campus at the foot of Nottingham Castle. Completed in 1994 and occupied by HMRC until its sale to the University, Castle Meadow Campus encompasses seven buildings – recently awarded grade II listed status for their iconic appearance – and 32,500 square metres of space. When complete, it will feature state-of-the-art facilities and will be a hub for collaboration for the whole community, from local schools and businesses to academics and industry.

An inaugural Community Open Day at Castle Meadow followed the University's announcement of the creation of its volunteer advisory group, which will be made up of members of the local community. They will provide advice, support, and bring best practice and knowledge to the project by reviewing plans as they develop in the coming years. The open day was attended by more than 100 people, including local councillors, business professionals and members of the public.

Planned to open by 2025, the campus will provide a new base for Nottingham University Business School, capitalising on the city centre location to develop opportunities for teaching, research, and partnership activity. This will mean the business school can further grow its postgraduate offer and increase collaboration with strategic partners. It will also be home to the Digital Nottingham project, which will harness digital and data knowledge and innovation to support a thriving regional digital sector and help solve challenges across the city region.

The University envisages opening the campus up as a venue for events, installations, demonstrations, and digital showcasing – including immersive technology, AI and Robotics and digital 3D mapping tools. In addition, we hope to offer digital skills education for local professionals and young people as well as regional networking opportunities for SMEs.

Contributing to sustainable development goals

The University's 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 objective to reach net zero by 2050, and the city of Nottingham's ambition to be a net zero carbon city by 2028.

Our institutional aim is to achieve net zero carbon status by 2040 and we work hard to create sustainable campuses. Over the last 10 years, we have reduced emissions by more than 36%, invested in renewable energy installations, and divested from all fossil fuel investments. Our University Park and Jubilee campuses have consistently achieved Green Flag status and our work is routinely recognised in external awards.

This drive for sustainability, and our research priorities to address the 17 Sustainable Development Goals (SDGs) which include clean energy, climate action and sustainable communities, are leading to a range of opportunities.

Our £40m Power Electronics and Machines Centre (PEMC) continues to drive forward significant advances in powerful, clean electrification technology and paving the way towards a new generation of low-carbon, sustainable electric vehicles, power and propulsion. It 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 blue sky thinking to real-world solutions.

Several projects led by the Institute of Aerospace Technology, which are all part of the Clean Aviation Joint Undertaking, the EU's leading research and innovation programme for making the aviation industry ready for a sustainable future, received a share of £10m to fund research into the future of net zero aviation. This will build on the significant outcomes delivered by the University in the development of electrification technologies.

The SHAping Sustainable Futures research hub, dedicated to social sciences research on climate change, sustainability and the net zero challenge, was launched. Research into developing new sustainable ways to decontaminate plastic packaging for recycling was rewarded with $3m funding after picking up a global prize. Projects to boost sustainability in the UK cement, glass and ceramic industries also won funding.

On campus, researchers received £2m to create a one-of-a-kind smart energy grid, which will be installed in between the PEMC and Research Acceleration and Demonstration (RAD) buildings. It will utilise multiple energy storage technologies that will reduce the site's energy bill and enable many of its testing activities to achieve net zero.

Carbon labels were introduced on food labels in a new effort to support Nottingham's carbon neutral targets. We are the first university in the Midlands to roll this campaign out, starting with trials in our catered halls, as well as Japanese restaurant Saijokai and Café Mama's in Portland Building on University Park.

The University renewed its Living Lab collaboration with climate technology firm IES, which provides universities with the technology to create digital twins of their campuses, until 2025. These are fully scalable virtual models that behave in the same way as their real-world counterparts, helping collate data to inform decisions regarding where energy, carbon, capital, and operational savings can be made.

We became a founding member of the Nature Positive Universities alliance, set up by the UN Environment Programme (UNEP), which will help to reverse biodiversity decline and drive the world's higher education sector towards a nature-positive future. Announced at COP15, we are one of 117 universities globally to take a pledge regarding our environmental impact.

Internationally, a project that will enable schools within low-income suburban communities in Kenya to become accessible clean energy hubs began. Researchers also revealed for the first time how a key gene in plants allows them to use their energy more efficiently, enabling them to grow more roots and capture more water and nutrients.

Closer to home, we have an award-winning community energy scheme delivered by housing developer Blueprint, alongside a joint venture between the University and SmartKlub who have formed Trent Basin Energy Services Company Ltd with a vision to push the boundaries of energy efficiency targets. The new energy system predicts to reduce residents' energy bills over the next year.

Further recognition came when the University was ranked third in the world in The UI Green Metric, produced by the Universitas Indonesia, the only university ranking that measures each participating institution's commitment in developing an 'environmentally friendly' infrastructure.

Embedding collaboration

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, This helps 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. Collaboration is in everything we do.

One of our flagship collaborative initiatives is Universities for Nottingham, bringing together the combined strength of the city's two established universities to improve levels of economic prosperity, educational opportunity, sustainability and the health and wellbeing of residents and the communities of Nottingham and Nottinghamshire.

A refreshed Civic Agreement, signed by both universities and eight local partners in March 2022, has resulted in several key achievements for the city and region, highlighted in a report published at the end of the 2022-23 academic year.

These include the £5.1 million Co(l)laboratory project, which brings together academia and the community to support growth and development within communities, broaden prospects, drive change, and improve wellbeing. Over the next eight years, the project will train 50 PhD students, deliver 30 community events, provide 25 paid 'Citizen Scientist' research placements, support 15 community projects, and produce a national blueprint for how to support PhD candidates to develop as future civic leaders. Topics being researched include community boxing clubs as a pathway to reduce violence, racial barriers to maternity care, and workplace coercion and modern slavery in the community.

The project has also incentivised over half a million individuals to make positive sustainable choices, tracked using the Green Rewards App, helping avoid the emission of more than one million tonnes of CO2 from the universities and local councils.

Our University working in partnership with Nottingham Trent University and Nottingham City Council, developed and published a new Student Living Strategy, which sets out three priorities to support the integration of students into their local communities. These priorities are providing diverse and appropriate student accommodation; working together to tackle any waste and noise issues; and promoting the benefits that the student population brings to Nottingham.

In other local and regional partnerships, a study in collaboration with Nottinghamshire County Council is identifying areas in Nottinghamshire where people may be struggling to access adequate food and nutrition. We have formed a unique collaboration with Nottingham's home-grown fashion designer Paul Smith to support the city's business growth, investment, and global profile. An innovative partnership with Midlands-based conservation charity Twycross Zoo has led to a UK first: holograms of critically endangered Javan rhinos and endangered African elephants installed in an exhibition at the zoo.

Internationally, we have developed a range of new partnerships. As global leaders headed to Indonesia for the G20 Summit, we met with Indonesian Government officials in Jakarta to launch a series of new research, innovation and teaching collaborations. Among the commitments is a University of Nottingham Net Zero Translation Centre in Bandung, West Java. This will upskill the local population and support Indonesian SMEs who are working to adapt conventional vehicles to electric propulsion, as well as supporting research and education collaborations in midwifery and cancer studies.

A five-year agreement was signed with the Association of African Universities, headquartered in Ghana, to collaborate on international studies and projects in areas such as building capacity in staff, researchers and students, as well as quality assurance, resource mobilisation, ICT and other infrastructural development.

Elsewhere, we set up a Dual History Master's Programme with the Ukrainian Catholic University in one of just six partnerships between universities in the UK and Ukraine. We also announced a strategic partnership agreement with the University of Tübingen in Germany, including joint funding a round of seed funding and co-supervised studentships. In other international activity, experts are working with nurses in Brazil to reduce the rate of post-caesarean wound infections in the country, and working with the Loktak Development Authority in India to help conserve a lake that is presently under threat.

Collaboration is at the heart of our research. For example, in ServCity, six project partners – the University, Nissan, Connected Places Catapult, TRL, Hitachi Europe and SBD Automotive – have been working to understand how to help cities get connected and ready for autonomous vehicles. The aim is to successfully incorporate technologies into complex urban environments to deliver "Robotaxi" style services and create a template for the type of infrastructure required to support these technologies.

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 with the most recent review of the Council's effectiveness concluded in the autumn of 2020.

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.

The Council of the University includes 11 external members. During 2022/23 the number of external members moved between 10 and 11 as the tenure of Council members ended and vacancies were filled. Recruitment for the University's Treasurer was conducted during the spring/summer of 2023 with a term of office to commence on 1 August 2023. In 2022/23 the remainder of Council comprised the President and Vice-Chancellor, the Deputy Vice-Chancellor two student members and four academic persons appointed from the Senate under the University's Statutes.

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 seven times during 2022/23. 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 on

1 January 2023 for a 12 month period as observers. This is the second year that the University has participated in 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 facilitate consideration of the University Strategic 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 on the University's response to the OfS regulatory framework as it affects 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 2022/23, they are not members of the Committee. The Committee meets with the external and internal auditors on their own for independent discussions.

Remuneration Committee

The composition of the Committee changed towards the end of 2022/23 moving from the membership comprising all external members of Council to four external members of Council plus the Chair (who is not the Chair of Council). The Committee 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 President and Vice-Chancellor is not present during discussions about their salary. The Committee also reviews retention and recruitment policies relating to professorial and other senior staff.

Health and Safety Committee

The Health and Safety Committee comprises the 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, increasing to two from May 2023 for a transitionary period. 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. It meets once per term, so normally three times a year and then meets as necessary to consider extraordinary business. *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. Work is underway to develop the approach to the implementation of the recommendations led by 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.

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, which in this year has deemed there to be reasonable assurance. Reports are also received from the external auditors as part of their year-end work.

There is a rolling six month internal audit plan, which provides a balance of coverage of strategic risks from the University Risk Register together with a sample of core internal control processes. As part of their annual review Internal Audit have determined that, Governance is broadly effective overall, risk recognition and management is broadly satisfactory and continues to gain momentum and there is assurance over financial sustainability as provided via a well-established Medium Term Financial Plan.

In year there has been an external review carried out of the Internal Audit function and that has determined that the internal Audit function provides a good service to the University.

Value for money

It is very important that the University achieves the most value from its resources and even more so during the current economic uncertainty and challenge. Value is measured by the return that we are receiving for every pound spent, whether that return be financial or non-financial in pursuit of the University strategy. We constantly strive to prioritise our spend on the things that matter most and to ensure that we are as efficient as we can be.

Delivering value for money in financial year 2022/23

Driving value through improved University performance

The University's performance framework is in its first full year of operation. This critical framework 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 KPIs and external data, such as the results of the National Student Survey (NSS).

There is a robust monitoring mechanism in place through quarterly reporting to University Committees including Council providing an opportunity for faculties and departments to be held to account for delivery against the performance framework. The next steps are to cascade the performance framework throughout the organisation ensuring that performance improvement becomes everyone's responsibility.

Driving value through effective finance support

Rapid recovery from the pandemic has resulted in a challenging staff recruitment market and record levels of inflation pose a further challenge. We continue to develop and broaden our talent pipeline and provide opportunities for people to develop at the university. There has also been a focus on development of self and not just technical accounting skills which culminated in a conference in January 2023 for the whole finance team. There was a focus on wellbeing, with resilience and how to manage change at the core of this event, supporting our continued ambition of finance being a great place to work.

In November 2022 an independent organisation conducted a follow up review of the quality of the business partnering delivered by the finance team. The initial review conducted in 2019 had established that a basic level of partnering was provided with the main focus being on accounting, rather than partnering activity. This follow up review has resulted in a marked improvement where finance are starting to be seen as a strategic partner and advisor to the university, although there is more work to do, this shift means that finance business partners are trusted advisors and their input contributes to decisions made by the university.

At the year-end, nine colleagues were progressing their accounting qualifications supported by the university.

The continuing investment into core systems will give us the opportunity to improve the effectiveness of the finance support we provide to our stakeholders across the university. The Digital Core programme is not just about the replacement of technology, it also focuses on the streamlining and standardisation of processes, documentation of policies and procedures, and helping the wider university community to do things the right way. Compliance statistics are reported monthly and they continue to improve.

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 before being formally reported through the University governance structure.

Driving value through 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, including benefit delivery. In year the university invested more than £100m on both repairs and maintenance of the digital and physical estate as well as strategic initiatives such as Castle Meadow Campus, the renovation of Florence Boot Hall and Core systems projects.

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, to date one post implementation review has been carried out.

There has been focus on the content and quality of business cases to ensure they contain standard information that is consistent across all business cases. There is now a gateway process in place to sense check the quality of a business case before going through the governance process to ensure there is a 'getting it right first time' approach.

Driving value through procurement

The central Procurement function was responsible for influencing £159m (2021/22: £198m) of the University's £220m (2021/22: £233m) impactable spend across c.9,000 suppliers of goods, products and services.

Over the last four years, Procurement have focused on continuous improvement with a vision to maximise social, economic and sustainable value for the University, whilst also simplifying processes and enhancing customer experience. This consistent approach has led to a continued uplift in performance year on year, reaching 4.4% savings to impactable spend in 2022/23, in line with peer universities in the same turnover group (>£600m).

The value target for 2022/23 was £6m of procurement driven value with an additional £2.5m from commercial supplier relationship management, totalling £8.5m additional value to the University. This was an ambitious target of growth, given the challenging market conditions yet the end of year delivery was £8.4m (99% to target), despite significant inflationary pressures across all categories.

In June 2022 Finance Committee 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. The objective for FY 2022/23 has been to create an Approved Supplier Database (ASD) to maximise the advantages of this additional flexibility, improve resilience in the supply chain and reduce time to market, whilst still ensuring the objectives of fairness, transparency and best value are maintained. This has been developed in tandem with the implementation of the new UniCore system, with the ambition of using the new system to identify the 'right' supplier easily, reduce the need for new supplier set ups, allow consolidation of the supply base, improve supplier relationships and embed the Supplier Relationship Management approach to enable further value to be delivered through those relationships.

Looking ahead, the landscape for 2023/24 remains challenging, with the UK seeing the highest inflationary pressure for 40 years, energy and fuel prices at a 10-year high and raw material shortages continuing. With this ongoing market volatility, the Procurement value target for 2023/24 is £8.6m which targets sustained performance rather than growth for the first time in 4 years. Internally, the focus for Procurement remains on the successful launch of our new ERP system, into which the University is heavily investing, and ensuring these changes are well understood and embedded across the University with the expectation that the associated benefits will then be delivered in the following financial year through more efficient ways of working.

Driving commercial value whilst retaining our core purpose

The more centralised Commercial function, reporting to the Commercial Governance Board, has been in place since 2019. It was established to drive improved performance and delivery from our cross University commercial operations. Its core purpose was and continues to be to build new commercial business and capability at the University.

The 2022/23 budget planned £118m of commercial income and £8.2m profit which reflected some significant uncertainty around key areas like the continued return to pre-Covid trading in areas such as Retail, Catering and Hotel and Conferencing, and was against a backdrop of high inflation particularly in food and energy.

The year end position saw income of £133.1m (+£15m) and £5.4m profit, which is £2.8m behind budget.

The reasons for the shortfall in profit were increases in non-pay costs (driven by inflation) and a slow return to pre-Covid levels of footfall in retail and catering outlets. This masked the pleasing performance of the Nottingham Venues hotel and conference facilities, and our services rendered offering.

Our new Commercial Director is reviewing our commercial strategy with the aim of returning to pre-Covid levels of £11m commercial surplus per annum as soon as possible.

Driving value through organisational development

People are at the centre of the University and in recognition of this the human resources (HR) function is at the beginning of a critical three-year period of investment and transformation, as set out in the 2023 People and Culture Strategy.

Throughout the year and into the future, HR have continued to invest into a new operating model which includes:

1. **Development of an Organisational and Development (OD) function**: which builds on existing expertise to create capacity and capability in critical areas such as culture, values, staff engagement and wellbeing.
2. **HR becoming a strategic enabler:** with greater capacity and capability to support the University with the people related elements of organisational change.
3. **Promote new ways of working**: putting customer journeys at the forefront of our thinking when developing HR services; providing clarity on where responsibilities sit within HR; working in a more defined and structured way through the development of standardised processes and procedures, maximizing the benefits arising from Digital Core.
4. **A new dedicated pay and reward team**: which will provide strategic direction, implementation, and assurance through development of a pay and reward strategy and framework which supports the University's strategic ambitions.
5. **A dedicated HR policy team**: able to maintain, update and embed a suite of people related policies which reflect best practice and support the University in the delivery of its strategic objectives.
6. **Further investment in specialist HR services**: such as Global Mobility, Data and Management Information, Project Management (PMO), and Occupational Health, to ensure that the University has skilled in-house resource to deliver on its ambitions as set out in the People and Culture SDP.
7. **Strengthening HR Business Partnering**: aligning the service to becoming a strategic enabler, informing the development of HR services and operations and working closely with Faculties and Departments on the people aspects of their Operational Delivery Plans.

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 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 President and Vice-Chancellor, UEB leads are accountable for the identification, management and oversight of strategic level risks. Responsibility is delegated to Planning and Resources 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 when assessing risks
- 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.

The Assurance Committee has delegated responsibility for:

- Review and approval of the University's Risk Management Policy and its implementation
- Periodic review of the effectiveness of risk management and assurance processes.

A high-level summary of University level risks and management responses is presented in the following pages.

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	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

Strategic Risk Headlines	Management Approach and Mitigations
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.	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 renumeration 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.
Infrastructure	Effective governance and risk management oversight through the

Strategic Risk Headlines	Management Approach and Mitigations
If the Institution fails to keep pace with and realise the benefits of increasing digitalisation or high-quality building infrastructure, there is a risk to provision of high quality teaching, learning and excellence in research. The University must also ensure its estate maintains a competitive edge in terms of modernisation and quality of facilities. The Institution's competitiveness, high quality student experience and the extent to which colleagues feel empowered may also be adversely impacted.	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.

Financial review

Chief Financial Officer's introduction

The 2022/23 financial year has been a challenging one due to the uncertain economic climate and significant inflationary pressures. Nonetheless, the University has delivered a small underlying surplus, pushed forward a multi-year investment programme which will enable future growth, and rewarded our staff with a much deserved £500 award (pro rata award for part-time staff). I am extremely grateful to all the University's hardworking staff, whose dedication is behind all of our successes.

The home tuition fee has now been frozen since 2017/18 but high inflation, since 2022, has resulted in a continued increase in the cost base of the University. To improve our financial sustainability we continue to work on driving international recruitment, improving our research margin and improving our operational efficiency.

Our investment programme will continue for some years as we replace core systems and address a maintenance backlog across all of our buildings. These investments will put us in a better place to tackle future challenges. Most notably, we are developing the Castle Meadow Campus which will enable future growth and improved performance of our Business School as well as providing a platform for more civic engagement.

We were pleased to have our strong financial position externally verified by Standard and Poor's, with our credit rating reaffirmed at an A+ with stable outlook. We are proud to have maintained this through the challenges of the pandemic and subsequent years of high inflation. We maintain a low debt level which gives us the opportunity to support the investment needs of the University as they arise in coming years.

We will continue with our plan to deliver the University's strategy and drive improved performance. Once again, I thank the staff and students who are driving this success.

M Monckton

Margaret Monckton
Chief Financial Officer of the University of Nottingham

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.

2022/23 financial performance

Consolidated key highlights

	2022/23 £ million	2021/22 £ million	2020/21 £ million	2019/20 £ million	2018/19 £ million
Total income	822.8	801.8	696.1	710.4	701.2
Expenditure before pension adjustments	819.8	741.7	666.4	679.0	678.0
Adjusted surplus	**3.0**	**60.1**	**29.7**	**31.4**	**23.2**
Valuations and other gains	7.2	50.5	14.5	0.5	7.4
Operating surplus	**10.3**	**110.6**	**44.2**	**31.9**	**30.6**
USS pension adjustment	53.3	(181.7)	(14.4)	85.0	(110.0)
Pension interest costs	(9.8)	(2.2)	(2.9)	(5.3)	(4.0)
Surplus / (deficit) for the year	**53.8**	**(73.3)**	**26.9**	**111.6**	**(83.4)**
Actuarial movement on CPAS pension	15.6	62.5	60.1	(22.4)	(20.6)
Total comprehensive income or (loss) for the year	**69.4**	**(10.8)**	**87.0**	**89.2**	**(104.0)**
Staff costs before USS adjustment	445.5	402.2	378.5	402.4	365.3
Total net assets	625.9	556.5	567.2	480.2	390.9
Cash generated from operations	27.2	108.9	77.5	38.3	41.0
Capital investment	59.2	89.3	36.9	41.6	54.0
Total invested back into UoN* **including revenue investment*	103.9	126.7	58.2	55.6	91.2

Surplus / (deficit) for the year

The 2022/23 financial statements are again impacted by the volatility that results from the application of relevant accounting standards which do not reflect how the university has performed during the year.

The largest adjustment is to recognise a provision for its proportion of the USS deficit recovery plan within staff costs, the movement going through income and expenditure. Other gains and losses are detailed below, primarily being the market revaluation of the University's private debt placement. These movements are unrepresentative of the University's underlying financial performance and delivery of the University strategy. As such they are excluded from the commentary below, although further details are available in the policies and notes to these financial statements.

The adjusted surplus for the year is £3.0m (2021/22: surplus of £60.1m). The reduced surplus position reflects the initiation of a significant investment programme which was part paused until after the Covid-19 pandemic. It also reflects the absorption of a significant amount of cost inflation. Despite these challenges, the University was able to use some of the surplus to reward staff with a pro rata'd £500 award and still deliver a small surplus.

Income

Total income increased by 2.6% to £822.8m. This was driven by an increase in Office for Students (OfS) grants because of teaching more students in higher cost subjects and Research England grants as a result of an increase in QR funding as a result of the REF2021 outcome, of £10.2m, and in other operating income of £7.0m.

	2022/23 £ million	2021/22 £ million	2020/21 £ million	2019/20 £ million	2018/19 £ million
Tuition fees and education contracts	435.4	433.7	387.7	389	356.6
Funding body grants	118.7	108.5	102	98.6	90.9
Research grants and contracts	129.5	131.4	114.9	105	124.3
Other operating income	133.2	122.8	87.6	109.3	125.1
Investment income	3.2	1.2	2.1	2.8	2
Donations and endowments	2.9	4.3	1.8	5.7	2.3
Total income	**822.8**	**801.8**	**696.1**	**710.4**	**701.2**

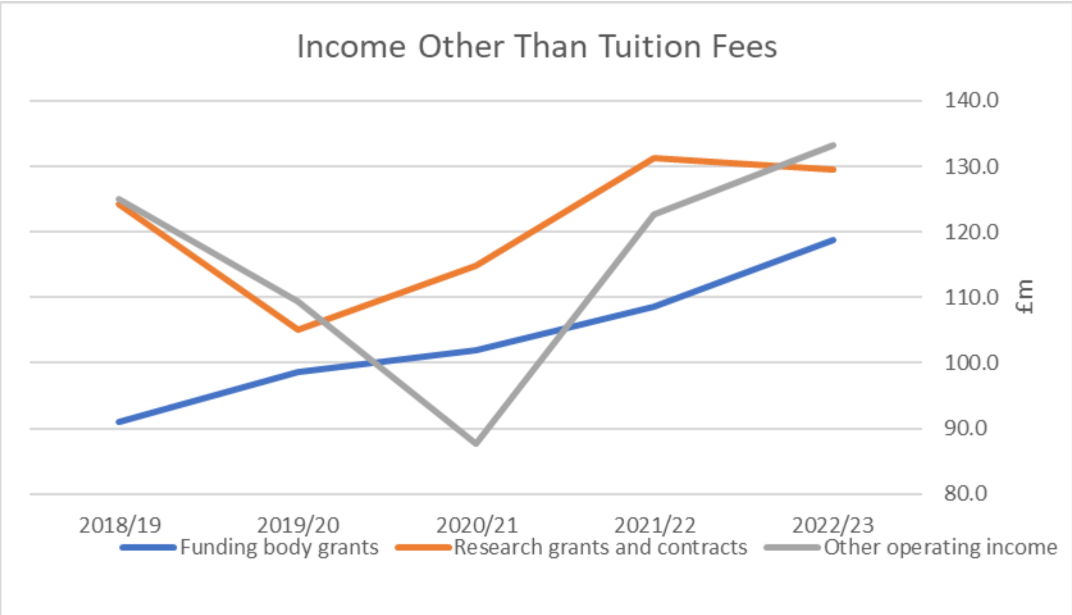
Tuition fee income grew by £1.7m (0.4%) to £435.4m. The University's strategy is to gradually increase the mix of international students as a proportion of total students, a strategy which will gradually grow tuition fee income but maintain the overall size of the student population.

Student numbers (FTE)	**2022/23**	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Undergraduate					
Home/EU	24,559	24,437	23,542	22,183	21,331
International	3,736	3,634	3,441	3,860	3,649
	28,295	**28,071**	**26,983**	**26,043**	**24,980**
Postgraduate taught					
Home/EU	1,782	2,037	2,214	2,068	2,128
International	3,222	2,811	1,959	2,902	2,317
	5,004	**4,848**	**4,173**	**4,970**	**4,445**
Postgraduate research					
Home/EU	1,577	1,885	1,951	1,848	1,917

International	916	998	987	938	936
	2,494	**2,883**	**2,938**	**2,786**	**2,853**
Total student FTEs	**35,793**	**35,802**	**34,094**	**33,799**	**32,278**

Research income decreased slightly to £129.5m (2021/22: £131.4m) due to a small increase in onerous contract provisions where the University will be unable to fulfil the contract's conditions.

Commercial and other operating income increased by 8.5% to £133.2m (2021/22: £122.8m). This arose from an increase of £10.4m in services provided by University academic departments to commercial partners. Meanwhile our residences, catering and conferences income increased by £4.5m, having last year recovered to pre-pandemic levels.

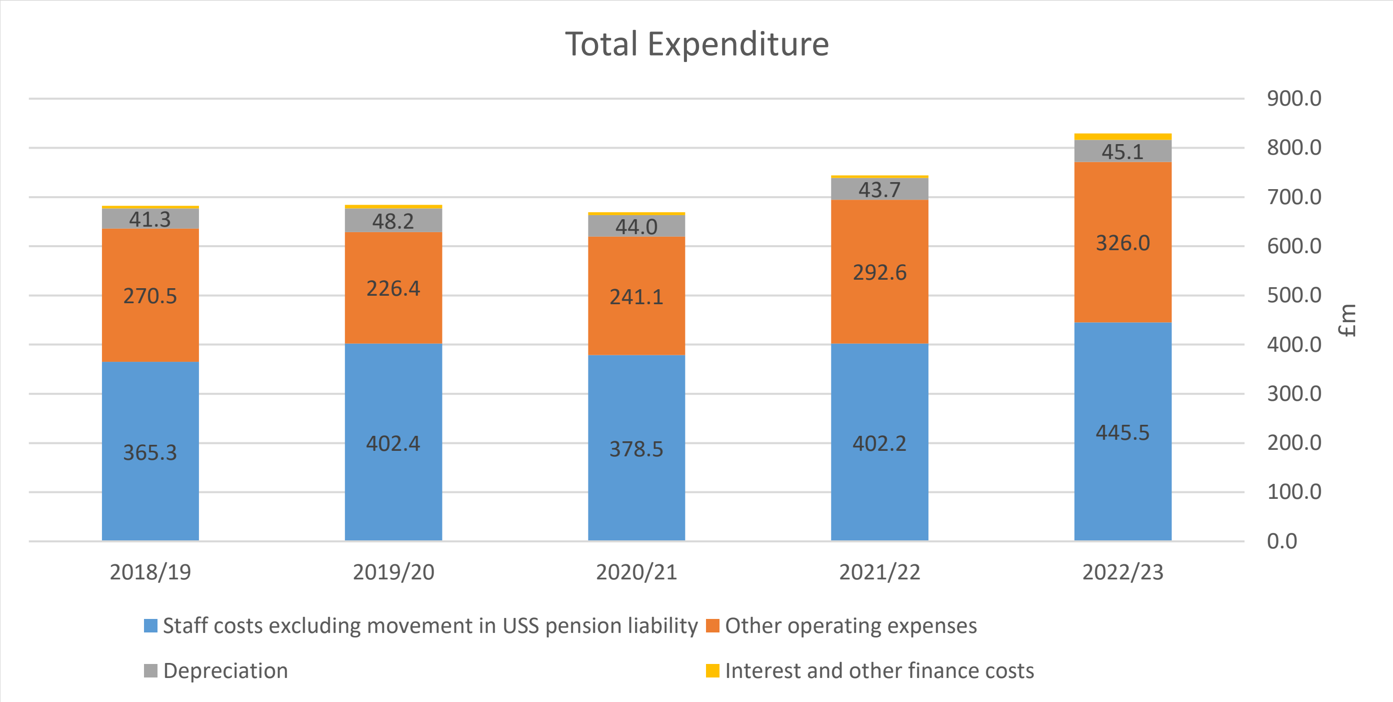


Expenditure

Prior to the USS pension adjustment and finance costs related to pension adjustments, spend in the year has increased to £829.6m (2021/22: £743.9m).

Total expenditure increased by 11% (2021/22: 11%), partly because of inflationary pressures, but the increase also reflects continuing investment into future-proofing the University, through addressing a maintenance backlog and enabling growth through strategic priorities such as the Castle Meadow Campus.

Staff costs increased to £445.5m (2021/22: £402.2m), forming 54% (2021/22: 54%) of total expenditure. This includes the cost of a £500 award to all our staff (pro rata for part-time staff).



Other operating expenses increased to £326.0m (2021/22: £292.6m), which is representative of the current high inflationary environment along with increased activity.

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. The discount rate by which future liabilities are measured back to present-day value is based on corporate bond yields. These have increased dramatically this year, tracking global bank base rates and inflation expectations.

This year's higher discount rates have 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.

Signs are that forthcoming valuations of the University of Nottingham CPAS and USS schemes will show both schemes in much healthier positions than in the past, which we hope will relieve pressure on contribution rates and for the USS, result in increased staff benefits.

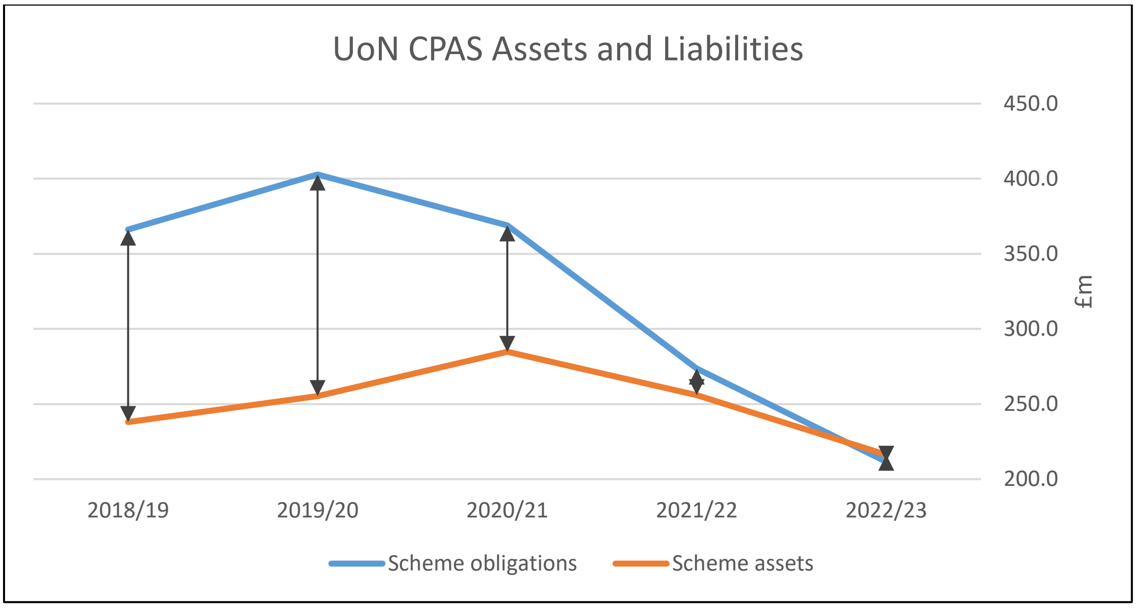
CPAS

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.

For the first time in recent years, the CPAS scheme shows a net surplus position, that is to say that the fair value of the scheme's assets are £4.7m surplus in excess of the scheme's defined benefit obligations, eliminating the £17.6m provision for the scheme's deficit which was held in 2021/22. Overall the university shows a £15.6m actuarial gain from the net movement in the CPAS scheme (2021/22: £62.5m).

The defined benefit obligation has significantly decreased to £211.6m (2021/22: £273.6m) as a result of corporate bond yield movements. This more-than-outweighed the decrease in the fair value of the scheme's assets, from £256m to £216.3m, which was due to lower than expected asset returns adding to higher inflation.



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 because our individual share of the scheme's assets and liabilities cannot be identified. 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 which cannot be split, increases or decreases to this provision go through staff costs in the accounts.

The 2023 valuation is in progress and it is hoped that it will reduce uncertainty as well as allow an increase in staff benefits.

The obligation to fund the University's share of the USS deficit stands at £238.1m (2021/22: £282.1m). The terms of USS have not changed during the year. Rather, the movement is driven by the change in discount rate tracking increased corporate bond yields.

Net assets

Total net assets of the University group increased to £625.9m (2021/22: £556.5m) and this is reflective of the changes in provisions for future pension liabilities, primarily the reduction of the USS deficit provision by £44m as described above.

Total assets of the University grew to £1,385.2m (2021/22: (£1,368.5m) as the investment programme increased fixed assets by £12.7m to £983.9m.

Cash and liquidity

The cash and cash equivalents balance on 31 July 2023 stood at £124.4m (2021/22: £139.0m). The timing of cash outflows over the year-end period meant that whilst costs increased during the year, the cash balance at year-end remained strong.

The University has maintained all existing debt facilities and therefore had access to £140m of revolving credit facility in year, all of which 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. Details are described in the accounting policies. The fair value adjustment totals a gain of £10.1m (2021/22: gain of £39.8m) and is a non-cash adjustment, therefore the total private placement is recorded as debt of £60.6m (2021/22: £70.7m) on the balance sheet. The movement is recorded in the statement of comprehensive income within gains and losses on investments.

The contractual cash payments arising from the £100m 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.

In 2022/23 our fundraising activities included face-to-face meetings, events, applications to Trusts and Foundations, legacy stewardship and integrated direct mail & online appeals. Over the course of 2022/23 the University's Campaign and Alumni Relations Office secured new funds of £5.3m (2021/22: £4.1m) and the major gift fundraising team secured 355 meetings with prospective donors across the year (2021/22: 535). Overall, 2,893 individuals and organisations contributed financially to the University in 2022/23 (including 251 first time donors) and we have worked hard to retain donors through our stewardship programme. Our international capability has expanded with the appointment of a Director of Philanthropy for Asia, based in Hong Kong. Their team will capitalise on fundraising opportunities from the 40,000 alumni based in the region.

During 2022/23 1,175 volunteers shared their unique expertise with 6,429 student beneficiaries and supported University strategic priorities including Student Recruitment, Student Experience, Employability and Teaching & Learning (2021/22: 844 volunteers and 4,682 student beneficiaries).

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF 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 2023 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Nottingham ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2023 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cashflow 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer

we considered the significant laws and regulations to be Financial Reporting Standard 102, the Statement of Recommended Practice: Accounting for Further Education and Higher Education (FEHE SORP 2019), the OfS' Accounts Direction (OfS 2019.41) and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, the Bribery Act 2010, data protection and registration with the Office for Students and their ongoing conditions of registration.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, also Audit and Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be recognition of income in the correct accounting period and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias, including provision for doubtful debts, provision for USS pension recovery plan, the assumptions used in the calculation of CPAS pension obligation, liability for staff annual leave not taken at the reporting date, fair valuation of private placement and fair value of investment in non-listed companies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

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 and the charters and statutes of the University. 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

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Kyla Bellingall (Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham, UK

13 December 2023

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

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

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 12 months from the date of signing the financial statements. Accordingly, it continues 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.

The University has updated the five-year Medium Term Financial Plan 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
- post-pandemic behavioural changes
- levels of strategic investment

Key risks and uncertainties considered include those arising from changes to student mobility coming after the Covid-19 pandemic, 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.

Post-year end, a Coronavirus Large Business Interruption Loan Scheme (CLBILS) Revolving Credit Facility (RCF) of £60m was not replaced in October 2023. The University had never drawn down on this facility and has access to an alternative £80m revolving credit facility. Therefore management assessed that the University has sufficient accumulated reserves and available facilities to meet ongoing requirements.

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 2023.

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

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 body 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 University 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

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 ten 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.

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 and is consolidated as property, plant and equipment.

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:

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

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

(3) 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 and fuel supplies 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 University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from 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 University 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 University’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 University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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 University.

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 University, 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 University is restricted in the use of these funds.

21. Changes in accounting policies

There have been no changes to accounting policies during the 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 £7.1m (2022: £14.4m). Of this provision, £4.3m (2022: £9.5m), being 60% (2022: 66%) relates to debt from student tuition fees, accommodation and other.

The £3.3m tuition fee aspect of the provision represents 76% (2022: 74%) 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 5.50% (2022: 3.32%). 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 5% p.a. growth in payroll costs for one year 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 £238.1m (2022: £282.1m). 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	£18.9m / (£17.3m)
1% p.a. higher / (lower) than modelled headcount increase in all years	£20.5m / (£14.5m)
0.5% p.a. (increase) / decrease in discount rate	(£6.4m) / £11.5m

(c) CPAS pension actuarial measurement

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 net pension surplus for the plan is £4.7m (2022: liability of £17.6m). The movement during the year was caused by the surplus on the plan's assets and the remeasurement of the benefit obligation incorporating new census data, actuarial and life expectancy assumptions. Judgements on this can be found in the following section.

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 2023 of £18.6m (2022: £18.0m). The 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 November 2019, the University issued a 30-year private placement loan note for £100m. The note contains an embedded prepayment option with related currency swaps. As such it is treated as a complex financial instrument as per FRS 102 sections 11 and 12, and is restated to fair value at the balance sheet date. To limit the level of management's estimation, an external third party undertakes the fair valuation.

The valuation is split principally into two phases. Firstly, a discounted cashflow based on the contractual payments. Secondly, this is weighted by probability of the prepayment option being exercised. The resulting valuation is highly sensitive to changes in the discount rate applied and is reliant on management's assumptions.

In arriving at the valuation of the integral option, management has made assumptions that are judged to be commercially reasonable and reflective of the position at the balance sheet date: that the option to prepay will be reassessed every five years or more and would only be exercised should it result in a substantial net benefit to the university. These assumptions result in the integral option having an immaterial value.

Therefore, the most sensitive input to the estimation is the discount rate applied to future cashflows. This was an implied rate of 5.33% (2022: 2.56%). The discount rate is based on that of government bonds (gilts) forward to maturity of the instrument, with an adjustment to reflect the university's credit risk profile. This adjustment is based on the credit risk spread on issuance rolled forward with other comparable and observable traded debt instruments. Management considers this to be a reasonable credit risk estimate.

The assumptions above result in the private placement being recorded at a fair value of £60.6m (2022: £70.7m) with a gain of £10.1m (2022: £39.8m) being recorded 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.

Contractual payments relating to the £100m private placement remain unchanged.

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 USS 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.

(c) Recognition of asset relating to CPAS Pension Scheme

Management recognises a £4.7m net pension surplus relating to the surplus of assets above liabilities calculated by actuaries of the University of Nottingham CPAS pension scheme. FRS 102 allows recognition of a pension plan’s surplus to the extent that an entity can recover the surplus. Management has taken the judgement that the University would be able to recover the entirety of the CPAS surplus. This judgement is based on the assessment that the University would have the unconditional right to a surplus in event of any wind-up of the pension scheme as sole employer and final beneficiary. As such, the net pension surplus is recognised on the balance sheet.

The University of Nottingham
Consolidated and University Statement of Comprehensive Income

For the Year Ended 31 July 2023

		Consolidated		University	
		2023	**2022**	**2023**	**2022**
	Note	**£m**	**£m**	**£m**	**£m**
Income					
Tuition fees and education contracts	1	435.4	433.7	435.4	433.7
Funding body grants	2	118.7	108.5	118.7	108.5
Research grants and contracts	4	129.5	131.4	129.5	131.4
Other operating income	5	133.2	122.8	121.1	113.4
Investment income	6	3.2	1.2	3.6	1.4
Donations and endowments	7	2.9	4.3	2.9	4.3
Total income		**822.8**	**801.8**	**811.2**	**792.7**
Expenditure					
Staff costs excluding movement in USS pension liability	8	445.5	402.2	440.0	398.4
Movement in USS pension liability	8, 21	(53.3)	181.7	(53.3)	181.7
Total staff costs		**392.1**	**583.9**	**386.7**	**580.1**
Other operating expenses	9	326.0	292.6	319.6	287.4
Depreciation	13	45.1	43.7	44.6	43.2
Interest and other finance costs	10	13.1	5.4	13.0	5.4
Total expenditure		**776.3**	**925.6**	**763.9**	**916.1**
Surplus / (deficit) before other gains / (losses) and share of operating surplus in associates		46.6	(123.8)	47.4	(123.4)
Gain on disposal of fixed assets and investments		(0.3)	(0.3)	(0.3)	(0.3)
Gain / (loss) on valuation of investments		(7.0)	2.6	(0.2)	(2.4)
Gain / (loss) on fair valuation of private placement	20, 29	10.1	39.8	10.1	39.9
Share of profits in associated companies	17	4.4	8.4	-	-
Surplus / (deficit) for the year		**53.8**	**(73.3)**	**57.0**	**(86.2)**
Actuarial gain / (loss) in respect of pension scheme	28	15.6	62.5	15.6	62.5
Total comprehensive income / (loss) for the year		**69.4**	**(10.8)**	**72.6**	**(23.7)**
Represented by:					
Endowment comprehensive income / (loss) for the year	22	0.3	(0.1)	0.3	(0.1)
Restricted comprehensive income / (loss) for the year	23	0.1	0.2	0.1	0.2
Revaluation reserves comprehensive income / (loss) for the year		-	-	-	-
Unrestricted comprehensive income / (loss) for the year		68.9	(10.9)	72.2	(23.8)
		69.4	**(10.8)**	**72.6**	**(23.7)**

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.

The University of Nottingham
Consolidated and University Statement of Changes in Reserves
For the Year Ended 31 July 2023

Consolidated		**Income and expenditure account**			**Revaluation reserve**	**Total**
		Endowment	*Restricted*	*Unrestricted*	*Unrestricted*	
	Note	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 August 2021		72.3	7.5	486.3	1.3	567.4
Unrestricted surplus / (deficit) from the income and expenditure statement		-	-	(10.9)	-	(10.9)
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)
Total comprehensive income / (loss) for the year		(0.1)	0.2	(10.9)	-	(10.8)
Balance at 31 July 2022		72.2	7.7	475.4	1.3	556.6
Unrestricted surplus from the income and expenditure statement		-	-	68.9	-	68.9
Income from investment of the endowment portfolio	**22**	1.4	-	-	-	1.4
New endowments, donations and grants (including research)	**22/23**	0.0	2.2	-	-	2.2
Release of restricted funds spent in year	**22/23**	(0.1)	(2.1)	-	-	(2.2)
Unrealised appreciation of endowments, investments and investment properties	**22/23**	(1.0)	-	-	-	(1.0)
Total comprehensive income / (loss) for the year		0.3	0.1	68.9	-	69.3
Balance at 31 July 2023		72.5	7.8	544.3	1.3	626.0

University		**Income and expenditure account**			**Revaluation reserve**	**Total**
		Endowment	*Restricted*	*Unrestricted*	*Unrestricted*	
	Note	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 August 2021		72.3	7.5	444.2	1.3	525.4
Unrestricted surplus / (deficit) from the income and expenditure statement		-	-	(23.9)	-	(23.9)
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)
Total comprehensive income / (loss) for the year		(0.1)	0.2	(23.9)	-	(23.8)
Balance at 31 July 2022		72.2	7.7	420.4	1.3	501.6
Unrestricted surplus from the income and expenditure statement		-	-	72.1	-	72.1
Income from investment of the endowment portfolio	**22**	1.4	-	-	-	1.4
New endowments, donations and grants (including research)	**22/23**	0.0	2.2	-	-	2.2
Release of restricted funds spent in year	**22/23**	(0.1)	(2.1)	-	-	(2.2)
Unrealised appreciation of endowments, investments and investment properties	**22/23**	(1.0)	-	-	-	(1.0)
Total comprehensive income / (loss) for the year		0.3	0.1	72.1	-	72.5
Balance at 31 July 2023		72.5	7.8	492.5	1.3	574.1

The University of Nottingham
Consolidated and University Statement of Financial Position

As at 31 July 2023

		Consolidated		University	
		2023	**2022**	**2023**	**2022**
	Note	**£m**	**£m**	**£m**	**£m**
FIXED ASSETS					
Fixed assets	13	983.9	971.2	977.5	964.7
Intangible Fixed Assets	14	2.9	2.6	2.9	2.6
Heritage assets	15	1.1	1.1	1.1	1.1
Investments	16	75.7	75.0	76.1	77.8
Investments in associates	17	64.5	67.0	11.1	11.1
		1,128.0	1,116.8	1,068.6	1,057.3
CURRENT ASSETS					
Stock		2.0	1.6	2.0	1.6
Trade and other receivables	18	130.7	111.1	136.0	115.1
Short term investments		0.1	0.1	0.1	0.1
Cash and cash equivalents		124.4	139.0	118.5	135.4
		257.2	251.7	256.6	252.2
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(250.1)	(235.0)	(241.9)	(231.0)
NET CURRENT LIABILITIES		7.2	16.7	14.7	21.2
TOTAL ASSETS LESS CURRENT LIABILITIES		1,135.2	1,133.5	1,083.3	1,078.5
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20	(271.1)	(277.3)	(271.1)	(277.3)
Provisions	21	(238.2)	(299.7)	(238.1)	(299.7)
TOTAL NET ASSETS		625.9	556.5	574.1	501.5
RESTRICTED RESERVES					
Income and expenditure reserve - endowment reserve	22	72.6	72.2	72.6	72.2
Income and expenditure reserve - restricted reserve	23	7.8	7.7	7.8	7.7
		80.4	79.9	80.4	79.9
UNRESTRICTED RESERVES					
Income and expenditure reserve - unrestricted		544.2	475.3	492.5	420.3
Revaluation reserve		1.3	1.3	1.3	1.3
		545.5	476.6	493.8	421.6
TOTAL RESERVES		625.9	556.5	574.1	501.5

The financial statements on pages 44 to 62 were approved by Council on 11 December 2023 and signed on its behalf by:

Shearer West

PROFESSOR SHEARER WEST
Vice Chancellor

GILES WILLITS
Treasurer and Chairman of Finance Committee

The University of Nottingham

Consolidated Cashflow Statement

For the Year Ended 31 July 2023

	Notes	2023	2022
		£m	£m
Cash flow from operating activities			
Surplus / (deficit) for the year		53.8	(73.1)
Adjustment for non-cash items			
Depreciation	13	45.0	43.7
Amortisation of intangibles		0.1	-
(Gain) / loss on endowments and investments		(2.9)	(33.2)
(Increase) / decrease in stock		(0.5)	0.2
(Increase) / decrease in debtors	18	(19.7)	7.9
Increase / (decrease) in creditors	19,20	12.9	2.7
Increase / (decrease) in pension provision	21	(55.8)	176.4
Increase / (decrease) in other provisions	21	-	(0.3)
Share of operating (surplus) in associates	17	(4.4)	(8.4)
Adjustment for investing or financing activities			
Investment income	6	(1.9)	(0.1)
Investment income on endowments	6	(1.3)	(1.1)
Interest payable	10	13.1	5.4
Endowment additions		-	-
(Profit) / loss on the sale of fixed assets and investments		0.3	0.3
Capital grant income / release		(11.5)	(11.6)
Net cash inflow from operating activities		**27.2**	**108.9**
Cash flows from investing activities			
Proceeds from sales of fixed assets	13	0.3	-
Capital grants receipts		18.0	12.7
Disposal of non-current asset investments	16	-	0.6
Payments to acquire non-current asset investments		(1.2)	(1.6)
Investment income	6	1.9	0.1
Proceeds on sale of endowment investments	22	1.1	0.7
Payments to acquire endowment investments	22	(0.9)	(1.1)
New deposits of endowment investments	22	0.0	-
Investment income on endowments	6	1.3	1.1
Payments made to acquire fixed assets	13	(59.2)	(89.3)
Cash flows from investing activities		**(38.6)**	**(76.8)**
Cash flows from financing activities			
Interest paid	10	(3.2)	(3.2)
Endowment cash received		-	-
Cash flows from financing activities		**(3.2)**	**(3.2)**
Effect of retranslation of foreign currency cash balances		0.0	(0.2)
Increase in cash and cash equivalents in the year		**(14.6)**	**28.7**
Cash and cash equivalents at beginning of the year		139.0	110.3
Cash and cash equivalents at end of the year		124.4	139.0

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

The University of Nottingham
Notes to the Financial Statements
For the Year Ended 31 July 2023

1. Tuition fees and education contracts

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Full-time credit bearing courses - home fees	228.7	235.2	228.7	235.2
Full-time credit bearing courses - international fees	177.5	171.2	177.5	171.2
Part-time credit bearing courses	4.6	4.3	4.6	4.3
Other teaching contracts	3.3	3.9	3.3	3.9
Non credit bearing courses and other fees	21.3	19.1	21.3	19.1
	435.4	433.7	435.4	433.7

2. Funding body grants

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Recurrent Grants				
Office for Students (OfS)	44.3	40.4	44.3	40.4
OfS Capital Grant	5.8	5.6	5.8	5.6
Research England	68.5	62.2	68.5	62.2
	118.6	108.3	118.6	108.3
Specific Grants				
Other OfS	0.1	0.2	0.1	0.2
	0.1	0.2	0.1	0.2
	118.7	108.5	118.7	108.5

3. Sources of grant and fee income

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Grant income from the OfS	50.2	46.3	50.2	46.3
Grant income from other bodies	68.5	62.2	68.5	62.2
Fee income for taught awards	391.3	390.8	391.3	390.8
Fee income for research awards	40.3	38.5	40.3	38.5
Fee income from non-qualifying courses	3.8	4.4	3.8	4.4
Total grant and fee income	554.0	542.2	554.1	542.2

4. Research grants and contracts

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Research councils	57.0	57.8	57.0	57.8
UK based charities	12.7	12.6	12.7	12.6
UK central or local government and health authorities	30.7	31.0	30.7	31.0
UK industry, commerce and public corporations	9.3	9.1	9.3	9.1
EU government and other sources	10.4	13.3	10.4	13.3
Other grants and contracts	9.4	7.5	9.4	7.5
	129.5	131.4	129.5	131.4

5. Other operating income

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Residences, catering and conferences	51.5	47.0	39.6	37.9
Other services rendered	37.7	27.8	36.3	25.7
Health authorities	9.6	9.4	9.6	9.4
Released from deferred capital grants	0.9	1.5	0.9	1.5
Other income	33.4	37.0	34.8	38.9
	133.2	122.8	121.1	113.4

6. Investment Income

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Investment income on endowments (note 22)	1.3	1.1	1.3	1.1
Other interest receivable	1.9	0.1	2.3	0.4
	3.2	1.2	3.6	1.4

7. Donations and endowments

	Consolidated		University	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
New endowments (note 22)	0.0	1.0	0.0	1.0
Donations with performance conditions	0.1	1.1	0.1	1.1
Donations with restrictions (note 23)	1.8	2.0	1.8	2.0
Unrestricted donations	0.9	0.2	0.9	0.2
	2.9	4.3	2.9	4.3

8. Staff

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Staff costs:				
Gross pay	349.4	315.0	344.5	311.6
Social security costs	35.1	31.8	34.7	31.6
Other pension costs (note 28)	61.0	55.4	60.8	55.3
Movement on USS pension provision (note 21, 28)	(53.3)	181.7	(53.3)	181.7
	392.1	583.9	386.7	580.1

8a. Emoluments of Vice-Chancellor Professor Shearer West

	2023	2022
	£	£
Contractual salary	311,080	290,500
Basic salary	**311,080**	**290,500**
In lieu of pension contributions	30,502	30,502
Remuneration	341,582	321,002
Employers pension contributions	19,598	12,056
Total cost	361,181	333,058

The above figures look at the financial year ending 31 July 2023. Details of the current salary, as approved by the Remuneration Committee, are available on University's website.

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 over 7,000 staff based in campuses across the UK, China and Malaysia, as well as a global community of 320,000 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.

In 2022/23, the Vice-Chancellor Professor Shearer West received only the national salary increase of 2% implemented for all staff covered by UCEA negotiations.

Professor Shearer West was employed for the full financial year. Her basic salary was 8.2 times the median basic pay of staff (2022: 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 8.0 times (2022: 7.4 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.

8b. Compensation for loss of office

	2023	2022
	£m	£m
Compensation for loss of office paid (or payable) to employees of the University	1.4	1.5
Number of employees of the University where compensation has been paid (or is payable)	126	171

	2023	2022
	£m	£m
Compensation for loss of office paid (or payable) to employees of subsidiaries of the University	-	-
Number of employees of subsidiaries of the University where compensation has been paid (or is payable)	-	1

8c. Average Staff Numbers (Consolidated)

	2023	2022
	FTE	FTE
Average staff numbers by major category:		
Teaching and Research	3,334.1	3,266.7
Technical	546.2	531.0
Administrative, Professional and Managerial	2,973.1	2,683.6
Other, including manual	961.0	955.1
	7,814.4	7,436.3

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 institiution 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 here: https://www.nottingham.ac.uk/about/structure/university-executive-board/university-executive-board.aspx

Basic salary per annum	Number (FTE) of staff 2022/23	Of which, University Executive Board members (FTE)	Number (FTE) of staff 2021/22	Of which, University Executive Board members (FTE)
£100,000 - £104,999	30.38		27.63	
£105,000 - £109,999	15.40		10.20	
£110,000 - £114,999	16.01		29.23	1.00
£115,000 - £119,999	14.42	1.00	6.40	
£120,000 - £124,999	11.80		16.65	2.00
£125,000 - £129,999	23.85	2.00	4.70	2.00
£130,000 - £134,999	7.55		4.80	3.00
£135,000 - £139,999	6.80	1.00	3.50	
£140,000 - £144,999	6.50	1.00	3.60	2.00
£145,000 - £149,999	4.60	1.00	1.00	1.00
£150,000 - £154,999	2.00	2.00	0.80	0.80
£155,000 - £159,999	1.00	1.00	0.80	
£160,000 - £164,999	1.60	0.80	0.25	
£165,000 - £169,999	0.25			
£170,000 - £174,999			1.00	1.00
£175,000 - £179,999			2.00	1.00
£180,000 - £184,999	1.00	1.00	1.20	1.00
£185,000 - £189,999	2.20	1.00		
£190,000 - £194,999	1.00	1.00	1.00	
£290,000 - £294,999			1.00	1.00
£310,000 - £314,999	1.00	1.00		
	147.36	**13.80**	**115.76**	**15.80**

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 2023 there were 15 members (2022: 16 members).

	2023	**2022**
	£m	**£m**
Compensation paid to key management personnel	2.4	2.4

9. Other Operating Expenses	**Consolidated**		**University**	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Purchase, hire and repair of equipment	44.4	47.0	44.2	46.8
Consumables and laboratory expenditure	25.3	24.0	24.9	23.7
Published materials	8.4	8.7	8.4	8.6
Travel and subsistence	12.5	5.6	12.4	5.5
Professional and other fees	86.4	79.9	84.3	76.9
Fellowships, scholarships and prizes	51.6	48.9	51.6	48.9
Catering supplies	7.8	6.3	6.6	5.1
Repairs and general maintenance	28.8	22.3	26.3	20.3
Heat, light, water and power	30.8	20.7	30.7	21.3
Rent, rates and insurance	12.1	9.0	12.0	9.1
Grants to University of Nottingham Students' Union	2.2	2.1	2.2	2.1
Auditor's remuneration	0.7	0.3	0.6	0.3
Training	3.0	2.2	3.0	2.2
Advertising	1.9	1.7	1.8	1.7
Other expenses	10.0	13.9	10.7	15.0
	326.0	292.6	319.6	287.4

Auditor's remuneration includes:

	Consolidated		**University**	
	2023	**2022**	**2023**	**2022**
	£000	**£000**	**£000**	**£000**
Prior year costs, excluding VAT	148.3	-	118.3	-
In respect of audit services, excluding VAT	375.0	215.0	299.5	175.0
Other assurance services, excluding VAT	97.3	131.5	97.3	131.5
	620.5	346.5	515.0	306.5

Overruns from prior year's audit (excl vat) amounted to £148,250.

10. Interest and Other Finance Costs

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Bank interest on loans	3.2	3.2	3.2	3.2
Finance costs for CPAS pension scheme (note 28)	0.5	1.3	0.5	1.3
Finance costs for USS pension scheme provision (notes 21 and 28)	9.4	0.9	9.4	0.9
	13.1	5.4	13.0	5.4

11. Analysis of Expenditure by Activity

Consolidated

	Staff Costs	Dep'n	Other Operating Expenses	Interest Payable	2023 Total	2022 Total
	£m	£m	£m	£m	£m	£m
Academic departments	252.3	5.6	76.5	-	334.4	298.3
Research grants and contracts	49.9	4.2	40.1	-	94.2	93.0
Total teaching and research	302.2	9.8	116.6	-	428.6	391.3
Academic services	32.8	4.0	50.0	-	86.7	78.6
Administration	67.2	5.3	56.7	-	129.3	120.3
Premises	15.4	22.4	60.2	0.1	98.2	81.1
Residences, catering and conferences	15.9	3.5	28.7	0.1	48.2	40.0
Other expenses	(41.3)	0.2	13.7	12.8	(14.7)	214.3
Total per income and expenditure account	392.1	45.1	325.9	13.1	776.3	925.7

University

	Staff Costs	Dep'n	Other Operating Expenses	Interest Payable	2023 Total	2022 Total
	£m	£m	£m	£m	£m	£m
Academic departments	252.3	5.6	76.6	-	334.4	298.8
Research grants and contracts	49.9	4.2	40.1	-	94.2	92.7
Total teaching and research	302.1	9.8	116.7	-	428.6	391.5
Academic services	32.8	4.0	50.1	-	86.8	78.7
Administration	67.2	5.3	56.8	-	129.3	120.4
Premises	15.4	22.1	62.4	0.0	99.8	83.1
Residences, catering and conferences	10.9	3.3	22.8	-	36.9	31.2
Other expenses	(41.7)	0.2	10.8	13.0	(17.7)	211.4
Total per income and expenditure account	386.7	44.6	319.5	13.0	763.8	916.3

Other operating expenses includes a reduction of £53.3m in relation to the USS pension provision (2022: charge of £181.7m).

12. Access and Participation

Consolidated and University	2023 Staff Costs	2023 Other Costs	2023 Total	2022 Total
	£m	£m	£m	£m
Access investment	1.7	1.1	2.9	2.8
Financial support	0.3	10.2	10.5	11.1
Disability support	1.7	0.3	2.1	1.9
Research and evaluation	0.1	0.0	0.2	0.1
	3.9	11.6	15.5	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 (https://www.nottingham.ac.uk/externalrelations/documents/theuniversityofnottingham-app-2020-21-v1-10007154.pdf). 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.

13. Tangible fixed assets

	Consolidated					
	Land and buildings				Assets in	
		Long	Investment		course of	
	Freehold	leasehold	properties	Equipment	construction	Total
	£m	£m	£m	£m	£m	£m
Cost / deemed cost						
At 1 August 2022	1,061.7	15.1	1.5	299.1	47.7	1,425.1
Re-categorisation of assets	(22.1)	20.5	-	(1.7)	3.2	(0.0)
Additions at cost	7.4	0.0	0.1	6.7	46.0	60.2
Transfers	7.8	0.3	(0.1)	12.9	(21.0)	-
Disposals	(1.3)	(0.1)	(0.1)	(15.9)	(1.9)	(19.2)
At 31 July 2023	1,053.5	35.9	1.4	301.2	74.1	1,466.1
Depreciation						
At 1 August 2022	231.8	3.8	-	218.3	-	453.9
Re-categorisation of assets	(4.1)	4.7	-	(0.6)	-	0.0
Charge for year	20.7	1.4	-	22.8	-	45.0
Eliminated on disposals	(1.0)	0.2	-	(16.0)	-	(16.8)
At 31 July 2023	247.4	10.1	-	224.6	-	482.1
Net book value						
At 31 July 2023	806.1	25.8	1.4	76.6	74.1	984.0
At 31 July 2022	829.9	11.3	1.5	80.8	47.7	971.2

	University					
	Land and buildings				Assets in	
		Long	Investment		course of	
	Freehold	leasehold	properties	Equipment	construction	Total
	£m	£m	£m	£m	£m	£m
Cost / deemed cost						
At 1 August 2022	1,061.4	15.0	1.4	292.6	46.0	1,416.4
Re-categorisation of assets	(22.1)	20.5	-	(1.7)	3.2	-
Additions at cost	7.4	-	-	6.5	45.8	59.7
Transfers	8.1	0.4	-	10.7	(19.2)	-
Disposals	(1.3)	(0.0)	(0.1)	(15.9)	(1.9)	(19.2)
At 31 July 2023	1,053.6	35.9	1.3	292.1	74.0	1,456.88
Depreciation						
At 1 August 2022	231.7	3.8	-	216.2	-	451.7
Re-categorisation of assets	(4.0)	4.7	-	(0.7)	-	-
Charge for year	20.7	1.4	-	22.3	-	44.5
Eliminated on disposals	(1.0)	0.2	-	(16.0)	-	(16.8)
At 31 July 2023	247.4	10.1	-	221.9	-	479.38
Net book value						
At 31 July 2023	806.1	25.8	1.3	70.3	74.0	977.5
At 31 July 2022	829.7	11.2	1.4	76.4	46.0	964.7

Included in both consolidated and University within freehold land and buildings is £243.0m (2022: £243.0m) 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 2023 as management do not consider the valuation to have altered materially.

14. Intangible fixed assets

	Consolidated and University		
	Intangible Assets	Assets in course of construction	Total
	£m	£m	£m
Cost			
At 1 August 2022	-	2.6	2.6
Additions at cost	-	0.7	0.7
Transfers	2.3	(2.3)	-
Disposals	-	(0.3)	(0.3)
At 31 July 2023	2.3	0.7	3.0
Amortisation			
At 1 August 2022	-	-	-
Charge for year	0.1	-	0.1
Eliminated on disposals	-	-	-
At 31 July 2023	0.1	-	0.1
Net book value			
At 31 July 2023	2.1	0.7	2.9
At 31 July 2022	-	2.6	2.6

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

15. Heritage assets

Consolidated and University

	2023	2022
	£m	£m
At 1 August 2022	1.1	1.1
At 31 July 2023	**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 £6m 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.

16. Investments

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Subsidiary companies	-	-	0.4	2.8
Spin out investments	3.8	3.4	3.8	3.5
Medium term expendable endowments	9.0	9.2	9.0	9.2
Endowment asset portfolio (note 22)	62.8	62.4	62.8	62.4
	75.7	75.0	76.1	77.8

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 £8.5m (2022: £7.6m) with an impairment provision of £4.7m (2022: £4.2m). 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.

16a. Breakdown of consolidated investments

	Spin out Investments	Medium Term Endowments
	£m	£m
Cost or market valuation		
At 1 August 2022	7.6	9.2
Additions at cost	1.1	-
Revaluation	(0.1)	0.2
Disposals	-	(0.5)
At 31 July 2023	8.6	9.0
Provisions for impairment		
At 1 August 2022	(4.2)	-
Impairment	(0.5)	-
At 31 July 2023	(4.7)	0.0
Carrying value		
At 31 July 2023	3.8	9.0
At 31 July 2022	3.4	9.2

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 principle spin-out investments are listed below, with full details on the university's website: https://www.nottinghamtechventures.com/

Investment	Type of business	Country of Incorporation	% Holding 2023	% Holding 2022
Reactive Fusion Ltd	Additive Manufacturing	United Kingdom	50%	49%
Taraz Metrology	Optical Metrology	United Kingdom	48%	48%
The Reverse Mentoring Practice (Remedi) Ltd	Human Health Activities	United Kingdom	47%	48%
The Thinking Pod Innovations Ltd	Sustainable Transport & Energy Systems	United Kingdom	45%	47%
PERFORMS Assessment Ltd	Clinical Performance Assessment	United Kingdom	45%	45%
Texture Jet Ltd	Innovative Surfacing Solutions	United Kingdom	44%	38%
Scintam Engineering Ltd	Innovative surfacing solutions	United Kingdom	36%	35%
Alevin Therapeutics Ltd	Research and Development	United Kingdom	32%	33%
Neurotherapeutics Ltd	Research and Development	United Kingdom	31%	32%
Peptimatrix	Peptide Hydrogels	United Kingdom	30%	25%
Blue Skeye AI Ltd	Artificial Intelligence	United Kingdom	28%	21%
Cerca Magnetics Ltd	Scientific & Technical Activities	United Kingdom	25%	21%
IsomAb Ltd	Research and Development	United Kingdom	21%	18%
Added Scientific Ltd	3D Printing	United Kingdom	21%	18%
Promethean Particles Ltd	Inorganic Nanoparticle Dispersion Manufacture	United Kingdom	21%	14%
Surepulse Medical Ltd (formerly Heartlight)	Heart Rate Measuring Technology	United Kingdom	18%	13%
TherageniX Ltd	Gene Delivery for Orthopaedic Applications	United Kingdom	15%	13%
FaHRAS Ltd	Health Related Software	United Kingdom	15%	10%
Terra Motion Ltd	Environmental Consulting Activities	United Kingdom	13%	10%
NuVision Biotherapies Ltd	Human Health Activities	United Kingdom	11%	9%

The Group owns 100% (2022: 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.

17. Investment in associated companies

	Consolidated	University
	£m	£m
At 1 August 2022	67.0	11.1
Share of retained profits	4.4	-
Exchange movements	(6.9)	-
At 31 July 2023	64.5	11.1

The University owns 37.5% (2022: 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 £48.4m (2022: £48.5m) equal to 37.5% of the net assets, excluding intellectual property, as at 31 July.

The University owns 29.9% (2022: 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 £16.1m (2022: £18.5m) equal to 29.9% (2022: 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.

18. Trade and other receivables

	Consolidated		University	
	2023	2022	2023	2022
Amounts falling due within one year:	£m	£m	£m	£m
Trade receivables	50.2	44.4	48.4	43.1
Amounts due from subsidiaries	-	-	9.5	8.5
Amounts due from associates (note 26)	8.4	3.1	8.4	3.1
Prepayments and accrued income relating to research grants	32.7	39.9	32.7	39.9
Prepayments and accrued income	34.5	23.1	32.1	20.0
	125.8	110.5	131.0	114.7
Amounts falling due after more than one year:				
Surplus of UoN CPAS pension scheme	4.9	0.6	4.8	0.5
	4.9	0.6	4.8	0.5
Total trade and other receivables	130.7	111.1	136.0	115.1
Donations and pledges included within prepayments and accrued income above	0.8	3.8	0.8	3.8

19. Creditors: amounts falling due within one year

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Payments received in advance	2.0	2.3	0.7	1.3
Trade payables	45.1	20.1	43.3	19.6
Social security and other taxation payable	-	14.5	-	14.7
Amounts due to subsidiaries	-	-	0.4	1.0
Accruals and deferred income	203.1	198.0	197.5	194.5
	250.1	235.0	241.9	231.0

19a. Deferred Income

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Donations	2.0	1.1	2.0	1.1
Research grants received in advance	87.2	91.0	87.2	104.2
Deferred capital grants	10.4	9.2	10.4	9.2
	99.6	101.2	99.6	114.4

In the prior year, research grants received in advance was incorrectly disclosed as £104.2m in note 19a. The correct figure was £91.0m.

20. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Government energy efficiency loans	0.3	0.3	0.3	0.3
Private placement of debt	60.6	70.7	60.6	70.7
Deferred capital grants	210.2	206.4	210.2	206.4
	271.1	277.3	271.1	277.3

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 £80 million 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 2023 this facility was undrawn (2022: undrawn).

• 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.
• A £60 million Coronavirus Large Business Interruption Loan Scheme (CLBILS) Revolving Credit Facility (RCF) issued in October 2020 has expired in October 2023 and has not been renewed.
The University does not currently hold any finance lease arrangements.

21. Provisions

	Consolidated and University			
	Obligation to fund USS deficit	**CPAS deficit**	**Pension Total**	**Total**
	£m	**£m**	**£m**	**£m**
At 1 August 2022	282.1	17.6	**299.7**	**299.7**
Additions in year (note 8)	-	-		
Utilised in year (note 8 and 10)	(5.8)	(6.6)	**(12.4)**	**(12.4)**
Unused amounts reversed in year (note 28)	(38.1)	(11.0)	**(49.1)**	**(49.1)**
At 31 July 2023	238.1	-	**238.2**	**238.2**

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 provision has been re-assessed at the period end based on the most recent estimate of the discount rate for future liabilities.

The University of Nottingham Contributory Pension and Assurance Scheme (CPAS) is a closed scheme. Over the year the Scheme has moved to a surplus position, the detail behind the assessment is described in note 28.

22. Endowments (Permanent)

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.

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		
	2023	**2023**	**2023**
	Capital	**Unapplied Total Return**	**Total**
	£m	**£m**	**£m**
At 1 August 2022			
Gift component of the endowment	44.2	28.1	**72.3**
Unapplied total return	-	-	**-**
	44.2	**28.1**	**72.3**
Movements in the reporting period:			
Gift of endowment funds	0.0	-	**0.0**
Investment return: dividends and interest	-	1.4	**1.4**
Investment return: realised and unrealised gains / (losses)	-	(1.0)	**(1.0)**
Less: investment management costs	-	(0.0)	**(0.0)**
	0.0	0.4	**0.4**
Unapplied total return allocated to income in the period	-	(0.1)	**(0.1)**
At 31 July 2023	**0.0**	**0.2**	**0.3**
At 31 July 2023			
Gift component of the endowment	44.2	-	**44.2**
Unapplied total return	-	28.4	**28.4**
	44.2	**28.4**	**72.6**

Analysis by type of purpose:	**2023**	**2022**
	£m	**£m**
Academic staff	34.9	34.5
Prizes, scholarships and student support	19.8	19.5
Subject specific	5.8	6.2
Research	3.1	3.1
Other	8.9	8.9
	72.6	**72.2**

23. Restricted reserves

	Consolidated and University			
	2023	**2023**	**2023**	**2022**
	Research	**Donations**	**Restricted Total**	**Total**
	£m	**£m**	**£m**	**£m**
At 1 August 2022	1.3	6.4	7.7	7.5
New grants	0.2	-	0.2	0.2
New donations	-	2.0	2.0	1.9
Expenditure	(0.2)	(1.9)	(2.1)	(2.0)
At 1 August 2023	1.3	6.6	7.8	7.7

Analysis by type of purpose:

Academic staff	0.2	0.1
Prizes, scholarships and student support	2.4	2.5
Subject specific	3.3	2.7
Research	1.2	1.2
Other	0.7	1.3
	7.8	7.7

24. Operating lease obligations

	Consolidated and University			
	Equipment	Buildings	2023	2022
Minimum lease payments due:	£m	£m	£m	£m
Within one year	0.6	1.9	2.5	4.0
Between two and five years	0.4	7.6	8.1	7.6
Over five years	-	4.2	4.2	5.8
	1.1	13.8	14.8	17.3

25. Capital Commitments

	Consolidated		University	
	2023	2022	2023	2022
	£m	£m	£m	£m
Commitments contracted at 31 July	9.2	14.0	9.2	14.0

The largest capital commitment at the financial year end is £2.3m relating to the refurbishment of the Castle Meadow Campus .
A grouped total of £2.5m relate to the Capital Backlog Replacement Programmes (CBRP)
The remaining commitments relate to a number of refurbishment programmes which are in progress to improve teaching, research and halls spaces across all campuses.

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% (2022: 29.9%) stake in the University of Nottingham, Malaysia, and a 37.5% (2022: 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.

	Income from related party £'000	**Expenditure to related party £'000**	**Balances due from / (owed to) the related party £'000**	Income from related party £'000	Expenditure to related party £'000	Balances due from / (owed to) the related party £'000
	Year to 31 July 2023		**At 31 July 2023**	*Year to 31 July 2022*		*At 31 July 2022*
University of Nottingham, Malaysia	1,843	348	4,102	2,807	324	3,005
University of Nottingham, China	9,546	-	4,221	4,410	(294)	143
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)	-	-	50	-	-	-

(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 (2022: none).

Expenses of £5,449 were paid to Council members in connection with their duties (2022: £5,239).

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 2022 £m	Cash Flows £m	Non-cash Changes £m	At 31 July 2023 £m
Cash and cash equivalents				
Cash	(18.6)	82.1	-	63.5
Cash equivalents	167.8	(106.9)	-	60.9
Bank overdraft	-	-	-	-
	149.2	(24.8)	-	124.4
Borrowings				
Private placement of debt	(70.7)	-	10.1	(60.6)
Government energy efficiency loans	(0.3)	-	-	(0.3)
	(71.0)	-	10.1	(60.9)
Net (debt) / cash	78.2	(24.8)	10.1	63.5

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:

	2023 £m	2022 £m
Contributions to USS	53.0	47.8
USS deficit recovery adjustment	(53.3)	181.7
Charge to I&E account re CPAS	2.0	3.4
Contributions to Other Pension Schemes	5.8	4.1
Total Pensions Cost (note 8)	7.5	237.0

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 £52.9m (2022: £47.8m) including PensionChoice, 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 £16.4m (2022: £15.1m)

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 (uss.co.uk/about-us/valuation-and-funding/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	101% of S2PMA "light" for males and 95% of S£PFA for females.
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:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

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 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.50%	3.32%
Pensionable salary growth years one & two	5% & 3.5%	6.00%
Pensionable salary growth subsequently	3.50%	3.50%

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.

Over the year the Scheme has moved from a £17.6m deficit (2022) to a £4.7m surplus. A significant decrease in the defined benefit obligation dues to a rise in corporate bond yields which drive the discout rate was the main driver of the movement in the period. This gain has been offset by a decrease in assets due to asset returns being below what was expected and actual inflation over the period being higher than expected.

CPAS - FRS102 Disclosure

The amounts recognised in the Statement of Financial Position are as follows:	**2023 £m**	**2022 £m**
Present value of defined benefit obligation	(211.6)	(273.7)
Fair value of plan assets	216.3	256.0
Net defined benefit (liability) / asset	4.7	(17.7)

The amounts recognised in staff costs within Comprehensive Income are as follows:	**2023 £m**	**2022 £m**
Service cost (recognised in staff costs)		
Current service cost	2.3	3.8
Net interest expense / (credit)	0.5	1.3
Operating charge / (credit)	2.8	5.0
Actual return less expected return on pension scheme assets		
Effect of changes in assumptions	59.3	107.2
Effect of experience adjustments	(9.3)	(11.6)
Effect of demographic assumptions	13.1	-
Return on plan assets	(47.5)	(33.0)
Actuarial gain / (loss) recognised in Comprehensive Income	15.6	62.5
Total (income) / cost related to CPAS recognised through the Statement of Comprehensive Income	(12.8)	(57.5)

The return on plan assets was:	**2023 £m**	**2022 £m**
Interest income	8.9	4.7
Return on plan assets (excluding amount included in net interest)	(47.5)	(33.0)
Actual return on plan assets	(38.5)	(28.3)

Reconciliation of scheme assets and liabilities

	2023 Assets £m	**2023 Liabilities £m**	**2023 Total £m**
At 1 August 2022	256.0	(273.7)	(17.7)
Benefit payments from plan assets	(10.9)	10.9	-
Administration expenses	(0.1)	0.1	-
Current service cost	-	(2.4)	(2.4)
Employer contributions	9.6	-	9.6
Employee contributions	0.3	(0.3)	-
Interest income / (expense)	8.9	(9.3)	(0.5)
Return on assets (excluding amount included in net interest)	(47.5)	-	(47.5)
Actuarial change in assumptions	-	72.4	72.4
Actuarial experience adjustments	-	(9.3)	(9.2)
Gain / (loss) on plan introductions and changes	-	-	-
At 31 July 2023	216.4	(211.7)	4.7

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):	**2023**	**2022**
Liability discount rate	5.15%	3.50%
Inflation assumption - RPI	3.15%	3.25%
Inflation assumption - CPI	2.55%	2.65%
Rate of increases in salaries	2.55%	2.65%
Revaluation of deferred pensions:		
benefits accrued prior to Sep 2006	2.55%	2.65%
benefits accrued after Sep 2006	3.15%	3.25%
Increases for pensions in payment		
benefits accrued prior to May 2003	3.70%	3.65%
benefits accrued after May 2003	3.00%	3.10%

	2023	2022
Post-retirement mortality assumption	111%/102% (M/F) of SAPS3 tables ("middle" for females) CMI 2022 model with long term improvement rate of 1.0% p.a., a smoothing parameter (skappa) of 7.0 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	2023	2022
Retiring today (male age 65)	20.2	21.5
Retiring in 20 years (male age 45 today)	21.1	23.2
Retiring today (female age 65)	22.8	24
Retiring in 20 years (female age 45 today)	23.9	25.7

The major categories of scheme assets are as follows:	2023	2022
	£m	£m
Equities and equity-type instruments	37.0	73.4
Government bonds	53.7	58.7
Corporate bonds	37.1	36.2
Infrastructure	25.0	22.9
Diversified growth	31.3	32.2
Diversified alternatives	28.6	28.1
Insured annuities	2.4	3.1
Cash	1.1	1.5
Total market value of assets	216.3	256.0

The Scheme has no investments in the Group or in property occupied by the University.

Amounts for the current and previous four periods are as follows:	**31 July 2023**	**31 July 2022**	**31 July 2021**	**31 July 2020**	**31 July 2019**
	£m	**£m**	**£m**	**£m**	**£m**
Defined benefit obligation	(211.6)	(273.6)	(368.9)	(402.8)	(366.2)
Plan assets	216.3	256.0	284.8	255.2	238.1
Surplus/(Deficit)	4.7	(17.6)	(84.1)	(147.6)	(128.1)
Experience adjustments on plan liabilities	63.1	95.6	32.7	(34.7)	(36.5)
Experience adjustments on plan assets	(47.5)	(33.0)	27.4	12.3	16.0

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 2023 the University owed no contributions to the scheme (2022: nil).

29. Financial Instruments

	Consolidated		**University**	
	2023	**2022**	**2023**	**2022**
Financial Assets	**£m**	**£m**	**£m**	**£m**
Measured at fair value through income and expenditure				
Investments (including endowments) (note 16)	75.7	75.0	76.1	77.8
Short term investments	0.1	0.1	0.1	0.1
Measured at undiscounted amount receivable				
Trade and other receivables (note 18)	50.2	44.4	48.4	43.1
	125.9	119.6	124.5	121.0
Financial Liabilities				
Measured at fair value through income and expenditure				
Private placement (note 20)	(60.6)	(70.7)	(60.6)	(70.7)
Measured at undiscounted amount payable				
Trade payables (note 19)	(45.1)	(20.1)	(43.3)	(19.6)
Amounts due to subsidiaries (note 19)	-	-	(0.4)	(1.0)
Bank loans (note 20)	-	-	-	-
Government energy efficiency loan (note 20)	(0.3)	(0.3)	(0.3)	(0.3)
	(106.0)	(91.1)	(104.6)	(91.5)

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 £10.09m 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.

Reserves	2023 £m	2022 £m
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.

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

Line	Statement of Financial Position	2023 £m	2022 £m
1	Cash and cash equivalents	124.5	128.9
2	Accounts receivable, net	50.2	44.4
3	Other debtors and Prepaid expenses	72.1	63.5
4	Related party receiveable	8.4	3.1
5	Contributions receivable, net	-	-
6	Student loans receivable, net	-	-
7	Investments	140.2	152.2
8	Property, plant and equipment, net (includes Investment property and Heritage assets)	986.9	972.5
9	Lease right-of-use asset, net	-	-
10	Goodwill	-	-
	Other intangible assets	2.9	2.6
11	Inventories	2.0	1.9
		-	-
12	**Total assets**	**1,387.2**	**1,369.0**
		-	-
13	Line of credit - short term	-	-
14	Line of credit - short term for CIP	-	-
15	Accrued expenses/Accounts payable	257.3	243.3
16	Accruals and Deferred revenue	203.0	198.0
17	Post-employment and pension liability	238.1	299.7
18	Line of credit - operating	-	-
19	Other liabilities	-	-
20	Notes payable	-	-
21	Lease right-of-use asset liability	-	-
22	Line of credit for long term purposes	60.9	71.0
		-	-
23	**Total liabilities**	**759.3**	**812.0**
		-	-
24	Net assets without donor restrictions	545.5	476.8
	Net Assets with Donor Restrictions	-	-
25	Annuities	-	-
26	Term endowments	-	-
27	Life income funds	-	-
28	Other restricted by purpose and time	-	-
29	Restricted in perpetuity	80.4	80.0
30	**Total Net Assets with Donor Restrictions**	**80.4**	**79.8**
		-	-
31	**Total Net Assets**	**625.8**	**556.6**
32	**Total Liabilities and Net Assets**	**1,385.2**	**1,368.6**

Statement of Activites

	Changes in Net Assets Without Donor Restrictions		
	Operating Revenue and Other Additions		
33	Tuition and fees, net	435.4	433.7
34	Funding body income	118.7	108.5
35	Investment return appropriated for spending	3.2	1.2
36	Other income	136.0	127.0
37	Research income	129.5	131.4
38	**Total Operating Revenue and Other Additions**	**822.8**	**801.8**
	Operating Expenses and Other Deductions		
39	Education and research expenses	824.8	512.8
40	Depreciation and Amortization	45.1	43.7
41	Interest expense	13.1	5.4
42	Auxiliary enterprises	-	-
43	**Total Operating Expenses**	**882.9**	**561.9**
44	**Changes in Net Assets from Operations**	**(60.1)**	**239.9**
	Non-Operating changes		
45	Investments, net of annual spending, gain (loss)	(6.8)	2.5
46	Other components of net periodic pension costs	15.6	62.5
47	Pension-related changes other than net periodic pension costs	-	-
48	Change in value of split-interest agreements	-	-
49	Other gains (losses)	14.5	48.3
50	Sale of fixed assets, gains (losses)	(0.3)	(0.3)
	Taxation	-	-
	Total Non-Operaing Changes	**23.0**	**113.0**
		-	-
51	**Total Change in Net Assets**	**(37.1)**	**352.9**
	Change in Net Assets With Donor Restrictions	-	-
52	Contributions	0.4	0.1
53	Net assets released from restriction	-	-
54	**Change in Net Assets With Donor Restrictions**	**0.4**	**0.1**
55	**Change in Net Assets without restrictions**	**(37.5)**	**352.8**
56	**Net Assets, Beginning of Year**	**663.2**	**203.9**
57	**Net Assets, End of Year**	**625.8**	**556.7**