



UNIVERSITY OF LINCOLN

Financial Statements 2021/22



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University of Lincoln
Brayford Pool
Lincoln
Lincolnshire
LN6 7TS

Key highlights for the year ended 31 July 2022

Strategic Plan

We are about to embark on our next, five-year, Strategic Plan, again building on our progress to date and a 'building back better' future, with strategic themes of Collaborate, Challenge, and Transform.

The previous Strategic Plan was still in place for the 2021/22 financial year, with the vision that by 2021:

'The University of Lincoln will be a global 'thought leader' for 21st Century higher education. We will be known for addressing the opportunities and challenges presented by the changing world by developing a new approach to education and knowledge development.'

Financial Highlights	2022 £'000	2021 £'000
Total income	215,181	211,796
Statutory surplus for the year	12,039	22,419
Operating surplus*	5,292	3,875
Net cash generated from operations	25,405	23,819
Capital expenditure	14,251	19,516
Net debt	25,171	38,691

* Excludes certain items due to their one-off or non-operational nature (see page 16 for further information)

Continued growth in
income to £215.2m

↑ £4.4m

Net cash generated from
operations

£25.5m

Operating surplus
increase in 2021/22 to
£5.3m

↑ £1.4m



Medical School

Our new Ross Lucas Medical Sciences building opened up to our medical students in 2021/22



Ranked 34th
in The Guardian
University Guide
2023

International College

Launched in 2021/22 providing support and study skills for international students.



**National Student
Survey 2022**
40th
for overall student
satisfaction



Ranked 53rd
in The Times Good
University Guide 2023

Strategic Direction

Strategic Plan The University's priorities and strategic direction over the last five-year period of our development has built on our significant progress to date. The vision being that, by 2021:

'The University of Lincoln will be a global 'thought leader' for 21st Century higher education. We will be known for addressing the opportunities and challenges presented by the changing world by developing a new approach to education and knowledge development'.

We are about to embark on our next, five-year, strategic plan, again building on our progress to date and a 'building back better' future, with Strategic Themes of Collaborate, Challenge, and Transform.

Core Principles

In order to deliver this and ensure that the University remains focused, the plan is based around five core principles.

These are:

- Teaching Excellence and a Great Student Experience
- Graduate Success
- Research with Impact
- Strong Partnerships and Employer Engagement
- Dynamic, Engaged People.

Key Supporting Themes

We believe that each of these principles lie at the heart of the success of the University. Supporting these key principles are five themes, which we believe encapsulate our needs in the environment that will shape our world over the lifetime of the plan.

These are:

- Resilience and Sustainability
- Ambition, Global Recognition, and Growing our Reputation for Innovation
- Creating an Inclusive Community
- Enabling Technologies, Excellent Research, and Teaching Spaces
- A New Vision for Education.

By focusing our ambitions and activities around these elements, the University has been successful in achieving growth throughout the Strategic Plan timeframe. Key focus has been put on delivering the outcomes of our plan, by each year making progress on each of the specific elements articulated in the strategic objectives.

The Isaac Newton Building is located in the heart of our Brayford Pool Campus.



External Environment

Political Environment:

As the University grows and develops, we continue to be aware of the changing regulatory environment in which we operate. The Office for Students (OfS) is now firmly established and implementing changes to reporting and teaching to ensure that every student, whatever their background, has a fulfilling HE experience that enriches their lives and careers.

Research funding is administered by UK Research and Innovation (UKRI), which brings together the seven Research Councils, Innovate UK and Research England.

These changes continue to create a number of challenges and opportunities for the University, which in turn continues to focus our efforts on diversifying income streams.

Reputation:

The University's external reputation continues to grow, with a strong reputation for leadership and innovation, particularly focused on partnership work with employers.

In the 2023 national league tables, Lincoln ranked 34th in the Guardian University Guide, 51st in the Complete University Guide and 53rd in the Times and Sunday Times Good University Guide.

Internationally, we have increased our rank year on year in the THE World Young University league table and are now positioned 129th, while in THE World Ranking we placed in the 501-600 band. In the QS Rankings, we were placed in the 801-1000 band.

External Environment

Competition:

The University's key UCAS competitors continue to be located mainly in major UK cities as we change to accommodate our journey through the league tables.

The makeup of this competitor set is, however, changing as the University moves up the league tables and our profile and portfolio changes.

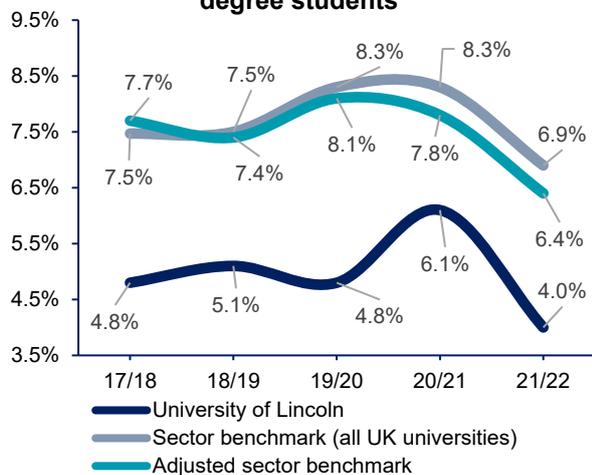
Demand:

The University continues to meet targets on recruitment and retention. Demand for places at Lincoln remains high, and we continue to see a year-on-year increase in student numbers due to both growth in existing subject areas and the continued development in STEM subject areas.

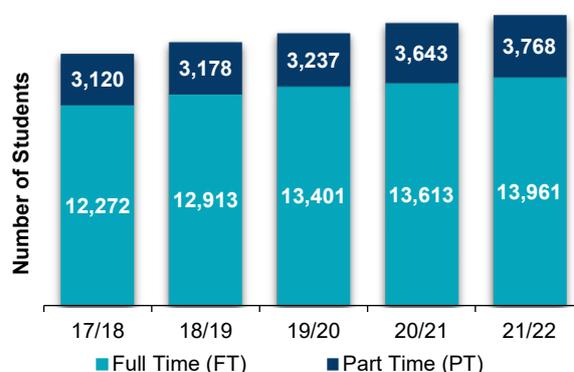
The University also continues to perform strongly in retaining students, scoring significantly better than the sector benchmark in the Office for Student Performance Indicators relating to student retention.

The graphs below demonstrate the demand trends.

Non-continuation of full time first degree students



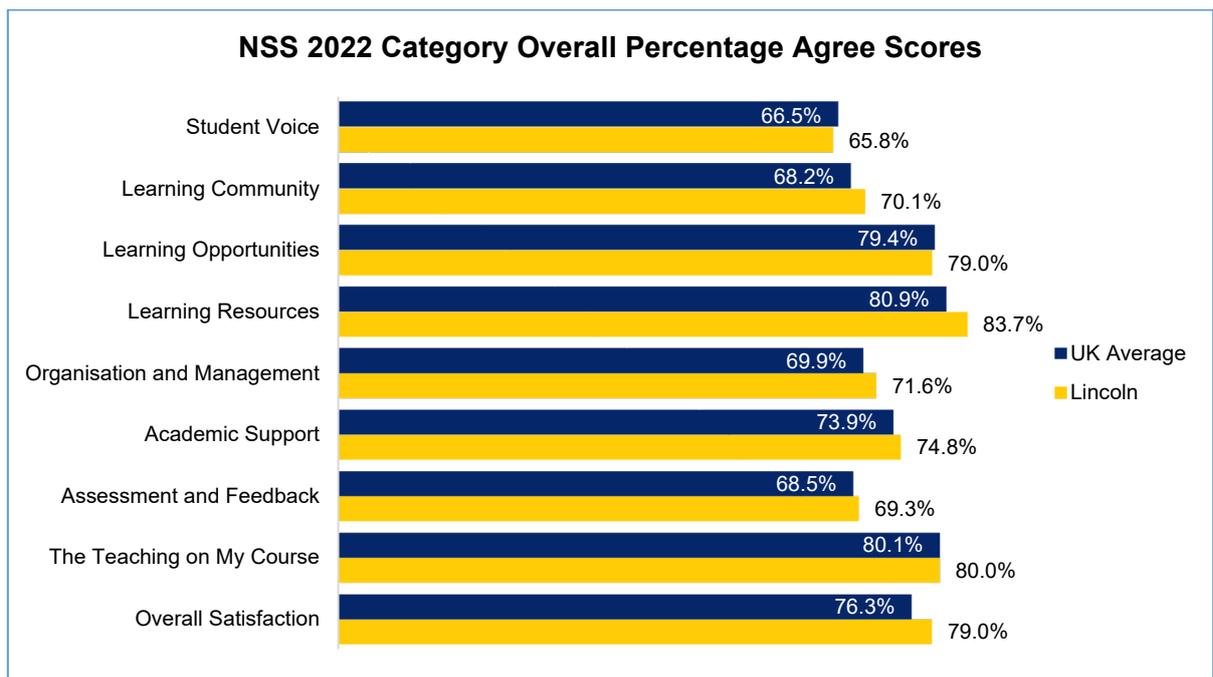
Student Number Headcount by Mode of Attendance Year Ended 31 July 2018 to 2022



Review of the Year

Teaching
Excellence
and a Great
Student
Experience

A great student experience is at the institutions heart, with Lincoln ranked 40th in the UK out of 130 league table institutions according to analysis of the 2022 National Student Survey. The University of Lincoln scored higher than the sector average in six of the nine categories within the survey, which is completed by final year undergraduate students across the UK. Lincoln ranks in the top 30 for Learning Resources and the top 50 for Academic Support and Organisation and Management. Several of the University of Lincoln’s courses were rated in the top five in the UK for their subject areas, including, Food Science, Biology, Animal Science, Philosophy, Human Geography, and Social Policy.



Aligned to the strategic plan is the University's teaching and learning implementation plan, which has been designed to provide a clear framework to ensure that our teaching and digital ambitions are achieved. We have set ambitious goals around our student experience, which include developments on campus, in the digital support we offer, in the breadth of our degree range, and in the innovation we bring to learning and teaching.

On quality assurance, during the last academic year the University's Office for Quality, Standards and Partnerships (OQSP) has continued to work hard to maintain and enhance the University's robust quality control systems.

Case Study: The University Focuses on Excellent Student Experience

The University of Lincoln has confirmed its intention to work with its students to develop a blueprint setting out how the excellent student experience can keep improving.

The University will produce a Students Futures Manifesto, which maps out how the student experience at Lincoln can be enhanced. The document will be developed in collaboration with current students at the University and the Students' Union, ensuring that it captures the realities of campus life.

For the full article on how the University aims to continue delivering excellent student experience, please visit:

<https://news.lincoln.ac.uk/2022/04/04/university-focuses-on-excellent-student-experience/>

Our Estate

The Bridge R&D – Joseph Ruston building is nearing completion and will provide advanced research capabilities for the College of Science.

Work has started in collaboration with the Lincolnshire Co-op to redevelop the Barbican Hotel in Lincoln to provide a new creative hub for the arts community. This is planned to open in 2023.

At Holbeach, the new Lincolnshire Institute of Technology is in full operation alongside the Centre of Excellence, which are part of the new Food Enterprise Zone (FEZ).

At Riseholme, the purchase and planned refurbishment of Lawress Hall will enable new ways of working for Professional Services and will allow the creation of space for future student-facing activity on the Brayford Pool Campus. Riseholme Farm goes from strength to strength, with our herd winning awards in national shows. A hugely successful Lambing Sunday event was held in March, engaging local residents with farm operations. The Lincoln Institute for Agri-food Technology continues to grow and the Estates Team has provided new facilities for agri-robotics work and research.



The Bridge is the latest addition to our campus, providing advanced research capabilities for the University.

Our estate continues to provide a top-quality learning environment for staff and students. The Ross Lucas Medical Sciences Building is in full operation and has won a number of regional awards for sustainability.

The University agreed a new Carbon Management Plan and Net Zero strategy with interim and final targets for 2030 and 2040.

The final phase of our Residential Accommodation Strategy was delivered in the summer with predicted occupation at very high levels.

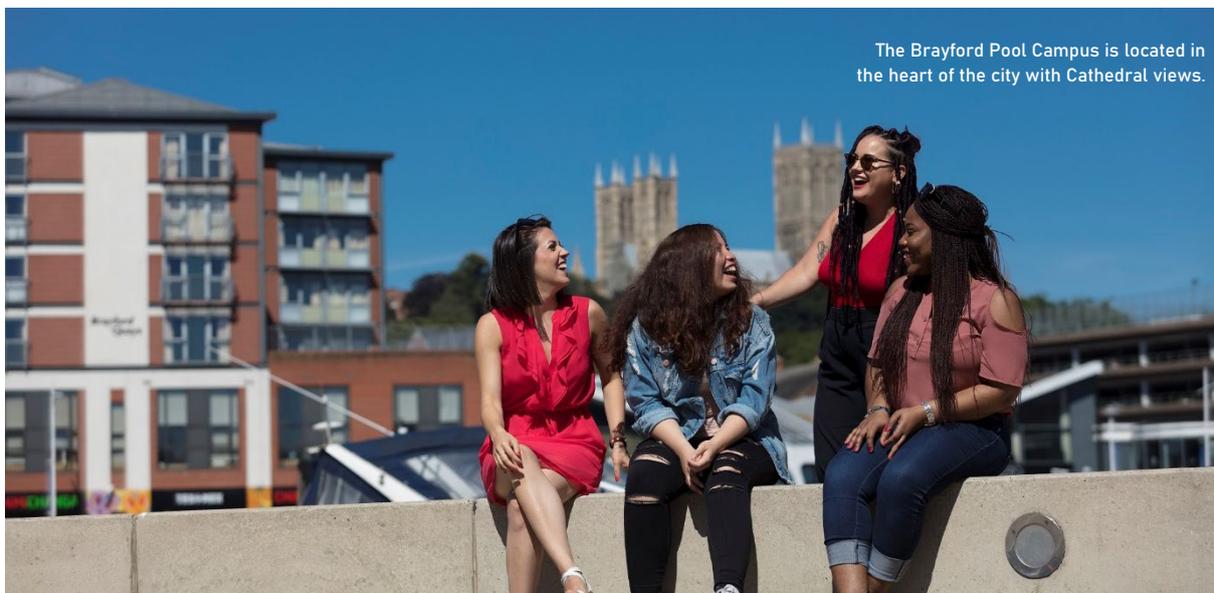
Work has begun on two statutory masterplans for the Brayford and Riseholme campuses, which will provide options for development of the estate and support the University's new strategy and vision.

Strategic report for the year ended 31 July 2022

Graduate Success

Our ambition to create confident, knowledgeable graduates whose reputation makes them sought after by employers across the globe is key to our future impact and success.

Employment outcomes are increasingly being used in league tables and metrics and are being used as an indicator of quality and value for money. Stakeholders and policy makers, including prospective students, will use these metrics as part of their key considerations when choosing an institution to engage with, and as such the University of Lincoln is working towards effectively integrating employability into the overall student experience to continue to feature positively and attract the most ambitious stakeholders.



The Careers and Employability team has continued to support students and graduates throughout 2021/22. Our support and development were offered in the following areas:

- Student engagement has diversified since Covid-19, appointment numbers continue to rise, event attendance has decreased, and there has been a huge surge in online engagement, with visits to the Careers and Employability website increasing by 345%.
- With Covid-19 restrictions lifted, we were able to facilitate more face-to-face graduate recruiter events, such as industry panels, speed networking, and focus groups.
- A graduate support survey was introduced to understand more about the latest graduate cohort's employment status to highlight those who had not yet sought graduate employment. We were able to work with these graduates to offer support through our services.
- We developed a new experiential learning framework to support employers offering real-life business projects and challenges to students both within the curriculum and centrally through the Lincoln Award.
- The Lincoln Award delivered employer-led mock assessment centres resulting in 212 students successfully completing and being awarded digital badges for their LinkedIn accounts.
- The Careers service continued to support local SME businesses hire our students and graduates for partially and fully funded highly skilled internships through our internship programme, UOL Talent.
- The team continued to work closely with Colleges and Schools to develop and deliver careers education, including the new career readiness programme within the curricular to over 8,579 students. This was provided through a combination of face to face, hybrid, and online delivery. This saw an 83% increase in student interactions from 20/21. A variety of these sessions were co-delivered with industry and graduate alumni supporting student aspirations and confidence.

Strategic report for the year ended 31 July 2022

Research with Impact

Results of the national Research Excellence Framework (REF) were published this year with the University demonstrating the depth and breadth of research now embedded in academic disciplines across the institution. Overall, 27% of the University's submitted research was judged to be world leading (4*), and 79% either internationally excellent (3*) or world-leading (4*). The University has seen a significant improvement in our overall quality scores, with the strongest improvements in our ratings for the impact our research has on society.

Research is fundamental to what it means to be a university, informing and improving our teaching, driving innovation through our engagement with business, and aiming to benefit people in the communities we serve, here in Lincolnshire and around the world. The University's new 2022-2027 Strategic Plan highlights the importance of continuing to improve the volume and quality of our research as we grow the size and reputation of the University.

Research Growth Recognised

The University continues to grow world-class research across the breadth of its academic disciplines. The 2021/22 academic year saw the University submitting nearly 400 academic staff researchers to the Research Excellence Framework and securing its best-ever performance, resulting in a significant increase in our core 'Quality-Related' (QR) research income.



Impact of Research

The University's research addresses a wide range of societal issues and fundamental topics, from ecological justice to supply-chain logistics, algebra to rural health, robotics to medieval history, sustainable farming to proton imaging. It focuses on research that addresses global challenges with regional significance, and that operates in partnership with industry and other non-academic partners.

In the last academic year, more than half of the University's externally funded research income supported projects aligned with the priority industrial cluster areas identified by the Greater Lincoln Local Enterprise Partnership (GLLEP), more than two thirds with the UN's Sustainable Development Goals, and over two thirds involved non-academic partners.

World Leading Agri-Robotics

The Lincoln Institute for Agri-food Technology (LIAT) leads the world in developing autonomous robots for farming. In 2022, it represented the University at COP26 in Glasgow (uniquely among English Universities) and launched its first two spin-out companies.



Case Study: Agri-food Industry Gets Help to Work Towards Net Zero Carbon

Experts from the University of Lincoln are part of a network set to help the country's agri-food industry move one step closer to net zero.

With funding of £5 million, the network will bring UK researchers together to explore the effective ways to support the industry to reduce its greenhouse gas emissions and improve its environmental sustainability.

For the full article on how the University are helping the agri-food industry move towards net-zero carbon, please visit:

<https://news.lincoln.ac.uk/2022/07/07/agri-food-industry-gets-help-to-work-towards-net-zero-carbon/>

Strong Partnerships and Employer Engagement

Core to our civic mission and our role in levelling up, our approach is one of partnership and collaboration. We work in partnership with a diverse set of external stakeholders to understand the regional needs, policy drivers, and look at how we can address global challenges to co-develop and deliver innovative solutions to local and global 'wicked' problems.

Building on our Ceres Agri-tech Partnership, we have formed our first two spin-out companies resulting from research conducted at Lincoln. FruitCast offers unique AI-enabled data analytics and yield forecasting for soft fruits, while Agaricus Robotics is developing a solution to harvest even the most challenging dense clusters of mushrooms. Research in agri-tech is fully embedded in a wide industrial focused ecosystem. This was highlighted by the Lincoln Institute of Agri-Food Technology (LIAT) participation at the UN Climate Change Conference COP26 in Glasgow in October 2021.

The expansion of digital technologies is key to the work of Lincoln and its partners. Our Lincoln Made Smarter project funded by the Lincoln City Towns Deal will accelerate the development of industrial digital technologies through support to SMEs. Digitalisation was the focus of our Doing it Differently Innovation conference, which attracted 100 Greater Lincolnshire businesses. We also promote SMEs development and growth through GLEAM, a new initiative funded by the School of Engineering and the Greater Lincolnshire Enterprise Partnership (GLLEP), and our Lincoln International Business School has successfully secured the Small Business Charter, enabling us to offer world-class support to small businesses and foster student enterprise.

Opportunities for our students, academic community, and the regions' workforce are also at the heart of key partnerships with SRC UK and BAE Systems which builds on Project Selborne and our work in the Defence sector.

A further development in the ongoing partnership between the United Lincolnshire Hospitals Trust, Lincolnshire Co-op, and the University of Lincoln, resulted in opening a new £1 million pharmaceutical aseptic unit in the Lincoln Science and Innovation Park. Taking forward our work in rural health, we have partnered with Serco and Lincolnshire County Council to investigate how modern and cost-effective technology can be used to improve independent living for vulnerable adults.

Within our College of Arts, Lincoln Conservation operates a commercial arm of the University, specialising in the conservation of the decorative interiors in historic and listed buildings.

Yorkshire Energy Park

The University of Lincoln has partnered with Yorkshire Energy Park to deliver innovation in a range of energy critical fields, including allied technology and digital sectors. As principal education partner of Yorkshire Energy Park, Lincoln will be marrying the needs of the industry with onsite vocational training and higher education facilities to develop the next generation workforce.

Aligned to the Government's levelling up agenda, Yorkshire Energy Park has the potential to create up to 4,480 jobs, including apprenticeships, training and postgraduate opportunities for the local community. Lincoln researchers are already working with key partners in the park developing innovative solutions, with research in critical areas including climate science, clean energy, energy usage, and sustainable supply chains.

This strategic partnership between Lincoln and Yorkshire Energy Park will benefit from the synergies provided by being located on a freeport site with tax benefits and occupier benefits. It ensures that Lincoln is at the heart of innovation on the UK's Energy Estuary.

Strategic report for the year ended 31 July 2022

Dynamic Engaged People

The University has seen a wide range of initiatives aligning with the University Strategic Plan and People Agenda.

The financial reporting year 2021/22 saw the University transition out of the pandemic, and a response that focused on stabilising the workforce, embedding the positive elements of virtualisation and remote working, as well as reconnecting colleagues.

As part of the University's emergence from the pandemic, significant attention was given to how the workforce physically 'reconnected'. The University's Hybrid Working Guidance, published in March 2022, formalised the University's long-term strategy to create a more resilient and flexible workforce. Benefitting from technology fast tracked during the pandemic, the University culture saw movement increasingly to being output driven, with employees able to deliver their aims and objectives in a more agile way. First and foremost, this met the University's needs, but equally it also provided the workforce with the opportunity to work in ways to support the culture and importance of personal wellbeing.

Attraction and Retention of Talent

As we exited the direct influence of the pandemic, which had stalled labour markets, a range of elements, including the influence of Brexit, changes to the ways of working for many organisations, and the creation of new opportunities, made for a highly competitive recruitment backdrop. Changes to individual circumstances and a general upward trend in attrition was equally reflected at the University where additional focus was required to ensure that recruitment campaigns attracted high-calibre candidates. Alongside this there was a conscious move to increase employee development opportunities through internal promotions and this was demonstrated through both the return of the academic promotion round and many internal only recruitment campaigns looking to utilise University talent.

A major undertaking throughout the 2021/22 year has been the implementation of the points-based immigration system and dealing with the additional training, communication, and support required for candidates and sponsored colleagues. In many ways, the evolving processes and visa options available have created the need for specific support requirements to guide individuals and avoid delays in recruitment. A campaign approach was developed for the annual academic recruitment cycle using microsites and targeted material to highlight both the University as an employer of choice and to enable more timely visibility and activity. Aligned to identifying areas of underrepresentation in respect of organisational areas, gender and ethnicity recruitment activities were adapted to encourage greater engagement. These included meet the team events during open campaigns, colleague statements, and a broader promotion of the University culture as an employer. On a local level, presence at job fairs highlighted the possibilities on offer for careers at the University, with a student summer placement scheme also piloted.

The Student Support Centre is situated at the heart of our Brayford Pool Campus.



Flexible Reward and Recognition

The national pay position returned to an aspect of normality following the prior year pay freeze. However, the impact of the pandemic on the financial position of many universities was still a significant influencer on the national negotiation rounds. UCEA (Universities and Colleges Employer Association) with a responsibility for representing participating employers within the sector, led the JNCHES pay round negotiations with the relevant national unions, including both UCU and Unison, reaching a position where the pay award of a 1.50% uplift with higher uplifts ranging from 3.60% to 1.54% to points 3 to 21 was implemented without agreement. Along with changes to the USS pension and a more rapid reform to defined contribution accrual meant national union unrest was a clear sector backdrop. Industrial action from the academic union took place at a number of institutes (though not in Lincoln) in respect of both the national pay award and USS pension reform, with a greater impact upon the pre-92 institutes where USS still remains the dominant pension scheme.

The Living Wage Foundation announced a significant increase to its minimum voluntary hourly rate for organisations, which the University continued to align to despite the challenges that this creates to grade differentials on the lower grades of the single spine.

The annual Senior Remuneration Report was published in Autumn 2021, alongside the separate Annual Pay Gap Report which showed the closing of both mean and median gaps. There was little to report in respect of the senior remuneration with a pay freeze in place for much of the year.

The annual staff Merit and Achievement awards were once again held as a virtual event, with a record number of awards made, creating a platform for celebrating exceptional individual performance, team achievements, and champions of the One Community values. The HR Line fortnightly staff newsletter continued to reflect and deliver best practice and key messages, connecting the employee community through the embedding of hybrid working, with the overarching 'One Community' concept embedded into these plans.

Our campus offers a wide range of teaching and social space.



Promote the wellbeing of our staff

Wellbeing activities were reviewed to incorporate the changing focus of blended on-campus and home working, with HomeHub forming a dedicated repository for those unable to take part in on-campus activities around all recognised wellbeing pillars.

Working alongside the student wellbeing team, there was continued progression towards the application of the Mental Health Charter activities and supportive actions, and engagement groups continued to be established with mental health training embedded across the suite of development programmes.

As the end of the academic year approached, a comprehensive staff pulse survey was undertaken to seek an understanding of positive and negative impacts post-pandemic and to focus both the people strategy and wellbeing agenda going forward. The University also undertook a pilot programme with a wellbeing engagement app called ONDO, which seeks to virtually bring together colleagues through their social activities and leisure interests, successfully identifying ways this could be beneficial.

A pilot initiative to introduce a workplace ISA for student workers was also a successful piece of work for the University and HR Team, which achieved national recognition and the Grand Prix Award for Innovation at the Employee Benefits Award.



Encourage Continuous Development

This year also saw the development of our hybrid agenda around focused organisational development support, transitioning personal and professional staff development towards a more blended environment, with the Career Pathways Framework further enhanced to develop skills needed to enable agile and flexible ways of working. A tailored programme was also developed to support managers in this hybrid environment and how they can lead their teams in the most effective way.

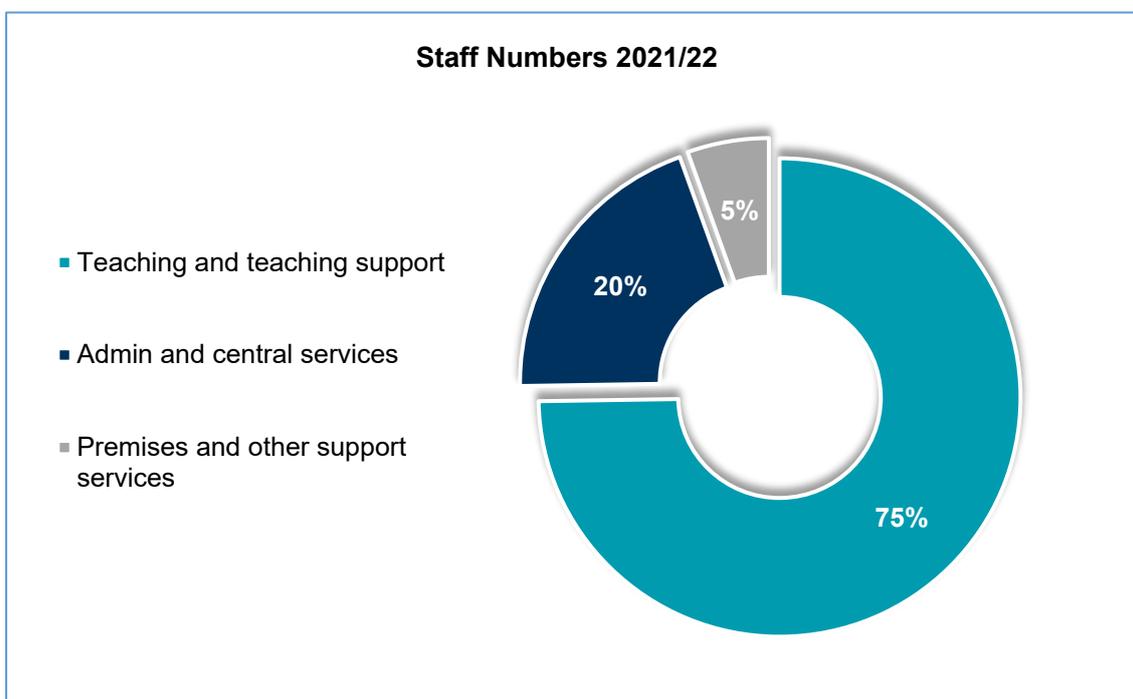
Throughout the year there was an increased focus not only on leadership and management development, but also on positive action programmes, aimed at developing colleagues from minority ethnic backgrounds, helping them to realise their potential, supporting them in taking steps to progress their career. Opportunities to support current leaders/managers and those aspiring to these positions was also developed through the Inclusive Leaders Programme.

The E-learning platform continued to be developed including mandatory training modules as well as widening the skills-based courses available.

There was further awareness raising of the Concordat and embedding of the principles of the HR Excellence in Research action plan for employees.

The University has also continued to offer staff apprenticeships, adapting to a blended delivery model to allow flexibility and a hybrid approach to this form of professional development.

Both appraisal systems for academic staff and professional services were enhanced further to enable the setting of clear and focused objectives, to contribute to overall organisational performance and strategy.



Strategic report for the year ended 31 July 2022

Key Performance Indicators

The University adopted a range of Key Performance Indicators (KPIs) through which to monitor our activities and measure our success, taking appropriate actions to rectify any areas of concern.

They were aligned to the core principles of the Strategic Plan for 2016–2021, as set out below, and had challenging targets across the plan period based on our increasing expectations.

Theme	KPI
1. Recruitment and Participation	1.1 Student Recruitment meets or exceeds the overall financial budget assumption
	1.2 Increase the participation of underrepresented groups at Lincoln
2. Teaching and Student Experience	2.1 Ensuring high levels of completion and progression
	2.2 Narrow the continuation gap in underrepresented groups
	2.3 Ensuring greater equality of attainment
	2.4 Ensuring a high quality student experience
3. Graduate Success	3.1 Increasing our levels of highly skilled employment and further study
4. Research	4.1 Developing Excellence in Research
	4.2 Increasing Research Income
	4.3 Increasing bids submitted around Research Themes, Industrial Collaboration and Cross College bids
5. Scholarly and Professional Practice	5.1 Increasing income diversification
	5.2 Increasing the number of teaching, scholarly professional practice outputs
6. Partnerships and Employer Engagement	6.1 Increasing industrial research partnerships
	6.2 Working with Business
	6.3 Working with global employers
	6.4 Increasing our presence and representation on relevant national Boards and bodies
7. Dynamic, Engaged People	7.1 Increasing our Civic Engagement
	7.2 Increasing the number of Highly qualified teaching staff
	7.3 Supporting Culture and Transformation
8. Finance and Sustainability	8.1 Financial resilience and sustainability of the University
	8.2 Improve the environmental sustainability and impact of the University
9. Reputation	9.1 Enhancing the University's reputation- globally and nationally

Strategic report for the year ended 31 July 2022

The University, like most higher education institutions, is continually reviewing how it operates its business in response to the challenges of the current economic and political climate. Government policy, particularly with regards to student funding streams, and immigration continues to create uncertainty. The University monitors the operating environment and manages these changes to take advantages of opportunities arising and to continue to grow in a challenging climate.

The University has five-year forecast plans that ensure sufficient surpluses and cash are generated for investment in research, development strategies, and the physical and technological infrastructure. In order to maintain our financial stability, we will need to continue to grow and diversify our income streams, while planning and controlling cost pressures. We need to do this while enhancing our reputation, continuing to build on our successes, and ensuring that we continue to invest in our strategic objectives. We recognise that, in the current economic climate, we need to develop innovative partnerships and find creative funding solutions, and we will continue to seek out such opportunities.



A graduation ceremony taking place in Lincoln Cathedral.

During the financial year 2021/22, we have consolidated our investment in new schools and programmes, across all Colleges. It has been another successful year, with sustained income growth and good levels of cash generation, allowing us to invest further in the infrastructure of the University.

With the continued success in our position in the national league tables, our appearance in the THE Young and World league tables, and QS World league table it is anticipated that this will bolster demand and create opportunities for us to grow income and invest further in teaching, facilities, and the overall student experience.

Overall, the future prospects of the University are exciting in this ever-changing and challenging environment. The completion of our purpose-built medical school facilities in 2020/21 is now supporting the training of future doctors for the Lincolnshire area, with a commitment to current and future communities to develop sustainable healthcare, education, research, and growth across the region. This will enable current and future generations of students to benefit from the latest equipment and laboratories, supporting the University's distinctive student experience and engagement agenda, delivering an excellent platform for the future.

Financial review for the year ended 31 July 2022

Summary and Financial Highlights

Summary The University's financial result for 2021/22 shows another year of continued growth in income and operating surplus, combined with strong cash generation, demonstrating the financial strength and sustainability of the University.

Total income

£215.2m

Up 1.6% compared to
2020/21

Operating surplus*

£5.3m

Increase of £1.4m
compared to 2020/21

*See page 16 for definition

Expenditure on academic
departments and support

£99.9m

Totals 49% of the total
other operating
expenditure

Net assets

£261.2m

Up 58.4% compared to
2020/21

Capital investment in
2021/22

£14.3m

More than £156m invested
in the campus over the
last seven years

Cash generated from
operating activities

£25.5m

11.8% of total income for
the year

The Brayford Pool Campus is situated
in the heart of the city centre.



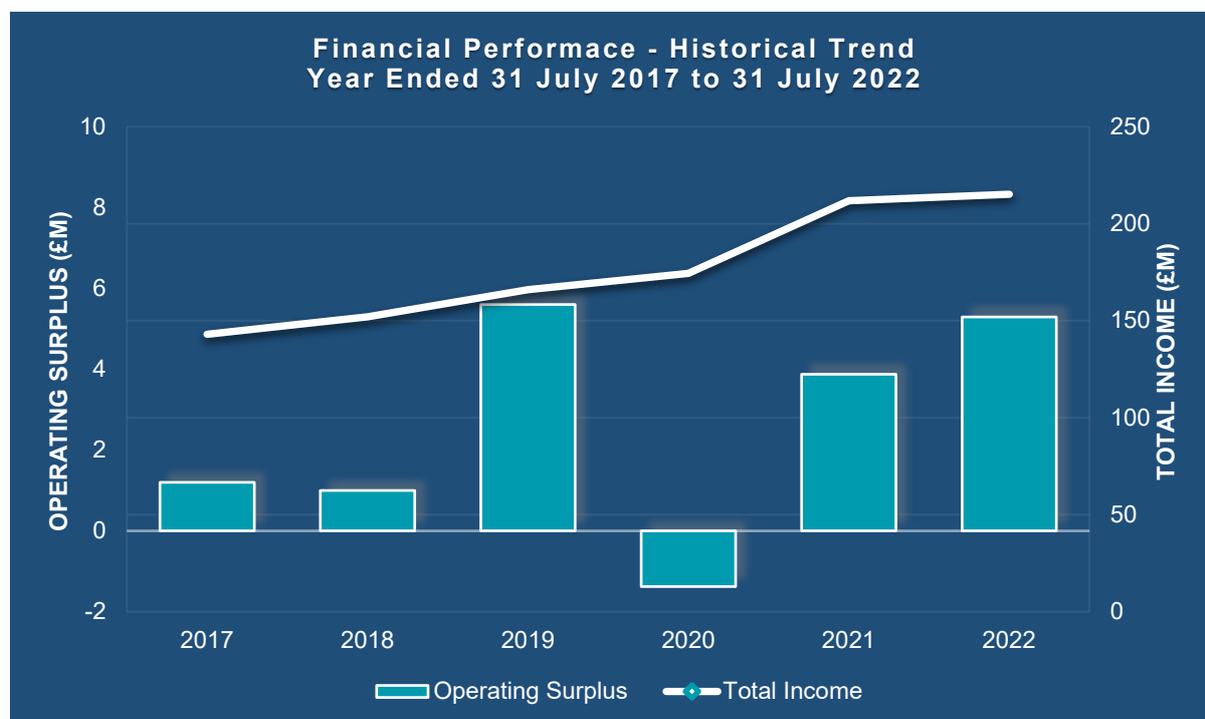
Financial review for the year ended 31 July 2022

Consolidated Statement of Comprehensive Income and Expenditure

Operating Surplus As a consequence of the transition to FRS102 in 2015/16, the statutory reported 'Surplus before tax' is much more volatile and less comparable, both over time and across the sector.

The table below sets out the University's view of its underlying operating surplus, along with an adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA). We consider that these measures give a more useful view of underlying financial performance of the University.

Operating Surplus	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Surplus Before Tax	12,039	22,419	(277)	7,635	991	3,799
Less capital grants recognised in year	(8,996)	(20,627)	(1,045)	(1,330)	(1,317)	(1,700)
Add net interest charge on pension schemes	1,311	920	853	380	1,231	1,179
Add impact of pension one-off past service adjustments	-	-	-	512	-	-
Add/less fair value loss/(gain) on financial instruments	(60)	(62)	(64)	(64)	31	(1,180)
Add staff restructuring costs	400	388	238	1,180	366	553
Add provision for property obligations	-	-	-	1,705	-	-
Add/less change in fair value of investment property	(483)	519	975	(7,071)	(180)	(1,340)
Add reduction in value of share in jointly controlled entity	8	469	303	-	-	-
Less/add USS deficit recovery (credit)/charge	1,073	(151)	(2,360)	2,783	(138)	(148)
Operating Surplus/(Deficit)	5,292	3,875	(1,377)	5,730	984	1,163
Depreciation, amortisation, and impairment	10,995	10,339	11,247	9,762	9,645	8,420
Interest payable on bank loans	2,818	2,769	3,152	3,304	3,441	3,358
Interest received on bank deposits	(267)	(195)	(384)	(370)	(294)	(385)
Adjusted EBITDA	18,838	16,788	12,638	18,426	13,776	12,556



Financial review for the year ended 31 July 2022

The operating surplus has seen another year of sustained growth, increasing from £3.9m to £5.3m. The University continues to reinvest to develop facilities and enhance the student experience. This includes:

- 
- Further investment in new schools and programmes, including the recruitment of new academics for specific fields, teaching support, and teaching equipment;
 - Investment in research academics, facilities, and equipment to support the research-engaged teaching agenda;
 - Continued investment in information technology to enhance staff and student systems.

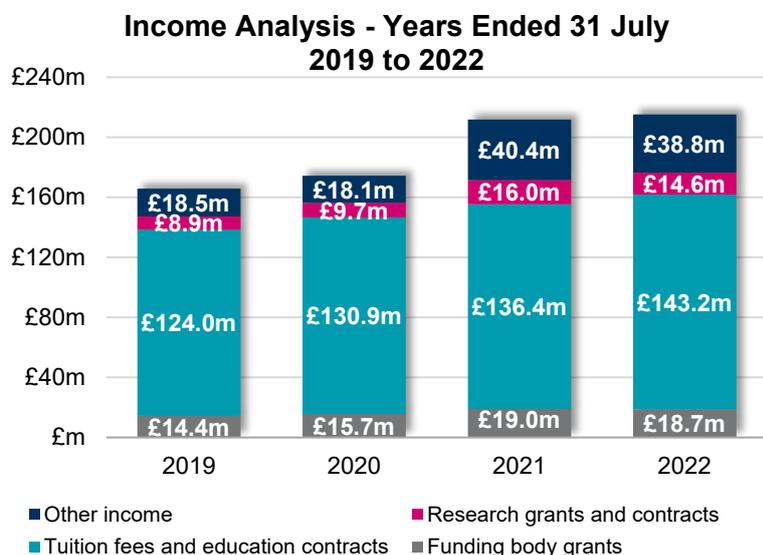
Non-Operating Items

Certain items have been excluded from the operating result, set out above, due to either their treatment under FRS102 or their non-operational nature, as explained below.

- The table on page 16 starts at the 'Surplus before tax', as set out on the Consolidated and University statement of comprehensive income and expenditure on page 42. This therefore excludes the market adjustments, being the change in fair value of investment property and the actuarial gains and losses on the pension scheme. These are non-operational and, to a significant extent, out of the University's control;
- In accordance with FRS102, capital grants are recognised within income once any associated performance criteria have been met. These grants can therefore be both large and sporadic and have been excluded from the operating result;
- The interest charge on the pension schemes has been excluded. This mainly comprises a charge related to the net deficit in the Local Government Pension Scheme and is considered to be non-operational;
- The reduction in the share of the jointly controlled entity has been excluded from the operating result on the basis that it reflects the downward revaluation of an investment property. For the University, this would be a non-operational item falling below the surplus line;
- The gain or loss on financial instruments have been excluded. This is driven by changes in the financial markets and is outside of the University's control;
- While staff restructuring is an ongoing activity of any organisation, these costs have also been excluded from operating surplus for comparability, due to their varying size;
- The property and other provisions are for one-off events and considered non-operational;
- The USS pension scheme recovery plan was formally approved in 2014/15, which resulted in a one-off charge to the Consolidated and University statement of comprehensive income and expenditure. The 2020 valuation has been finalised resulting in new contribution rates and a plan to eliminate the deficit in 17 years. The annual charge due to changes to the discount rate, which is outside the University's control, has been excluded.

Financial review for the year ended 31 July 2022

Income The University's income is derived principally from tuition fees, grants, research, and other activities, as set out below:



Tuition fees and educational contracts includes both Home/EU and international students.

The full-time Home/EU market remains the largest proportion of tuition fees and education contracts, making up 74.3% of the total tuition fees (2020/21: 85.0%).

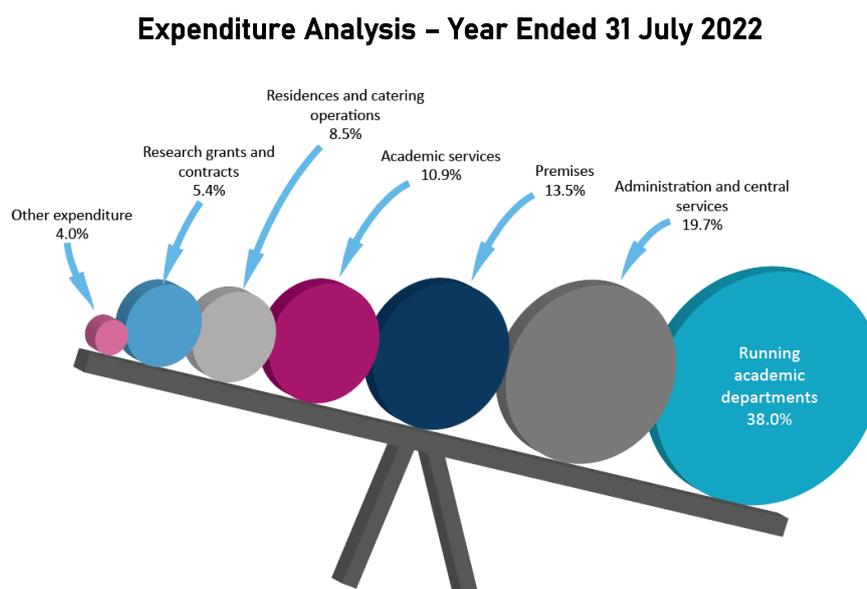
Full-time international tuition fee income has seen significant growth in 2021/22 of 100.2%, which accounts for an increase of £13.1m.

Funding body grants comprises of: OfS teaching funding £7.6m; UKRI research funding £4.5m; Education Skills Funding Agency (ESFA) £4.5m and Higher Education Innovation Fund (HEIF) £1.6m. Also included is £0.4m (2020/21: £1.6m) in respect of capital funding received and recognised in the year, and other small amounts of £0.1m. This was from the OfS and UKRI to support the development of teaching and research at the University.

Other income includes revenues from residences, catering, conferences, property rental, consultancy, and other sundries.

Expenditure The graphic below sets out the profile of the University's major expenditure items.

The University's total expenditure, excluding depreciation, amortisation, interest, and other finance costs, increased by 7.8% between 2020/21 and 2021/22. All costs have been closely monitored and controlled with the income from tuition fees invested primarily in improving the student experience and student facilities. Substantial investment has been made in the Colleges supporting the research-led teaching agenda, along with significant levels of bursaries and scholarships.



Financial review for the year ended 31 July 2022

Statement of Financial Position

Total Net Assets Total net assets are £261.2m, which is an increase of £96.4m compared to the prior year. The increase is primarily due to a significant reduction in the deficit in respect of the Local Government Pension Scheme (further detail on the pension schemes is set out later in this section).

Fixed Assets

Intangible and tangible assets have increased to £315.6m (2021: £311.8m), with capitalised expenditure during the year of £13.6m. Key capital investments include:

- Purchase of Lawress Hall to house the University's professional service departments;
- Construction of The Bridge, Lincolnshire's Advanced Engineering Materials R&D Centre;
- Reconfiguration and adaptation works to existing buildings to enhance teaching and research space;
- The continued substantial investment in information technology as part of a multi-year programme to renew multiple key business systems;
- Completion of the Institute of Technology at Holbeach.

In addition, the University continues to invest in the overall quality and attractiveness of the physical estate and the technological environment.

Our capital expenditure programme over the years has been sustained through strong cash generation from operations and capital grant assistance, balanced with considered and responsible external borrowings.



Net Current Assets

Net current assets have increased to £22.8m (2021: £14.0m). Debtors have increased by £8.8m. This includes accrued capital grant income of £4.0m relating to The Bridge. Short-term creditors have increased by £8.7m to £51.9m. £7.6m of this movement relates to sales ledger credit balances being receipts in advance for the following year.

Cash and current asset investments (bank deposit accounts) have increased from last year by £8.7m to £51.9m. This increased cash position will support the University's ongoing capital building and equipment programme and provide further revenue investment to develop the University's facilities and enhance the student experience.

Financial review for the year ended 31 July 2022

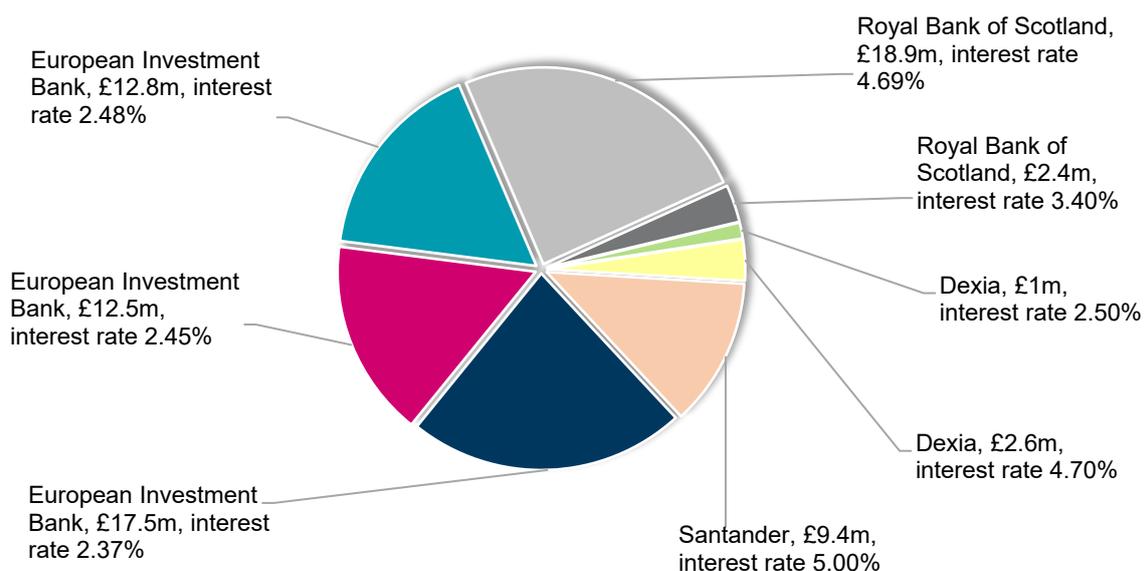
Long-term Liabilities

The University's long-term liabilities primarily comprise of bank borrowings. As at 31 July 2022, borrowings amounted to £77.0m (2021: £81.9m).

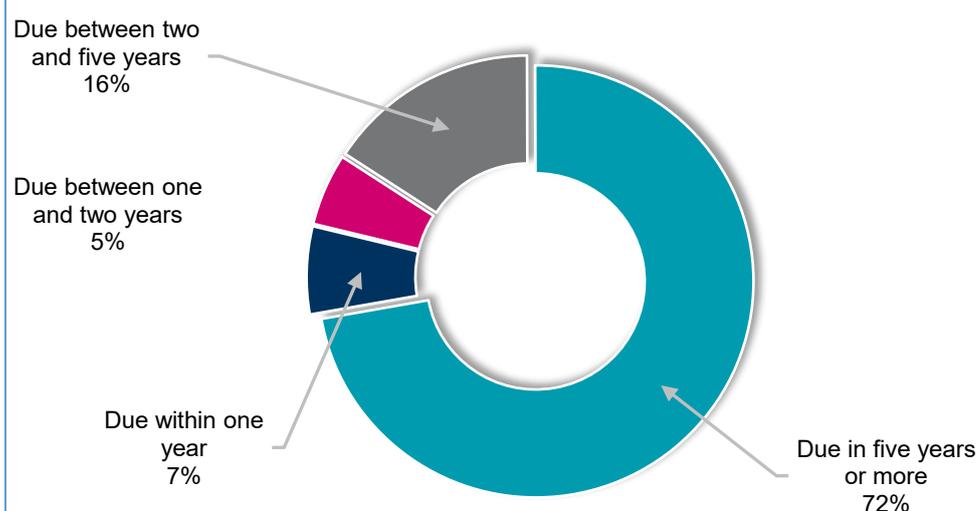
The graph below sets out further detail on the composition of borrowings by lender, interest rate, and repayment profile.

As at 31 July 2022, the University had fixed the interest rate on all borrowings to maturity.

Loans by Lender - as at 31 July 2022



Drawn Loans by Repayment Period - as at 31 July 2022



None of the University's borrowings are repayable on demand, providing that all loan terms are complied with and no financial covenant breached. There have been no breaches of any of the University's loan covenants during the year, and none are expected in the next 12 months.

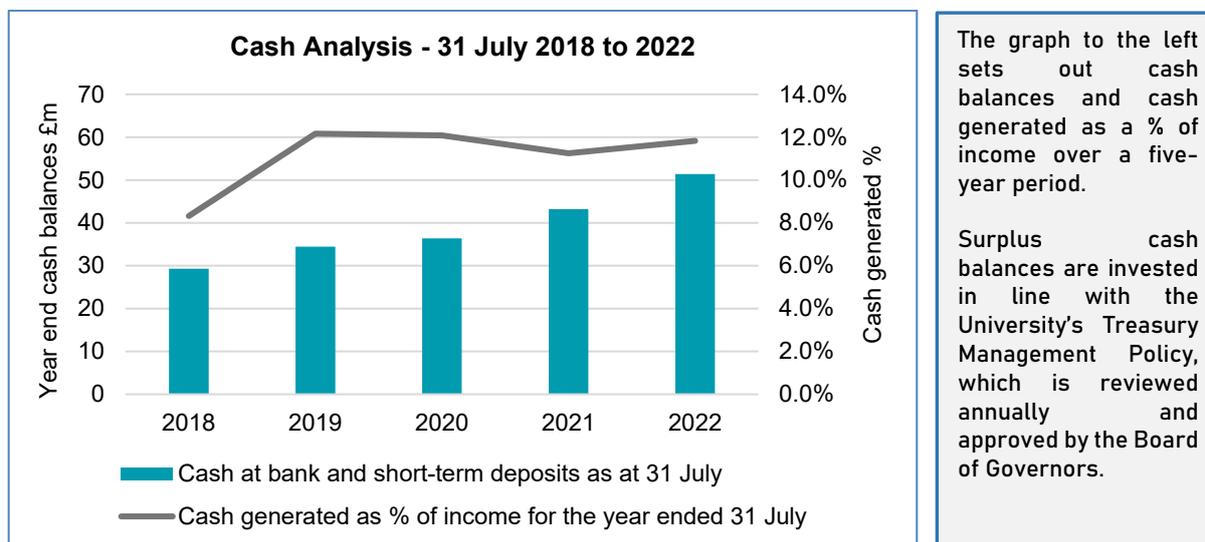
Financial review for the year ended 31 July 2022

Cashflow

Cash Generated and Cash Balances

The consolidated cashflow statement shows the net cash inflow during the year from operating activities was £25.4m (2021: £23.8m). Cash at bank and short-term deposits increased to £51.9m from £43.2m.

Cash generated from operating activities was 11.8% of total income (2021: 11.2%).



As at 31 July 2022, 2% (2021: 21%) of cash, cash equivalents, and short-term investments were deposited with UK banks and building societies. These banks and building societies met the three major credit rating agencies (Moody's, Standard & Poor's and Fitch) minimum ratings as determined by the Treasury Management Policy. The remaining 98% (2021: 79%) was invested in sterling money market funds, which are AAA-rated by both Standard & Poor's and Fitch.

Pension Liability

The overall pension liability has decreased from £80.4m to £3.3m. The pension provision on the statement of financial position reflects the University's net liability in respect of the East Riding Pension Scheme (ERPF), along with the University's contractual commitment to fund past deficits within the Universities Superannuation Scheme (USS).

ERPF

The ERPF net liability was £78.2m in July 2021. This has been eliminated due to a significant reduction in the present value of the scheme's forecast future liabilities. This movement is not included in the operating surplus.

The funding position has improved during the year primarily as a result of a change in financial assumptions in the latest actuarial report, which means that the value of the scheme's assets is now greater than its forecast future liabilities. Liability Driven Investment (LDI) predominantly affects private defined benefit schemes and ERPF is relatively unaffected.

The University's employer contribution rate is 25.3%. This comprises of 19.9% in respect of the future service rate and 5.4% deficit recovery repayment. The deficit recovery repayment is based on the recovery plan updated by the latest full formal actuarial valuation, 31 March 2019.

USS

The USS liability has increased from £2.2m to £3.3m. This provision relates to an estimate of the University's share of the USS deficit, based on the latest USS valuation in 2020.

Treasury Management and Financial Instruments

Treasury Management

The University's treasury operations are managed within parameters formally defined and regularly reviewed by the Board of Governors (the Treasury Management Policy).

The University's treasury activity is reported annually to the members of the Board of Governors and is subject to review by the internal auditors. The Board of Governors also reviews and approves the Treasury Strategy at the start of each financial year.



Financial Instruments

The University's financial instruments comprise cash at bank, deposits repayable on demand, fixed-term deposits, and fixed-rate loans repayable to banks. The sole purpose of these financial instruments is to provide finance for the University's operations.

The main risks arising from the University's financial instruments are interest rate, security, and liquidity. The risk is considered to be effectively managed through the University's Treasury Management Policy.

As previously noted, as at 31 July 2022, the University has fixed the interest rate on all borrowings until maturity. All interest rate fixes are arranged directly with the relevant lender.

Further analysis of the University's borrowings at 31 July 2022 is set out in note 19 of these financial statements.

St. Marks is our latest addition to student residences, with easy access to the Brayford Pool Campus and local amenities.



Going Concern and Liquidity

The University ended the year with cash resources of £51.8m and bank borrowings of £77.0m, leaving net debt standing at £25.2m. All of the University's external funding is long term in nature, with 93.4% repayable beyond one year, and 72.3% repayable beyond five years. In November 2020, the University took out a three-year £20m revolving credit facility to provide further access to cash.

The University has recently reviewed the key assumption data for 2022/23 against the assumptions in the latest five year forecasts. Full details of this review are included in the Accounting Policies note on page 34.

On this basis, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of signature of these financial statements.

Charitable status and public benefit: the University as a charity for the year ended 31 July 2022

Public Benefit: the University as a Charity

Mission

'A University looking to the future' where we serve and develop our local, national, and international communities by creating purposeful knowledge and research, confident and creative graduates, and a dynamic and engaged staff team.

In formulating the Strategic Plan for 2016–2021, staff and students across the University reflected on and debated the statement above. They concluded that it clearly articulated the mission of the University of Lincoln. The Strategic Plan commits to building on our reputation for excellent student engagement, which prepares our graduates for their future, and to working closely with our communities to ensure valuable impact from our research to make a meaningful contribution to our world.

The University is committed to developing and supporting research that enhances our futures, is purposeful, and leads to improvements in society. We will also address research challenges from our locale that have global significance, such as, but not exclusively, personalised health, agri-food technology, creativity, digital arts and digital archives, and rural communities. We aim to help our students develop into highly engaged, employable, and creative-thinking graduates who contribute to the development of society and the economy.

The year ended 31 July 2022 constituted the final year of operation of the 2016–2021 Strategic Plan. The *Strategic Plan 2022–27: Transforming Lives and Communities* formally launched on 29 July 2022 following extensive consultation with staff, students, and partners during the course of the 2021/22 academic year.



Charitable Status

The University of Lincoln is a Higher Education Corporation and, as such, is an exempt charity with the charitable objects of providing higher education and further education, and of carrying our research and publishing the results.

The University is regulated by the Office for Students as the principal regulator of the English HEIs as charities. The members of the Board of Governors are the trustees of the charity. The role of the Board and the responsibilities of the Governors are described in the statement of corporate governance and internal control later in this section. In exercising these responsibilities, the Governors have had due regard to guidance issued by the Charity Commission.

Charitable status and public benefit: the University as a charity for the year ended 31 July 2022

Delivery of Charitable Objectives

The charity's direct beneficiaries are the students enrolled to the University's awards and those who benefit from the research undertaken at the University. The Strategic Plan provides a number of examples of how the delivery of our institutional objectives contribute to the wider public benefit, including in the areas of engagement with businesses and the community; contribution to the local economy; working with partners including charities and the health service; stimulating and supporting enterprise and graduate employability; and focusing on our own environmental footprint.



Throughout the 2021/22 academic year, significant focus was given to the development of the *Strategic Plan 2022-27: Transforming Lives and Communities*, in consultation with staff, students, and our partners. The new Strategic Plan formally launched on 29 July 2022. The University's purpose under this plan is to transform lives and communities, attracting talent from around the globe to create, for Lincolnshire and communities across the world, a virtuous circle of opportunity, prosperity, and economic growth.

Work continued in support of proactive work to complement compliance with the Office for Students' Statement of Expectations. The University, via various mechanisms such as the Women's Safety Group, considered the views of students and staff about their safety and their perceptions of their safety, and data on sexual misconduct and violence within our University community. The group took steps to address matters that impact on these factors within the University and made recommendations to other bodies where appropriate. The brilliant and innovative work of Student Wellbeing in particular, in supporting our students, is recognised.

The University's International College launched in January 2022, providing pre-session English language and study skills courses for students who don't meet direct entry requirements and need to improve their English before joining their degree course; in-session English language and study skills support for currently enrolled international students; and new Degree Preparation courses (International Foundation, International Year One, and Pre-Masters).

The University continues to be engaged in Town Fund activity across six towns (five projects) in Lincolnshire and in Newark, with two specific projects advancing during 2021/22. The Barbican Creative Hub project will enable clustering and incubation of creative businesses, the establishment of a creative business network, educational activity and community access to production spaces, gallery, and café spaces. These activities align with the University's ambitions to create opportunities for graduates from courses in the College of Arts, creation of small businesses, community engagement, and promotion of our activities. The Campus for Future Living (CFL) is a flagship project for the Connected Coast Town Deal that will create a new building as a focal point of new cluster of health and care related activity and align with plans to develop the Ross Lucas Medical Sciences Building and provide leadership in rural health.

The Commission on Greater Lincolnshire Inequality was developed during 2021/22 and aims to bring together the full value of the University - drawing together its research, knowledge exchange, teaching and engagement activities, and collaborate with other regional stakeholders, or anchors, towards a shared endeavor of regional health, wealth, and opportunity over the long term. At the heart of the approach is a recognition that five key drivers (health and wellbeing; community, belonging, and recovery; education, skills, and the labour market; innovation, investment, and ambition; place, culture, and connectivity) interplay to create the conditions for inequality at a regional, community, and individual level. It is the fact that, through its normal activities, the University plays a roll across the system, which means it is in a unique position to contribute to the work to address inequality.

The full Civic University document can be viewed on the University's website at:

<https://www.lincoln.ac.uk/home/media/responsive2017/documents/the-new-civic-university-university-of-lincoln.pdf>

Charitable status and public benefit: the University as a charity for the year ended 31 July 2022

Admissions Policy and Student Support

The University welcomes difference and diversity among its students and seeks to help each one to flourish academically and personally through its programmes. Our admissions policy is therefore governed by two principles: the applicant's ability to benefit from the chosen course, and fair and equal treatment for all applicants.

In common with other HEIs in England, the University of Lincoln charges tuition fees which, for UK students, are subject to statutory regulation through the Office for Students (OfS). For the academic year 2021/22, the standard fee for all new full-time undergraduate UK students was set at £9,250, in line with the majority of English universities. Most of these students are eligible for UK government funding to pay their tuition fees via a tuition fee loan and for maintenance support, based on a means-tested assessment.

The level of tuition fees charged by the University for 2021/22, which was approved through the OfS, was linked to the provision of the University of Lincoln Scholarship. The University's wider bursary and scholarships schemes have been established to provide additional financial support, to encourage participation in Higher Education by students regardless of background or financial circumstance, and to promote postgraduate study. Our aim is that nobody should be deterred from applying to the University of Lincoln, or consider leaving their course, due to financial worries.

The University is committed to putting policies and processes in place that provide members of under-represented groups with opportunities to gain access to our academic programmes, including providing appropriate support where necessary. We will ensure that students from lower socio-economic backgrounds are given support to aid their social mobility.

The University offers its students a comprehensive support package, including academic study skills, careers guidance, advice, financial support, sports and exercise facilities, as well as mental health, wellbeing and counselling services, and specialist assessment and support for students with disabilities.

Trustees' Expenses

No members of the Board receive any payment for the work they do as governors or as trustees, but reasonable expenses (chiefly for travelling and subsistence, and attendance at conferences and specialist training events or other external meetings on behalf of the Board) are reimbursed. For the academic year 2021/22, a total amount of £2,000 was paid in respect of claims made by five governors. This figure represents the reimbursement of out-of-pocket expenses by the trustees as members of the University governing body in attending meetings and other events, primarily travelling costs. Hotel accommodation, meals and associated costs relating to Board meetings are organised centrally by the University Secretariat, and such costs are not included.

The governing body includes members of the University staff who are paid as employees but who receive no supplementary payment for trusteeship. There were no payments in the financial year 2021/22 to any governor for services provided to the University. Note 8 to these financial statements summarise relevant transactions between the University and organisations in which members of the Board of Governors have or may have an interest.

Statement of corporate governance and internal control for the year ended 31 July 2022

The statements below relate to the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the audited financial statements on 23 November 2022.

The University of Lincoln is an independent institution, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers, and framework of governance are set out in its Instrument and Articles of Government. The Board of Governors is the University of Lincoln's governing body, responsible for matters including the finance, property, and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction.

The Board has a majority of independent members, chosen in accordance with the criteria contained in the legislation. The chair is elected from among the independent members. The Board also includes co-opted members and members appointed from the University's staff and the student body. The Vice Chancellor of the University is a member of the Board. Dame Di Lees DBE became Chair of the Board of Governors on 1 August 2018, having been appointed to that office by the Board of Governors at its meeting on 25 April 2018. More information about the Board and its members can be found on the University's website: <http://lincoln.ac.uk/home/abouttheuniversity/governance/>.

Responsibilities of the Board of Governors

The Higher Education Code of Governance, published by the Committee of University Chairs (CUC), states that the governing body of a university must be collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit. The governing body role is set out in more detail in a Statement of Primary Responsibilities of the Board of Governors, based on the Articles of Government and on guidance from the CUC, which is published on the University's website.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the University. It is particularly concerned with issues relating to the learning, teaching, and research work of the University, to academic quality and standards, and to the student experience.

Corporate Governance

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership). The Vice Chancellor, as chief executive, is the head of the University and has a general responsibility to the Board of Governors for the organisation, direction, and management of the institution. This includes the development and delivery of the institutional strategy, the identification and planning of new initiatives, and the shaping of the institutional ethos. The Deputy Vice Chancellors and the senior academic and professional staff all contribute in essential ways to these aspects of the work, but the ultimate responsibility for approval of the strategic direction, institutional character, and financial sustainability rests with the Board of Governors.

The Board cyclically reviews its governance arrangements to ensure it is compliant with the Office for Students and others' guidance throughout the financial year. The Board has adopted the Chair of University Council's Higher Education Code of Governance with detailed review of its compliance position undertaken by the Board on 3 June 2021, and subsequently supported by an internal audit in July 2021. A set of recommendations were presented to the Board on 28 October 2021 which were considered to enhance the compliance position, with this further supported during the reporting year by review of the findings of the governance effectiveness review to the Board on 31 March 2022. This regular process of review of compliance provides the assurance that the University's governance structures and procedures fulfil the six primary elements set out in the Code, and requirements around regularity and propriety in the use of any public funding.

Between 1 August 2021 and 31 July 2022, the Board of Governors met on seven occasions. It also held a Strategic Plan Development Day on 18 May 2022, together with members of the Senior Leadership Team, which considered the role and intent of the University from 2022-23 and beyond.

The Board also has sub-committees and task-and-finish groups:

- The Nominations Committee, whose primary role is to make recommendations to the Board about the appointment and reappointment of members of the Board and its committees, met twice during 2021-22. Conscious of the need for succession planning and refreshment of its membership, the Nominations Committee had recommended the appointment of one new independent member going into 2021-22, who was appointed from 1 August 2022, bringing fresh talent to the governance of the University, as well as the reappointment of the Chair for a final two-year term to 31 July 2024 and a number of reappointments of

Statement of corporate governance and internal control for the year ended 31 July 2022

- **Corporate Governance (cont.)**

governors for further terms of service, ensuring the University could continue to benefit from these individuals' expertise.

- The Remuneration Committee, whose responsibilities include reviewing the performance and determining the remuneration of the most senior staff, including the Vice Chancellor, met three times during 2021-22, giving detailed consideration to Senior Remuneration, as well as action progressing to reduce relevant pay gaps.
- The Audit Committee met four times during 2021-22, as well as meeting on 20 January 2022 for a members-only development session on Cyber Security. Its role includes the consideration of detailed reports from internal auditors, with recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers the annual financial statements and external auditors' formal opinion, prior to their presentation to the Board of Governors. The University's external and internal auditors attend Audit Committee meetings, and during the year the Committee meets the auditors on their own for private discussions.
- The Board of Governors' Further Education and Higher Education Apprenticeships Oversight Group met twice during 2021/22.

Internal Control

The Board of Governors of the University of Lincoln has responsibility for maintaining and reviewing the effectiveness of a sound system of internal control that supports the achievement of corporate strategies, while safeguarding the public and other funds and assets for which they are responsible. Such a system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The approach to internal control is risk-based, including an evaluation of the likelihood and impact of risks becoming a reality. Review procedures cover risk in the following areas: business, operational, reputational, compliance, and financial. The system represents an ongoing process designed to: identify the principal risks to the achievement of the University's aims and objectives; evaluate the nature and extent of those risks; and anticipate and manage them. This process has been in place for the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the audited financial statements.

The role of the Board of Governors in relation to risk is at overview level, and governors are not responsible for managing risk at operational level. The Audit Committee plays a key role in ensuring the fulfilment of the Board's responsibilities. On behalf of the Board, the Audit Committee monitors the effectiveness of risk management processes and policy development. The Board receives an annual report from the Audit Committee, which reviews and comments on: the adequacy and effectiveness of the University's risk management, control, and governance arrangements; processes for promoting value for money through economy, efficiency and effectiveness; the management and quality assurance of data submitted to funding bodies; the work of the internal and external auditors; and other audit matters.

The University has a Risk Management Policy and Strategy that set out the approach to risk management; key elements of the process; and roles, responsibilities, and reporting procedures relating to risk management in the academic Colleges and the professional service areas. In accordance with the Policy and Strategy, the Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training. There is also a Risk Appetite Statement, approved by the Board of Governors.

At a corporate level, the University maintains a high-level risk register (HLRR), which details the chief risks to the institution and the actions that the University has in place to mitigate them, incorporating a current articulation of the risks by the relevant risk owners as well as updates on improvement actions and progress to date. Reporting arrangements ensure that the Audit Committee, the Board of Governors, and the Senior Leadership Team understand the strategic importance of managing these risks effectively.

Statement of corporate governance and internal control for the year ended 31 July 2022

Internal Control (cont.)

The Audit Committee has continued its active oversight of University risk management, receiving reports from the Director of Planning and Corporate Strategy (the department with lead responsibility for risk management), following review and re-scoring of the HLRR by the Senior Leadership Team in November 2021 and July 2022. As part of the risk review process, each risk area is further broken down into lower sub-risks representing contributing factors to the high level risks. This approach ensures that risk assessment and internal control are embedded in ongoing operations, and that monitoring at all levels is undertaken effectively.

The Senior Leadership Team regularly reviews the HLRR in the context of new and evolving challenges and continues to look at the risks and opportunities, for each of the elements affected. The HLRR is reviewed in detail via an assessment of risk, opportunities and re-scoring exercise where all members of the Senior Leadership Team consider and score all risks. These are then collated, with those with a wider distribution of scores being discussed in detail. This includes an assessment of each of the risk areas against the Strategic Plan, and a review of key risks identified within the local risk registers. Following two such SLT reviews, the Audit Committee gave detailed consideration to the re-scored register in order to obtain assurance on the identification and management of risks to the University's strategic ambitions. The Committee commends these six-monthly reviews as assurance that the Senior Leadership Team is keeping the institutional risk profile under appropriate scrutiny and taking a proactive approach to risk management.

Review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the members of the Senior Leadership Team, who have responsibility for the development and maintenance of the internal control framework, and by comments made in the external auditors' annual report. The Audit Committee considers at least one report on risk management by the internal auditors each year. The Committee discussed PwC's 2021-22 internal audit annual report in both October and November 2022.

The principal results of risk identification, risk evaluation, and the management review of their effectiveness are reported to, and reviewed by, the Board of Governors. The Board received reports on risk management and the re-scoring of the high-level risk register, in November 2021 and July 2022. Each November, the Board also considers the Annual Report of the Audit Committee, prior to the approval of the previous year's audited financial statements.

Statement of responsibilities of the Board of Governors for the year ended 31 July 2022

The Board of Governors is responsible for preparing the Financial Review and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

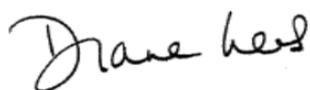
The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice– Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.
- The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Dame Diane Lees DBE – Chair of the Board
23 November 2022



Professor N Juster – Vice Chancellor
23 November 2022

Independent auditor's report for the year ended 31 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF LINCOLN

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Lincoln ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statements of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Statements of Financial Position and Consolidated Cash Flow statement and related notes, including the Statement Of Accounting Policies.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of senior management, the Audit Committee and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors and Audit Committee minutes.

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- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and education contracts in regards to flexible provision and courses that run across the year end is not recognised in the correct accounting period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included manual journals whose descriptions included key words, unusual postings to cash and loans accounts, unusual postings to revenue accounts and material post-close journal entries.
- Verifying tuition fee and education contract income recognised is appropriate based on the timing of the underlying activity.

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

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

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

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

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

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

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

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

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

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

Independent auditor's report for the year ended 31 July 2022

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report, Financial Review and Statement of Corporate Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Board of Governors responsibilities

As explained more fully in its statement set out on page 29, the Board of is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Independent auditor's report for the year ended 31 July 2022

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 10b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Board of Governors in accordance with paragraph 7.1 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



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

Date: 2 December 2022

Statement of accounting policies for the year ended 31 July 2022

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain financial assets and liabilities at fair value.

Going Concern

The financial statements have been prepared on a going concern basis. The Board of Governors have considered this accounting policy in detail and have determined that it is appropriate for the reasons set out below.

In planning for the future, the University has undertaken extensive financial modelling and scenario planning to ensure that its financial position is not compromised.

In November 2022, the Board of Governors considered the Group's updated five-year financial forecasts, including detailed month-by-month cash flows, for the period up to, and including, the year ending 31 July 2027. The Board paid particular attention to the twelve-month period from the date of signing of these financial statements; this being the going concern review period. The assumptions that underpin these forecasts have been carefully constructed and scrutinised to take account of the current sector and economic outlook.

According to the financial forecasts, the University remains financially sustainable for the whole forecast period, with sufficient available cash balances and remains in full compliance with all bank loan covenants.

The University also prepared an extreme but plausible downside scenario to stress test these forecasts. Various changes to assumptions were considered that would have an adverse but realistic impact on the financial position. The modification to the assumptions selected was to reduce student intake numbers. The other potential changes to assumptions that were considered were believed to be too far toward the remote end of possibilities or would not have had a material impact to the financial plans.

Under this downside scenario, the University remains financially sustainable with sufficient available cash and all bank loan covenants remain fully compliant for the immediate future and at least twelve months from the date of approval of the financial statements. It is not expected that any regulator reportable events will be triggered in respect of liquidity, lending covenants or any other matter of financial distress or concern.

The University has built a financial base with relatively low levels of bank debt, healthy levels of available cash and a strong Statement of Financial Position (Balance Sheet). In addition, mitigation plans are in place to reduce costs should they be required.

Taking into account the above, the Board believe that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for a period of at least 12 months from the approval of these financial statements. The Board therefore considers it appropriate for these financial statements to be prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2022. The results of subsidiaries newly incorporated, acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of incorporation or acquisition and up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Jointly controlled entities are accounted for using the equity method.

Statement of accounting policies for the year ended 31 July 2022

Income recognition

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

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

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

(a) Grant funding

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

(b) Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

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

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

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

(c) Capital grants

Capital grants are recorded in income when the University is entitled to the income subject to any performance related conditions being met.

Accounting estimates and judgements

The preparation of the financial statements requires management to use estimates and judgements that affect the reported carrying amounts of assets and liabilities.

Statement of accounting policies for the year ended 31 July 2022

Accounting estimates and judgements (cont.)

(a) Pension costs (defined benefit pension schemes)

In determining the valuation of defined benefit pension schemes, the University makes assumptions in respect of inflation rates, life expectancy, discount rate and salary and pension growth rates. Details of the assumptions used are set out in note 28. Management consult with a qualified actuary in making these assumptions.

(b) Pension costs (Universities Superannuation 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 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) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

(c) Fixed asset and investment property revaluation

On the application of the 2015 FE HE SORP management revalued certain fixed assets and reassessed the remaining useful life of buildings. These assumptions were set based on the advice of a suitably qualified valuer. Assets which are classified as investment property are revalued at each reporting date based on advice from a suitably qualified valuer.

(d) Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement. The accrual requires management's best estimate of outstanding holiday balances based on a review of holiday records of a sample of academic and administrative staff.

(e) Dilapidation provision

Provision is made for the cost of dilapidations of certain of the University's buildings. This provision requires management's best estimate of the costs that will be incurred to settle a present obligation and management consult with a qualified valuer in making these assumptions.

(f) Derivatives

The University has reviewed the terms of the bank loan agreements and consider that those loans where there was a commitment at the statement of financial position date to draw down further tranches of loan subsequent to the year end and the interest rate was fixed meet the definition of an 'other financial instrument' because there is perceived value in shielding the University from fluctuations in the market rate of interest up to the date we draw down the remaining tranches. For this reason, these instruments have been accounted for at fair value. The derivative financial liability represents the fair value at the statement of financial position date calculated using estimated interest rates that could have been obtained for the same loans at the statement of financial position date.

The estimated value of derivative transactions is the valuation at the statement of financial position date and this valuation can change significantly even over a very short space of time. The valuation of derivative transactions is complex and such transactions can be calculated in a number of different ways and using a variety of methods. There are a number of factors that can affect the value of a transaction and which may not be taken into account in the valuation estimate provided. This may result in the transaction having an actual value which is higher or lower than the estimate included in these financial statements.

Statement of accounting policies for the year ended 31 July 2022

Accounting estimates and judgements (cont.)

(g) Bad debt provision

The University makes an estimate of the recoverable value of debtors. When assessing the provision for bad debt required, consideration is given to the aged profile of debtors and historical experience.

(h) Estimates and judgements in depreciation

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Statement of Financial Position. They are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The assessment of these factors requires management's judgement.

Accounting for retirement benefits

The five principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Teachers Pension Scheme (TPS), the East Riding Pension Fund (ERPF), the Universities and Colleges Retirement Savings Scheme (UCRSS) and the NHS Pension Scheme (NHSPS). The TPS and ERPF are defined benefit schemes, the UCRSS and NHSPS are defined contribution pension schemes, and the USS is a hybrid scheme.

(a) Universities Superannuation Scheme (USS)

The institution participates in 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 Consolidated Statement of Comprehensive Income and Expenditure.

(b) Teachers Pension Scheme (TPS)

The TPS is a multi-employer pension scheme and the University is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The TPS is therefore accounted for as a defined contribution retirement benefit scheme. The scheme is unfunded, and contributions are made to the Exchequer. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year. The payments from the scheme are made from funds voted by parliament.

(c) East Riding Pension Fund (ERPF)

The ERPF administers the Local Government Pension Scheme (LGPS) for four unitary authorities, plus over 300 local employers and organisations. The University is able to identify its share of assets and liabilities of the ERPF and consequently accounts for this as a defined benefit scheme in accordance with FRS102. The University's net obligation in respect of the ERPF is calculated by estimating the present value of the future benefits that employees have earned in return for their service in the current and prior periods, less the fair value of plan assets.

The liability discount rate is the yield at the statement of financial position date on high quality corporate credit rated bonds, denominated in sterling, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Statement of accounting policies for the year ended 31 July 2022

Accounting for retirement benefits (cont.)

(d) Universities and Colleges Retirement Savings Scheme (UCRSS)

The UCRSS is a defined contribution pension scheme. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year.

(e) NHS Pension Scheme (NHSPS)

The NHSPS is a multi-employer schemes for which it is not possible to identify the assets and liabilities of each organisation due to the mutual nature of the scheme and therefore it is accounted for as a defined contribution retirement benefit scheme. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year.

Employment benefits

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

Apprenticeship levy

Payments made to HMRC under the Apprenticeship Levy represent a prepayment for training services and are held as an asset on the statement of financial position to the extent that they are regarded as more likely than not that they will be recovered. When training services are received an appropriate expense is recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged to the Consolidated Statement of Comprehensive Income and Expenditure on a straight-line basis over the lease term. In cases where lease payments are structured to increase with expected general inflation, costs are charged in line with the annual payments made. Any lease premiums or incentives are spread over the minimum lease term.

Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Intangible assets

Intangible assets comprise software development costs. These are stated at cost less accumulated amortisation and accumulated impairment losses. Software development costs are amortised on a straight-line basis over their expected useful life to the asset, up to a maximum of 10 years. Amortisation methods, impairment losses, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Statement of accounting policies for the year ended 31 July 2022

Property, plant and equipment

Property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and accumulated impairment losses.

Where parts of property, plant and equipment have different useful lives, they are accounted for as separate items.

(a) Land and buildings

Certain of the University's land and buildings were professionally revalued to their fair value on the date of transition to FRS102. Under the transitional rules of FRS102, the revalued amount at that date is stated as the deemed cost. Land and buildings acquired after the date of transition are stated in the statement of financial position at cost. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful life to the University of between 10 and 50 years. Leasehold land and buildings are depreciated over the life of the lease, up to a maximum of 50 years.

(b) Fixtures, fittings and equipment

Fixtures, fittings and equipment, including computers and software, costing less than £20,000 per individual item are charged to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. All other fixtures, fittings and equipment, including motor vehicles, are capitalised at cost and depreciated on a straight-line basis over their expected useful life to the University of between 3 and 20 years.

(c) Assets in the course of construction

Assets in the course of construction are accounted for at cost and are not depreciated until they are brought into use.

Borrowing costs which are directly attributable to the purchase and construction of fixed assets are not capitalised.

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

Depreciation methods, impairment losses, useful lives and residual values are reviewed at the date of preparation of each statement of financial position.

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions at each statement of financial position date.

Financial instruments

Financial instruments treated as 'basic financial instruments' under the provisions of Section 11 of FRS102 comprise cash, deposits repayable on demand, fixed term deposits, investments in shares and loans payable.

There is a judgement in the classification of loans payable between 'basic financial instruments' and 'non basic financial instruments'. The two key judgements concern market disruption events and the possibility of payment of break gains by the Lender to the Borrower on termination of a loan and whether these meet the basic classification features.

Financial instruments treated as 'non basic financial instruments' under the provisions of Section 12 of FRS102 comprise certain elements of loans payable. These are held at fair value at each statement of financial position date.

Statement of accounting policies for the year ended 31 July 2022

Financial instruments (cont.)

Fixed interest rate agreements on drawn loans, payable where the interest rate is fixed directly with the lender, are not separate stand-alone financial instruments. The loans payable are recognised at amortised cost at each statement of financial position date.

Forward fixed interest rate agreements on undrawn borrowings are recognised as separate stand-alone financial instruments and are accounted for under the provisions of Section 12 of FRS102 (Other Financial Instrument Issues). These are held on the statement of financial position at fair value. Movements in the fair value are recognised in the Consolidated Statement of Comprehensive Income and Expenditure and are included in the surplus or deficit for the year. Once the loan is drawn down the fair value of the related loan commitment is amortised over the term of the loan and there are no further fair value movements.

Investments

Non-current asset investments are held on the statement of financial position at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Jointly controlled entity

The University accounts for its share of jointly controlled entity using the equity method.

Stock

Stock is held at market value as at the valuation date.

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 equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University 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.

Statement of accounting policies for the year ended 31 July 2022

Taxation

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

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

The University's subsidiary companies operate as commercial organisations and certain of these are subject to taxation.

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

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 University must hold in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Consolidated and University statement of comprehensive income and expenditure for the year ended 31 July 2022

	Note	2022 Consolidated £000	2022 University £000	2021 Consolidated £000	2021 University £000
Income					
Tuition fees and education contracts	1	143,162	143,162	136,438	136,438
Funding body grants	2	18,659	18,659	18,986	18,986
Research grants and contracts	4	14,551	14,551	15,988	15,988
Other income	5	37,475	37,755	37,333	37,531
Investment income	6	355	355	195	195
Donations and endowments	7	979	979	2,856	2,856
Total Income		215,181	215,461	211,796	211,994
Expenditure					
Staff costs	8	113,820	98,792	108,018	96,386
Other operating expenses		74,651	90,429	66,814	79,025
Depreciation and impairment		10,995	10,995	10,339	10,339
Interest and other finance costs	9	4,157	4,157	3,718	3,718
Total expenditure	10a	203,623	204,374	188,889	189,468
Surplus before other gains and share of surplus in joint ventures and associates					
		11,558	11,087	22,907	22,526
Share of operating surplus/(deficit) in jointly controlled entity		(1)	-	1	-
Change in fair value of investment property	13b	482	482	(519)	(519)
Gain on disposal of fixed assets		-	-	30	30
Surplus before tax		12,039	11,569	22,419	22,037
Taxation	11	-	-	-	-
Surplus for the year		12,039	11,569	22,419	22,037
Actuarial gain/(loss) in respect of pension	20	84,850	84,850	(11,228)	(11,228)
Gift Aid received		-	421	-	394
Total comprehensive income/(loss) for the year		96,889	96,840	11,191	11,203
Represented by:					
Endowment comprehensive income/(loss) for the year		885	885	(90)	(90)
Unrestricted comprehensive income for the year		96,004	95,955	11,281	11,293
		96,889	96,840	11,191	11,203
Surplus for the year attributable to:					
University		12,039	11,569	22,419	22,037
Total Comprehensive income for the year attributable to:					
University		96,889	96,840	11,191	11,203

All items of income and expenditure relate to continuing activities.
The notes on pages 45 to 65 form part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2022

Consolidated	Income and expenditure account			Total Reserves £000
	Endowment £000	Restricted £000	Unrestricted £000	
Balance at 31 July 2020	472	-	153,129	153,601
(Deficit)/surplus from income and expenditure statement	(90)	-	22,509	22,419
Other comprehensive income	-	-	(11,228)	(11,228)
Total comprehensive income for the year	(90)	-	11,281	11,191
Balance at 31 July 2021	382	-	164,410	164,792
Surplus from income and expenditure statement	885	-	11,154	12,039
Other comprehensive income	-	-	84,850	84,850
Total comprehensive (loss)/income for the year	885	-	96,004	96,889
Balance at 31 July 2022	1,267	-	260,414	261,681

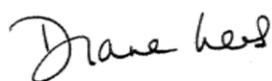
University	Income and expenditure account			Total Reserves £000
	Endowment £000	Restricted £000	Unrestricted £000	
Balance at 31 July 2020	472	-	153,112	153,584
(Deficit)/surplus from income and expenditure statement	(90)	-	22,127	22,037
Other comprehensive income	-	-	(10,834)	(10,834)
Total comprehensive income for the year	(90)	-	11,293	11,203
Balance at 31 July 2021	382	-	164,405	164,787
Surplus from income and expenditure statement	885	-	10,684	11,569
Other comprehensive income	-	-	85,271	85,271
Total comprehensive (loss)/income for the year	885	-	95,955	96,840
Balance at 31 July 2022	1,267	-	260,360	261,627

The notes on pages 45 to 65 form part of these financial statements.

Consolidated and University statement of financial position as at 31 July 2022

	Note	2022 Consolidated £000	2022 University £000	2021 Consolidated £000	2021 University £000
Non-current assets					
Intangible assets	12	4,780	4,780	4,421	4,421
Plant, property and equipment	13a	304,380	304,380	301,497	301,497
Investment properties	13b	6,402	6,402	5,920	5,920
Investments	14	30	30	40	40
Investment in jointly controlled entities	15	-	-	1	1
		315,592	315,592	311,879	311,879
Current assets					
Stock	16	115	115	131	131
Trade and other receivables	17	25,601	25,570	16,817	16,784
Cash and cash equivalents	23	51,852	51,399	43,215	42,795
		77,568	77,084	60,163	59,710
Creditors: amounts falling due within one year	18	(54,787)	(54,357)	(46,132)	(45,684)
Net current assets		22,781	22,727	14,031	14,026
Total assets less current liabilities		338,373	338,319	325,910	325,905
Creditors: amounts falling due after more than one year	19	(72,547)	(72,547)	(77,818)	(77,818)
Provisions					
Pension provisions	20	(3,281)	(3,281)	(80,372)	(80,372)
Other provisions	20	(864)	(864)	(2,928)	(2,928)
Total net assets		261,681	261,627	164,792	164,787
Restricted Reserves					
Income and expenditure reserve – endowment	22	1,267	1,267	382	382
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		260,414	260,360	164,410	164,405
Total Reserves		261,681	261,627	164,792	164,787

The financial statements were approved by the Board of Governors on 23 November 2022 and signed on its behalf on that date by:



Dame Diane Lees DBE – Chair of the Board



Professor N Juster – Vice Chancellor

The notes on pages 45 to 65 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 July 2022

	Note	2022 Consolidated £000	2021 Consolidated £000
Cash flow from operating activities			
Surplus for the year before taxation		12,039	22,419
Adjustment for non-cash items			
Depreciation	12/13	10,995	10,339
Other amounts written off tangible assets	12/13	14	283
(Gain)/loss on disposal of tangible assets		-	(30)
Loss on disposal of investment		7	-
Change in fair value of investment properties		(482)	519
Decrease/(increase) in stock	16	16	(36)
(Increase) in debtors		(4,684)	(1,318)
Increase in creditors		9,363	6,704
Increase in pension provision	20	7,759	3,997
(Decrease) in other provisions	20	(2,064)	(1,403)
Diminution in value of investment in jointly controlled entity	15	1	469
Adjustment for investing or financing activities			
Investment income		(267)	(104)
Interest payable		2,818	2,770
Amortisation of derivative liability		(119)	(62)
Endowment income		(979)	(2,856)
Capital grant income		(8,996)	(17,864)
Net cash inflow from operating activities before taxation		25,421	23,827
Taxation		(16)	(8)
Net cash inflow from operating activities after taxation		25,405	23,819
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	30
Proceeds from disposal of investment		3	-
Capital grant receipts		4,436	11,021
Investment income		213	116
Payments made to acquire intangible and tangible assets		(14,592)	(21,827)
Payments made to acquire shares in jointly controlled entity		-	(470)
Net cash outflow from investing activities		(9,940)	(11,130)
Cash flows from financing activities			
Interest paid		(2,861)	(2,995)
Endowment cash received		979	1,476
Secured loans repayments received		(63)	365
Repayments of amounts borrowed		(4,883)	(4,708)
Net cash outflow from financing activities		(6,828)	(5,862)
Increase in cash and cash equivalents in the year		8,637	6,827
Cash and cash equivalents at beginning of the year	23	43,215	36,388
Cash and cash equivalents at the end of the year	23	51,852	43,215

The notes on pages 45 to 65 form part of these financial statements.

Notes to the financial statements year ended 31 July 2022

1 Tuition fees and education contracts	2022	2022	2021	2021
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	106,437	106,437	115,934	115,934
Full-time international students	26,201	26,201	13,086	13,086
Part-time students	9,689	9,689	6,549	6,549
Short courses and summer schools	348	348	431	431
Further education students	487	487	438	438
	<u>143,162</u>	<u>143,162</u>	<u>136,438</u>	<u>136,438</u>

2 Funding body grants

Recurrent grants

Office for Students (OfS)	7,613	7,613	6,832	6,832
UK Research and Innovation (UKRI)	4,500	4,500	4,121	4,121
Education and Skills Funding Agency (ESFA)	4,478	4,478	3,389	3,389

Specific grants

UKRI – Higher Education Innovation Fund	1,564	1,564	1,396	1,396
OfS – other specific grants	-	-	987	987
UKRI – other specific grants	121	121	327	327
OfS - capital grants	30	30	1,161	1,161
UKRI – capital grants	323	323	434	434
Other grants	30	30	339	339
	<u>18,659</u>	<u>18,659</u>	<u>18,986</u>	<u>18,986</u>

3 Grant and Fee Income

Grant from the OfS	7,933	7,933	9,393	9,393
Grant income from other bodies	25,309	23,529	26,172	25,923
Fee income for taught awards (exclusive of VAT)	139,452	139,452	132,506	132,506
Fee income for research awards (exclusive of VAT)	2,875	2,875	3,063	3,063
Fee income from non-qualifying courses (exclusive of VAT)	835	835	869	869
	<u>176,404</u>	<u>174,624</u>	<u>172,003</u>	<u>171,754</u>

Grant income from other bodies includes £18,490 (2021: £483,877) in relation to Coronavirus Job Retention Scheme (University only 2022: £16,710, 2021: £235,688), this is shown under note 5.

4 Research grants and contracts

4 Research grants and contracts	2022	2022	2021	2021
	Consolidated £000	University £000	Consolidated £000	University £000
Research Councils	5,151	5,151	7,787	7,787
UK based charities	926	926	2,058	2,058
UK Central/Local Government/Health/Hospitals	4,478	4,478	3,413	3,413
Industry and commerce	450	450	878	878
European Union	2,998	2,998	1,477	1,477
Overseas	548	548	375	375
	<u>14,551</u>	<u>14,551</u>	<u>15,988</u>	<u>15,988</u>

Notes to the financial statements year ended 31 July 2022

5 Other income

	2022 Consolidated £000	2022 University £000	2021 Consolidate £000	2021 University £000
Residences, catering and conferences	23,350	23,350	15,167	15,167
Capital grants	6,544	6,544	14,354	14,354
Other income generating activities	7,580	7,861	7,812	8,010
	<u>37,475</u>	<u>37,755</u>	<u>37,333</u>	<u>37,531</u>

6 Investment Income

Income from short term deposits	204	204	38	38
Amortisation of derivative liability	88	88	91	91
Other investment income	63	63	66	66
	<u>355</u>	<u>355</u>	<u>195</u>	<u>195</u>

7 Donations and endowments

Donations with restrictions	979	979	93	93
Capital grants	-	-	2,763	2,763
	<u>979</u>	<u>979</u>	<u>2,856</u>	<u>2,856</u>

8 Staff costs

Staff costs by type:

Salaries	81,401	68,663	80,165	70,259
Social Security costs	8,880	7,724	8,122	7,300
Movement on USS provision	1,186	1,186	(110)	(110)
USS deficit recovery	(113)	(113)	(41)	(41)
Other pension costs	22,066	20,954	19,493	18,610
Staff restructuring costs	400	378	389	368
	<u>113,820</u>	<u>98,792</u>	<u>108,018</u>	<u>96,386</u>

	2022 Consolidated Number	2022 University Number	2021 Consolidated Number	2021 University Number
Average staff numbers by major category:				
Teaching departments	1,346	1,211	1,292	1,175
Teaching support services	149	89	137	90
Other support services	69	25	63	27
Administration and central services	395	234	379	246
Premises	41	23	45	29
	<u>2,000</u>	<u>1,582</u>	<u>1,916</u>	<u>1,567</u>

Senior staff pay

	2022 Consolidated £000	2021 Consolidated £000
Remuneration package of the Vice Chancellor: Professor N Juster (from 1 October 2021)		
Basic salary	198	-
Performance related pay and other bonuses	-	-
Payments in lieu of pension contributions	27	-
Other taxable benefits (private medical insurance)	2	-
Non-taxable benefits (employer's contribution for life assurance)	2	-
	<u>229</u>	<u>-</u>

Notes to the financial statements year ended 31 July 2022

8. Staff costs (cont.)

Senior staff pay

	2022 Consolidated £000	2021 Consolidated £000
Remuneration package of the Vice Chancellor: Professor Mary Stuart (to 30 September 2021)		
Basic salary	42	222
Performance related pay and other bonuses	-	2
Payments in lieu of pension contributions	8	42
Other taxable benefits (private medical insurance)	1	3
Non-taxable benefits (employer's contribution for life assurance)	1	4
	52	273

The remuneration package reflects a voluntary reduction in basic salary of £nil for the year (2021: £25,000).

The commencement salary for the incoming Vice Chancellor was set by the Remuneration Committee alongside the agreed benchmarked salary band range for the role. The starting point in the was band determined by assessment of experience and demonstratable impact of delivering activities associated with the level of role.

The Vice Chancellor role is formally evaluated based on the responsibilities and duties through the application of a recognised role evaluation methodology and benchmarked against local, sector, national and international data on an annual basis. The University's Remuneration Committee subsequently determine remuneration arrangements in line with the evaluation outcome alongside:

- the context within which the University operates;
- the expected contribution of the role;
- the attributes required to undertake the role; and
- the value added, based on a number of elements, delivered by the role holder through their performance against annually set objectives, in line with the strategic direction of the University.

Payment arrangements will demonstrate value for money whilst also being sufficient to recruit, retain and motivate the role holder or future prospective role holder in the context of the market for that role.

Pay ratio of Vice-Chancellor's remuneration to the median remuneration of all other employees:

	2022 Consolidated Pay ratio	2021 Consolidated Pay ratio
Basic salary ratio	6.6 times	7.1 times
Total remuneration ratio	7.6 times	8.4 times

As per guidance notes from the Office for Students, pension contributions and payments in lieu of pension contributions have been included in the Vice Chancellor's total pay values. The updated guidance also specified that we are to include all people in our real-time information in our employee figures, so we have included casual claims individuals alongside 'core' staff and associate staff.

Higher paid staff (with basic salary over £100,000 per annum):

	2022 Number	2021 Number
Basic salary per annum		
£100,000 to £104,999	1	5
£105,000 to £109,999	1	-
£110,000 to £114,999	6	5
£115,000 to £119,999	5	5
£120,000 to £124,999	3	4
£125,000 to £129,999	2	4
£130,000 to £134,999	3	1
£135,000 to £139,999	1	-
£140,000 to £144,999	1	1
£145,000 to £149,999	-	4

Notes to the financial statements year ended 31 July 2022

Higher paid staff (cont.)	2022	2021
	Number	Number
£150,000 to £154,999	4	-
£195,000 to £199,999	1	-
£220,000 to £224,999	-	1

Key management personnel

Key management personnel are defined as the Senior Leadership Team, who have authority and responsibility for planning, directing and controlling the activities of the University. Key management personnel compensation includes all benefits provided by the Group in exchange for services rendered.

	2022	2021
	Consolidated	Consolidated
	£000	£000
Key management personnel compensation	2,687	2,675

Access and Participation

Access Investment	254	270
Disability Support	443	379
Research and Evaluation	98	94
	<u>795</u>	<u>743</u>

OfS regulated institutions are required to report their access and participation expenditure (see note 10b).

Severance payments

During the year total severance payments amounting to £400,000 (2021: £388,000) were paid to 35 employees (2021: 33 employees) across the consolidated group. All amounts paid were in respect of loss of office.

Governing body

No member of the Board of Governors, excluding the Vice Chancellor, has received any remuneration or waived payments from the group during the year (2021: £nil).

The total expenses paid to five members of the Board of Governors was £2,000 (2021: £500 to two Governors). This figure represents the refunding of out-of-pocket expenses in attending meeting and other events, primarily travelling costs. Hotel accommodation, meals and associated costs relating to Board meetings are organised centrally by the University Secretariat and such costs are not included as these are borne directly by the University.

9 Interest and other finance costs

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Loan interest	2,818	2,818	2,769	2,769
Amortisation of derivative asset	28	28	29	29
Net charge on pension scheme	1,292	1,292	902	902
Unwinding of discounts on pension provisions	19	19	18	18
	<u>4,157</u>	<u>4,157</u>	<u>3,718</u>	<u>3,718</u>

Notes to the financial statements year ended 31 July 2022

10a Analysis of total expenditure by activity	2022		2021	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Academic departments	77,626	77,626	77,756	77,756
Academic services	22,246	22,246	23,006	23,006
Administration and central services	40,046	40,797	33,282	33,861
Premises	27,421	27,421	25,702	25,702
Residences and catering operations	17,228	17,228	12,997	12,997
Research grants and contracts	10,984	10,984	11,733	11,733
Other expenditure	8,072	8,072	4,413	4,413
	203,623	204,374	188,889	189,468

Other operating expenses include:

External auditors remuneration in respect of:

Audit services	104	104	82	82
Non-audit services	38	38	7	7
Operating lease rentals:				
Land and buildings	8,819	8,819	6,295	6,295
Other	110	110	164	164

10b Access and Participation	2022		2021	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Access Investment	443	443	460	460
Financial Support	3,135	3,135	4,406	4,406
Disability Support	480	295	442	283
Research and Evaluation	179	179	175	175
	4,237	4,052	5,483	5,324

£743,000 of these costs are already included in the overall staff cost figures within the financial statements, see note 8.

Link to access and participation plan:

[UniversityOfLincoln APP 2020-21 V1 10007151.pdf](#)

Access Investment

- Many of the University's access activities have been developed jointly with a range of local and national partners. Specific partnerships target particular groups such as young audiences with low social mobility, children in care and children from IMD 1 and 2 backgrounds.
- The University sponsors a Multi-Academy Trust in an area with significant social and economic disadvantage and very low rates of participation in higher education.
- As part of the OfS Mental Health Challenge project the University has created a team to support students with the transition to University.

Financial Support

- The majority of the financial support provided to students is in the form of bursaries paid for each level of study in three instalments each year. The eligibility for this bursary is based on household income. All eligible students receive the bursary, it is not a finite resource and therefore the amount spent each year may vary from that predicted.
- Additionally there are bursaries for care experienced students.
- The University has a financial hardship fund which is widely promoted to ensure those in need are aware of it and able to access funding and financial management advice.

Notes to the financial statements year ended 31 July 2022

10b Access and Participation (cont.)

Disability Support

- The University's Student Wellbeing Team provides core support to students with a declared disability.
- The University has expanded its assistive technologies in the form of e-books and lecture capture technology and continues to provide individual specialist equipment relevant to a student's area of study.

Research and Evaluation

- The University is building research and evaluation into all of its access and participation activities. This is undertaken at individual activity level with guidance from the Lincoln Higher Education Research Institute (LHERI).
- LHERI facilitate the University's Community of Practice for colleagues involved with access and participation, undertake the annual evaluation of bursaries, monitor sector good practice and are active members of local and national access and participation networks.
- The University has developed dashboards to monitor the outcomes of access and participation activities and detailed reports are provided on a regular basis to relevant University committees, including the Access and Participation Monitoring Group and the Senior Leadership Team.

11 Taxation

	2022 Consolidated £000	2022 University £000	2021 Consolidated £000	2021 University £000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense for the year 19% (2021: 19%)	-	-	16	-
Current tax expense	-	-	16	-
Deferred tax				
Origination and reversal of timing differences	-	-	(16)	-
Deferred tax expense	-	-	(16)	-
Total tax expense	-	-	-	-

12 Intangible assets

	Asset in the course of construction £000	2021 Software £000	2021 Total £000
Cost			
At 1 August 2021	2,316	3,274	5,590
Write off	-	-	-
Additions in year	673	-	673
At 31 July 2022	2,989	3,274	6,263
Amortisation			
At 1 August 2021	-	1,169	1,169
Amortisation charge for the year	-	314	314
At 31 July 2022	-	1,483	1,483
Net book value			
At 31 July 2022	2,989	1,791	4,780
At 1 August 2021	2,316	3,274	4,421

At 31 July 2022 the value of intangible assets in the course of construction was £2,989,000 (2021: £2,316,000). The amortisation period is 10 years.

Notes to the financial statements year ended 31 July 2022

13. Tangible Assets	2021 Consolidated	2021 University	2020 Consolidated	2020 University
	£000	£000	£000	£000
Tangible assets comprise:				
Plant, property and equipment	304,380	304,380	301,497	301,497
Investment Properties	6,402	6,402	5,920	5,920
	<u>310,782</u>	<u>310,782</u>	<u>307,417</u>	<u>307,417</u>

13a Property, plant and equipment	Assets in the course of construction	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings and equipment	Total
Consolidated and University	£000	£000	£000	£000	£000
Cost					
At 1 August 2021	6,639	304,113	25,841	24,044	360,637
Additions	13,392	47	-	139	13,578
Written off	(14)	-	-	-	(14)
Transfers	(8,387)	3,116	-	5,271	-
As at 31 July 2022	<u>11,630</u>	<u>307,276</u>	<u>25,841</u>	<u>29,454</u>	<u>374,201</u>
Depreciation					
At 1 August 2021	-	33,287	9,944	15,909	59,140
Charge for the year	-	5,998	1,441	3,242	10,681
At 31 July 2022	<u>-</u>	<u>39,285</u>	<u>11,385</u>	<u>19,151</u>	<u>69,821</u>
Net book value					
At 31 July 2022	11,630	267,991	14,456	10,303	304,380
At 31 July 2021	6,639	270,826	15,897	8,135	301,497

On adoption of FRS102, certain exemptions are permitted under the transitional rules set out in section 35 of the standard. The University has taken advantage of the exemption permitted under paragraph 35.10(c) of FRS102 and has measured certain property, plant and equipment at their fair value on the date of transition, and used that fair value as deemed cost. The revaluation was carried out by an independent firm of chartered surveyors. As permitted by FRS102, the University has not adopted a policy of revaluations in the future.

At 31 July 2022, freehold land and buildings included £18,501,000 (2020: £18,501,000) in respect of freehold land which is not depreciated.

13b Investment property	Investment Property £000
Consolidated and University	
Fair value	
At 1 August 2021	5,920
Net gain recognised in Consolidated Statement of Comprehensive Income and Expenditure	483
At 31 July 2022	<u>6,403</u>

Investment property is fair valued at each Statement of Financial Position date by an independent firm of chartered surveyors. The valuation is based on an existing use value (EUV) basis, with the market value considered to be equal to the EUV for all investment properties. Material uncertainty has been discussed with the valuer who has confirmed that there are no specific circumstances that lead to any material concerns in relation to the portfolio of assets held by University of Lincoln. On this basis management do not consider there to be a material uncertainty over the investment property valuation.

Notes to the financial statements year ended 31 July 2022

14 Non-current investments	2022	2022	2021	2021
	Consolidated £000	University £000	Consolidated £000	University £000
Investment in subsidiaries (Note 14a)	-	-	-	-
Other investments (Note 14b)	30	30	40	40
Investment in jointly controlled entity (Note 15)	-	-	1	1
	<u>30</u>	<u>30</u>	<u>41</u>	<u>41</u>

14a Investment in subsidiaries

The University holds 100% of the ordinary share capital of UoL Services Limited, a company incorporated in England and Wales. The company was incorporated on 27 October 2017, with the nature of its business being the provision of non-academic professional service and support staff to the University of Lincoln.

The University holds 100% of the ordinary share capital of ULEX Limited, a company incorporated in England and Wales. The nature of its business is the provision of consultancy, training, conference and research facilities, although the company has not traded during the year.

The University holds 100% of the ordinary share capital of UL Learning Resources Limited, a charitable company incorporated in England and Wales. The nature of its business is the provision of learning resource facilities, although the company has not traded during the year. UL Learning Resources Limited is a connected institution within the definition of paragraph 28 of Schedule 3 to the Charities Act 2011 and is therefore exempt from registration with the Charity Commission. Net assets of the charity at 31 July 2022 were £1 (31 July 2021: £1).

The University holds 100% of the ordinary share capital in Riseholme Park Farms Limited, a company incorporated in England and Wales. The nature of its business is farming, although the company has not traded during the year.

14b Other investments

	2022	2021
	Consolidated and University £000	Consolidated and University £000
At 1 August 2021 and at 31 July 2022	<u>30</u>	<u>40</u>
Other non-current investments consist of:		
	2022	2021
	Consolidated and University £000	Consolidated and University £000
CVCP Properties plc	30	30
Metnano Limited	-	10
	<u>30</u>	<u>40</u>

CVCP Properties plc is a company owned by Universities UK and its member institutions. Metnano Limited was a company invested in to exploit intellectual property with a commercial partner. The company ceased trading in July 2021. It was struck off on 9th August 2022 and dissolved on 16th August 2022.

The University holds no investment in the Lincolnshire Educational Trust Ltd, Lincoln University Technical College (UTC) and Lincolnshire Institute of Technology. These are companies limited by guarantee with the University's liability limited to a maximum to £10 in all cases.

Notes to the financial statements year ended 31 July 2022

15 Investment in jointly controlled entity

The University has a joint venture agreement with Lincolnshire Co-operative Limited. The joint venture company, Lincoln Science and Innovation Park Limited (LSIP), is limited by shares. LSIP is jointly owned by the Lincolnshire Co-operative Limited, who hold 75% of the shares, and the University of Lincoln, who hold 25% of the shares. The arrangement is treated as a joint controlled entity and is accounted for using the equity method, such that 25% of the company's gross assets and liabilities are incorporated into the consolidated Statement of Financial Position of the University and 25% of its net income is reported in the University's consolidated statement of comprehensive income and expenditure.

The Group's share of the assets of the joint controlled entity is as follows:	2022	2021
	£000	£000
Consolidated		
At 1 August	1	-
Additions	-	470
Share of (loss)/profit retained by jointly controlled entity	-	-
Diminution in value of investment in jointly controlled entity	(1)	(469)
At 31 July	<u>-</u>	<u>1</u>

16 Stock	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Goods for resale	-	-	27	27
Raw materials and consumables	115	115	104	104
	<u>115</u>	<u>115</u>	<u>131</u>	<u>131</u>

17 Trade and other receivables

Amounts falling due within one year:

Research grants receivable	2,274	2,274	2,890	2,890
Other trade receivables	9,539	9,539	4,845	4,845
Other receivables	722	691	580	549
Prepayments and accrued income	11,719	11,719	6,920	6,918
	<u>24,254</u>	<u>24,223</u>	<u>15,235</u>	<u>15,202</u>

Amounts falling due after more than one year:

Other receivables	1,207	1,207	1,357	1,357
Prepayments and accrued income	140	140	225	225
	<u>25,601</u>	<u>25,570</u>	<u>16,817</u>	<u>16,784</u>

Notes to the financial statements year ended 31 July 2022

18 Creditors: amounts falling due within one year	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Secured loans	2,505	2,505	2,375	2,375
Unsecured loans	2,551	2,551	2,509	2,509
Unamortised loan commitment liability	58	58	60	60
Trade payables	5,177	5,177	6,825	6,825
Other payables	4,616	4,451	5,086	4,847
Social security and other taxation payable	2,433	2,149	2,121	1,893
Accruals and deferred income	37,447	37,078	27,156	26,728
Amounts due to subsidiary companies	-	388	-	447
	<u>54,787</u>	<u>54,357</u>	<u>46,132</u>	<u>45,684</u>

The unamortised loan commitment liability represents the remaining element of the fair value of the derivative financial liability created when the University forward fixed the interest rate on certain of its borrowings with the European Investment Bank. The fair value of the liability was fixed at draw down and is amortised over the life of the related loan.

Deferred income

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

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Research grants received on account	4,285	4,285	4,461	4,461
Grants	-	-	577	577
Donations	-	-	-	-
Other income	11,097	11,097	6,552	6,552
	<u>15,382</u>	<u>15,382</u>	<u>11,590</u>	<u>11,590</u>

19 Creditors: amounts falling due after more than one year

Secured loans	22,403	22,403	24,908	24,908
Unsecured loans	49,563	49,563	52,114	52,114
Unamortised loan commitment liability (note 18)	565	565	623	623
Accruals and deferred income	16	16	173	173
	<u>72,547</u>	<u>72,547</u>	<u>77,818</u>	<u>77,818</u>

Secured and unsecured loans are repayable as follows:

Due within one year on demand	5,056	5,056	4,884	4,884
Due between one and two years	4,150	4,150	5,056	5,056
Due between two and five years	12,152	12,152	12,807	12,807
Due in five years or more	55,664	55,664	59,159	59,159
	<u>77,022</u>	<u>77,022</u>	<u>81,906</u>	<u>81,906</u>
Due within one year or on demand	(5,056)	(5,059)	(4,884)	(4,884)
Due after more than one year	<u>71,966</u>	<u>71,966</u>	<u>77,022</u>	<u>77,022</u>

Notes to the financial statements year ended 31 July 2022

19 Creditors: amounts falling due after more than one year (cont.)

An analysis of the Group's borrowings is set out below:

Lender	Amount £000	Term	Interest Rate %	Borrower
Dexia	1,018	2023	2.50	University
Dexia	2,605	2028	4.70	University
Santander	9,375	2035	5.00	University
Royal Bank of Scotland	1,913	2037	4.69	University
Royal Bank of Scotland	2,372	2037	3.40	University
European Investment Bank	17,471	2041	2.37	University
European Investment Bank	12,503	2042	2.45	University
European Investment Bank	12,765	2042	2.48	University
Total borrowings	<u>77,022</u>			

All borrowings are held at amortised cost.

20 Provisions for liabilities	Obligation to fund deficit on USS pension £000	Defined benefit obligations £000	Total pension provisions £000	Onerous contracts and other £000	Total other £000
Consolidated and University					
As at 1 August 2021	2,188	78,184	80,372	2,928	2,928
Provided in year				512	512
Utilised in year	(114)	(4,692)	(4,806)	(2,575)	(2,575)
Net pension charge	1,188	11,358	12,546	-	-
Actuarial loss on ERPF	-	(84,850)	(84,850)	-	-
Unwinding of USS discount	19	-	19	-	-
As at 31 July 2022	<u>3,281</u>	<u>-</u>	<u>3,281</u>	<u>864</u>	<u>864</u>

Obligations to fund deficit on USS Pension

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

The provision is calculated based on the recovery plan agreed after the March 2020 actuarial valuation of the scheme.

Defined benefit obligations

Defined benefit obligations are set out in further detail in note 28.

Onerous contracts and other

Onerous contracts and other include:

- Property provision relating to the estimated liabilities in respect of onerous contractual obligations arising from certain property transactions, which are due to be settled within one year from the Statement of Financial Position date.

Notes to the financial statements year ended 31 July 2022

20 Provisions for liabilities (cont.)

Other matters relating to costs where a constructive obligation to settle a liability has been created before the year end and will be settled within the one year from the statement of financial position date. All borrowings are held at amortised cost.

21 Financial Instruments

The carrying values of the Group and University's financial assets and liabilities are summarised by category below:

Financial Assets	2022 Consolidated £000	2022 University £000	2021 Consolidated £000	2021 University £000
Debt instruments measured at amortised cost				
Long-term loans receivable	1,380	1,380	1,316	1,316
Measured at undiscounted amount receivable				
Trade and other receivables	19,520	19,489	11,172	11,139
Equity instruments measured at cost less impairment				
Non-current asset investments in unlisted equity instruments	30	30	40	40
	20,930	20,899	12,528	12,495
Financial Liabilities				
Measured at fair value through income and expenditure				
Unamortised loan commitment liability	623	623	683	683
Measured at amortised cost				
Loans payable	77,022	77,022	81,906	81,906
Measured at undiscounted amount payable				
Trade and other creditors	34,307	33,876	29,770	29,322
	111,952	111,521	112,359	111,911
Interest income and expense				
Total interest income for financial assets at amortised cost	355)	355)	195	195
Total interest expense for financial assets at amortised cost	(2,818)	(2,818)	(2,769)	(2,769)
	(2,463)	(2,463)	(2,574)	(2,574)

Notes to the financial statements year ended 31 July 2022

22 Endowment Reserves

Restricted net assets relating to endowments are as follows:

Consolidated and University

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Restricted expendable endowments £000	Total 2022 £000	Total 2021 £000
Balances at 1 August 2021					
Capital	-	-	382	382	1,902
Accumulated income	-	-	-	-	-
	-	-	382	382	1,902
New endowments	-	-	979	979	1,476
Expenditure	-	-	(95)	(95)	(2,996)
	-	-	884	884	(1,520)
Increase in market value of investments	-	-	-	-	-
At 31 July 2022	-	-	1,267	1,267	382)
Represented by:					
Capital	-	-	1,267	1,267	382
Accumulated income	-	-	-	-	-
	-	-	1,267	1,267	382
Analysis by type of purpose:					
Scholarships and bursaries	-	-	250	250	173
General Academic	-	-	956	956	138
Research support	-	-	2	2	2
Prize funds	-	-	59	59	69
	-	-	1,267	1,267	382
Analysis by asset:					
Current and non-current asset investments	-	-	-	-	-
Cash and cash equivalents	-	-	1,267	1,267	382
	-	-	1,267	1,267	382

23 Cash and equivalents

	At 1 August 2021 £000	Cash Flows £000	At 31 July 2022 £000
Consolidated			
Cash and cash equivalents	43,215	8,637	51,852

24 Consolidated reconciliation of net debt

	2022 £000	2021 £000
Net debt as at 1 August 2021	(38,691)	(50,226)
Increase in cash and cash equivalents	8,637	6,827
Repayments of amounts borrowed	4,883	4,708
Net debt as at 31 July 2022	(25,171)	(38,691)

Notes to the financial statements year ended 31 July 2022

24 Consolidated reconciliation of net debt (cont.)	2022	2021
	£000	£000
Analysis of net debt		
Cash and cash equivalents	51,852	43,215
Borrowings: amounts falling due within one year		
Secured loans	(2,505)	(2,375)
Unsecured loans	(2,551)	(2,509)
	<u>(5,056)</u>	<u>(4,884)</u>
Borrowings: amounts falling due after more than one year		
Secured loans	(22,403)	(24,908)
Unsecured loans	(49,563)	(52,114)
	<u>(71,966)</u>	<u>(77,022)</u>
Net debt	<u>(25,170)</u>	<u>(38,691)</u>

25 Capital and other commitments

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

Consolidated and University

Commitments contracted for	3,177	5,769
Authorised but not contracted for	2,795	1,868
	<u>5,972</u>	<u>7,637</u>

26 Lease obligations

Total rentals payable under operating leases:

Consolidated and University	Land and Buildings	Other	Total 2022	Total 2021
	£000	£000	£000	£000
Payable during the year	8,819	110	8,929	6,294
Future minimum lease payments due:				
Not later than 1 year	11,132	55	11,188	10,973
Later than 1 year and not later than 5 years	45,130	4	45,134	41,391
Later than 5 years	202,913	-	202,913	208,883
Total lease payments due	<u>259,176</u>	<u>59</u>	<u>259,235</u>	<u>261,247</u>

27 Post Balance Sheet Events

Note 28 sets out the outcome of the actuarial report as at 31 July 2022 in respect of the East Riding Pension Scheme. Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

Notes to the financial statements year ended 31 July 2022

28 Pension schemes

The University's employees principally belong to four pension schemes, East Riding Pension Fund (ERPF), Teachers' Pensions (TPS), the Universities Superannuation Scheme (USS) and the Universities and Colleges Retirement Savings Scheme (UCRSS). The total pension cost for the year was:

	2022	2021
	£000	£000
ERPF including FRS102 adjustments	9,981	7,987
TPS contributions payable	9,869	9,414
USS contributions (excluding provision movements)	1,055	1,160
UCRSS contributions	1,113	891
NHS Contributions	48	41
	22,066	19,493

ERPF

The ERPF is a funded, defined benefit scheme, available to non-academic staff, with the assets held in separate trustee administered funds.

ERPF is 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 ERPF actuary reviews the progress of the ERPF scheme.

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

The total contribution made for the year ended 31 July 2022 was £5,790,000 of which employers' contribution totalled £4,550,000 and employees' contributions totalled £1,240,000. The employer's contribution rate was 25.4% throughout the year. The employees' contribution rate is based on earnings per annum and ranges from 5.5% to 12.5%.

The University also provides ex-gratia pension benefits to certain former employees who could not join the pension scheme at the time. Ex-gratia payments have ceased accruing for all such employees. The University paid ex-gratia pensions of £142,000 during the year end 31 July 2022 (2021: £144,000). These liabilities are not separately funded.

Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019, updated to 31 July 2022 on an FRS102 basis by a qualified independent actuary.

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

	2022	2021
	%	%
Price Inflation (RPI)	3.1	3.7
Price Inflation (CPI)	2.7	2.7
Rate of increase of salaries	3.6	2.9
Rate of increase of pensions in payment for ERPF members	2.7	2.7
Discount rate	3.5	1.6

Notes to the financial statements year ended 31 July 2022

28 Pension schemes (cont.)

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

	2022 Years	2021 Years
<i>Current pensioners</i>		
Males	20.8	20.7
Females	23.5	23.4
<i>Future pensioners (currently aged 45)</i>		
Males	22.0	21.6
Females	25.3	24.9

Scheme assets

The fair value of the assets in the ERPF were:

	2022 £000	2021 £000	2020 £000
Equities	140,262	124,249	98,929
Bonds	30,743	34,717	25,873
Property	19,214	20,099	18,264
Cash	1,921	3,654	9,132
Total fair value of assets	192,140	182,719	152,198

The following amounts at 31 July 2022 were measured in accordance with the requirements of FRS102.

Analysis of the amount shown in the statement of financial position for ERPF and ex-gratia pensions	2022 £000	2021 £000
Scheme assets	192,140	182,719
Scheme liabilities	(192,140)	(260,903)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 20)	-	(78,184)

Analysis of the amount charged to staff costs within operating surplus

Current service cost	10,053	8,056
Past service cost	13	-
	10,066	8,056

Analysis of the amount charged to interest and other finance costs

Interest income on plan assets	(2,939)	(2,146)
Interest cost on defined benefit obligation	4,231	3,048
Interest on net deficit	1,292	902

Analysis of other comprehensive income for ERPF and ex-gratia pensions

Remeasurements		
- Changes in financial assumptions	92,578	(126)
- Changes in demographic assumptions	(1,379)	(39,228)
- Other experience	(10,683)	2,193
- Return on assets excluding amounts included in net interest	4,334	25,933
Actuarial gain/(loss)	84,850	(11,228)

Notes to the financial statements year ended 31 July 2022

28 Pension schemes (cont.)

History of experience gains and losses for ERPF and ex-gratia pensions

Difference between the expected and actual return on assets:	2022	2021	2020	2019	2018
Amount (£000)	4,334	25,933	(9,542)	4,063	9,135
% of assets at end of year	2.3%	14.2%	(6.3%)	2.6%	6.3%

Experience gains/(losses) on scheme liabilities:	2022	2021	2020	2019	2018
Amount (£000)	(10,683)	2,193	(5,330)	36	93
% of scheme liabilities at end of	(5.6%)	0.8%	(2.5%)	0.02%	0.1%

2022
£000 **2021**
£000

Cumulative actuarial losses recognised as other comprehensive income for ERPF and ex-gratia pensions

Cumulative actuarial losses recognised at the start of the year	44,471	33,243
Cumulative actuarial losses recognised at the end of the year	-	44,471

Analysis of movement in deficit for ERPF and ex-gratia pensions:

Deficit at beginning of year	(78,184)	(62,825)
Contributions or benefits paid by the University	4,692	4,827
Current service cost	(10,053)	(8,056)
Past service cost	(13)	-
Other finance charge	(1,292)	(902)
Losses recognised in other comprehensive income	84,850	(11,228)
Deficit at end of year	-	(78,184)

Analysis of movement in the present value of ERPF and ex-gratia liabilities

Present value of ERPF and ex-gratia liabilities at the start of the year	260,903	215,023
Current service cost	10,053	8,056
Past service cost	13	-
Interest cost	4,231	3,048
Actual members contributions	1,240	1,274
Actuarial (gain)/loss	(80,516)	37,161
Actual benefit payments	(3,784)	(3,659)
Present value of ERPF and ex-gratia liabilities at the end of the year	192,140	260,903

Analysis of the movement in the fair value of scheme assets

Fair value of assets at start of the year	182,719	152,198
Expected return on assets	2,939	2,146
Actuarial gain/(loss) on assets	4,334	25,933
Actual contributions paid by University	4,692	4,827
Actual member contributions	1,240	1,274
Actual benefit payments	(3,784)	(3,659)
Fair value of assets at end of the year	192,140	182,719

ERPF assets do not include any of the institution's own financial instruments, or any property occupied by the institution.

Notes to the financial statements year ended 31 July 2022

28 Pension schemes (cont.)

	2022	2021
Actual return on scheme assets	£000	£000
Expected return on scheme assets	2,939	2,146
Asset gain/(loss)	4,334	25,933
	7,273	28,079

Estimated University contributions for ERPF for the year ended 31 July 2023 are £4,541,000.

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2022:	Approximate increase to Defined Benefit Obligation	Approximate monetary amount
		£000
0.1% decrease in Real Discount Rate	2%	4,118
1 year increase in member life	4%	7,172
0.1% increase in Salary Increase Rate	0%	423
0.1% increase in the Pension Increase Rate	2%	3,714

TPS

TPS is valued every five years by the Government Actuary. Contributions are paid by the institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is 23.68% of pensionable salaries (2021: 23.68%) of pensionable salaries. The employees' contribution rate is based on earnings per annum and ranges from 7.4% to 11.7%.

USS

The total cost charged to the profit and loss account is £2,128,000 (2021: £1,010,000).

Deficit recovery contributions due within one year for the institution are £285,000 (2021: £290,000).

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

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

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

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

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
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Notes to the financial statements year ended 31 July 2022

28 Pension schemes (cont.)

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 assumptions used relate 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 S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
	Years	Years
Males currently aged 65	23.9	24.6
Females currently aged 65	25.5	26.1
Males currently aged 45	25.9	26.6
Females currently aged 45	27.3	27.9

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

	2022	2021
Discount rate	3.32%	0.88%
Pensionable salary growth	5.00%	2.00%

UCRSS

The UCRSS is a defined contribution pension scheme, introduced for employees during the year ended 31 July 2018. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year. The total cost charged to the profit and loss account is £1,113,000 (2021: £891,000).

The contribution rate payable by the employer is 7% to 10% (capped) of pensionable salary dependent on the employees' contribution. The employees' contribution rate is flexible from a minimum of 2% of pensionable salary to a maximum of 100% of pensionable salary.

NHS Pension Scheme

The Institution also participates in the NHSPS which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A newly reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

Notes to the financial statements year ended 31 July 2022

NHS Pension Scheme (cont.)

The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The contribution rate payable by the Institutions during the year ended 31 July 2022 was equal to 20.6% of the total pensionable salaries, in accordance with the conclusion of the Government Actuary's report on the scheme.

29 Related party transactions

The governors have considered the requirements of FRS102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, which apply to these financial statements. The standard requires disclosure of, inter alia, transactions with related parties to the University.

The University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, being drawn, in part, from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

In order to determine what related party transactions and balances need to be disclosed in the financial statements, the University collates an annual 'register of interests' for all members of the Board of Governors and key management personnel (University Senior Leadership Team members). This enables the University to be satisfied that there are no conflicts of interest and to enable it to identify potential related parties (and the associated transactions with those parties).

The University has taken advantage of the exemption within FRS102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into with a value greater than £10,000, and balances outstanding at 31 July, are listed below.

Related party	Income Received from £000	Expenditure incurred £000	Amounts due from £000	Amounts due to £000
Greater Lincolnshire Local Enterprise Partnership (GLLEP)	17	-	-	-
Agaricus Robotics Ltd	29	49	-	-
University of Lincoln Students' Union		1,525	4	6
Siemens Energy Industrial Turbomachinery Ltd	160	-	3	-
Lincoln Science & Innovation Park	53	845	-	3
United Lincolnshire Hospitals	427	175	41	34
Lincoln Cathedral	67	-	50	-
Epix Media	22	-	2	-
FruitCast Ltd	-	40	-	-
Northern Lincolnshire & Goole NHS Trust	-	13	-	-

Greater Lincolnshire Local Enterprise Partnership (GLLEP)

Income relating to consultancy work for Greater Lincolnshire Local Enterprise Partnership, where Prof A Hunter is a Non-Executive Director and Mr J Free is a Director.

Agaricus Robotics Ltd

Income relating to consultancy work for Agaricus Robotics and funding provided in the form of a convertible loan agreement, where Prof A Hunter is a Director.

Related party transactions (cont.)

Notes to the financial statements year ended 31 July 2022

University of Lincoln Student Union

Expenditure relating to block grant funding and supporting student activity, as well as income relating to student societies and events, at University of Lincoln Students' Union, where Prof C Marsh is a Trustee and Board Member, Prof E Mossop is a Trustee and Board Member and Ms N Kirchin is Students' Union Vice President.

Siemens Energy Industrial Turbomachinery Ltd

Income relating to service charges for Siemens Energy Industrial Turbomachinery Ltd, where Mr M Alexander is an employee.

Lincoln Science & Innovation Park

Income relating to interest received for a loan arrangement and expenditure relating to rental charges with Lincoln Science and Innovation Park, where Prof N Juster and Mr S Parkes are Directors.

United Lincolnshire Hospitals

Expenditure relating to teaching activity and supporting occupational health charges, with income relating to tuition fees, from United Lincolnshire Hospitals, where Mr N Herbert is the Chair of the Audit Committee.

Lincoln Cathedral

Income relating to consultancy work and contribution to Specialist Collection Officer from Lincoln Cathedral, where Mr S Parkes is the Lay Canon and Chair of Finance.

Epix Media

Income relating to associated service charges, rental charges and supporting activity with Epix Media Limited, where Mrs Z King is a Director.

FruitCast Ltd

Funding provided in the form of a convertible loan agreement to FruitCast Ltd, where Prof A Hunter is a Director.

Northern Lincolnshire & Goole NHS Trust

Expenditure relating to placements at Northern Lincolnshire and Goole NHS Trust, where Mr S Parkes is a Non-Executive Director.

The governing body and officers 2021/22

The Governors who served in the period from 1 August 2021 were as follows:

Dame D Lees DBE (Chair)
Mr M Alexander
Professor K Armour
Sir G Davies
Ms M Dawes (until 31 March 2022)
Ms F Falegan
Mr N Gray (until 31 March 2022)
Mr N Herbert
Professor N Juster (Vice Chancellor)
Professor J Ker
Mrs Z King
Ms J Mayer (Staff Member)
Mr S Morris
Ms N Kirchin (Student Member)
Mr J Raine CMG OBE (Deputy Chair)
Ms J Reeves

Clerk to the Board of Governors:

Mr C Spendlove (until 9 June 2022)	University Registrar/Secretary
Dr J Rees (15 December 2021 to 9 June 2022)	Interim University Secretary
Mr J Free CBE (from 9 June 2022)	DVC (People Services & Operations)

The officers (Senior Leadership Team) who served in the period from 1 August 2021 were as follows:

Professor M Stuart CBE	Vice Chancellor (until 30 September 2021)
Professor N Juster	Vice Chancellor (from 1 October 2021)
Mr J Free CBE	Deputy Vice Chancellor
Professor A Hunter	Deputy Vice Chancellor
Professor E Mossop	Deputy Vice Chancellor
Mr S Parkes	Deputy Vice Chancellor
Professor D French	Pro Vice Chancellor
Professor E John	Pro Vice Chancellor
Professor C Marsh	Pro Vice Chancellor
Professor A Woods	Pro Vice Chancellor
Ms J Carey	Academic Registrar (from 31 October 2021)
Ms C Connell	Director of Finance (from 4 February 2022)
Ms A Dowdy	Director of Estates (until 31 March 2022)
Ms C Low	Director of Planning and Corporate Strategy
Ms R Simpson	Director of Human Resources
Mr C Spendlove	University Registrar/Secretary
Mr R Ward	Acting Director of Estates (from 1 February 2022)

The University's principal advisors were:

Lloyds Bank plc	Bankers
KPMG LLP	External Auditor
Pricewaterhouse Coopers LLP	Internal Auditor