Annual Accounts 2022/23

Contents

Statement of Public Benefit

De Montfort University Higher Education Corporation (also referred to by its trading name, DMU and as Corporation in these financial statements) is an exempt charity by virtue of Schedule 3 of the Charities Act 2011 and, as such, is regulated by the Office for Students. The university's objectives, as defined in the Education Reform Act 1988, are to 'provide higher education', to 'provide further education' and to 'carry out research and to publish the results of that research' for the public benefit. The overview set out in the sections that follow showcases how the university contributes toward public benefit.

Chair's introduction 2022/23

If last year was one of 'prospect and promise' – the prospect of changes ahead, the promise of exciting initiatives – then this one, the academic year 2022/23, has been one of 'doing and delivery'. All of the projects on the horizon in the previous year are now upon us and either well underway or in planning and development.

The changes and developments are spread widely across De Montfort University Leicester (DMU) but I'll begin at the heart of the institution and with our students. Central to the thinking of the university and lying at the core of our strategy – 'The Empowering University' – is the need to provide an excellent student experience and vital to that is the quality of the teaching and the learning environment. In September 2022, we launched Education 2030, a new pedagogical approach for DMU in which students study one element of their course intensively over a number of weeks before moving on to the next. Research told us the change would be warmly received and so it has proved. The first cohort of undergraduates to experience 'block teaching', as it is known, reported high levels of satisfaction and prospective undergraduates, visiting DMU on Open Days, cite it as one of the many things that attract them to our university.

Another point of attraction is our campus and all that it offers. The Board of Governors has signed off an initial project to develop an extension to the library. Scoping work will begin immediately and students will be well-represented in conversations mapping out the sort of library we need for the decades ahead. The development of the library will be key to us ensuring that students get the most from their time at DMU and in support of that aim we continue to push ahead energetically with our Student Experience Programme in which we look in detail at every aspect of student life and seek to improve it.

Our Transnational Education programme continues to extend our reach while contributing to our financial security and commercial growth. The Higher Education Statistics Agency reported this year that DMU is a top 25 institution by the number of international students. We now have around 6,000 students studying for DMU awards in campuses across Asia and the Middle East. Our international work will grow and it is essential to the success of the Partnerships with Purpose strand of our strategy and commercial diversification of DMU.

Significant organisational change too has been delivered in the year we are marking. The former Student and Academic Services directorate has been restructured to become Library and Learning Services, and Registry Services, bringing greater clarity and focus to these essential operations. In the same vein the Digital Transformation programme is working across the university deploying our digital technology to make our processes more streamlined and efficient.

One of the major achievements of the year has been our return to financial surplus and the speed with which that has been delivered. At the end of the year, we are appreciably ahead of our budget and this is due to a number of factors that have gone in our favour. However, the major impact has come from a programme of rigorous cost control of which a reduction in headcount was a large part. While some of these savings will unwind in the year ahead as certain posts are filled and planned capital projects get underway, it has to be acknowledged that staff across the university have gone to great lengths to achieve this financial turnaround. It returns us to solid ground, ground from which we can grow and develop the institution. To recognise the contribution of staff throughout DMU, the Board of Governors agreed a proposal from the vice-chancellor to award a one-off payment to employees in July 2023.

The work being done by the university is being recognised in a variety of quarters and in a variety of different ways. One of the most outstanding was the Silver Race Equality Charter award we were given by Advance HE. The Charter is designed to tackle inequality in higher education 'and to improve the representation, progression and success of Black, Asian, and ethnically minoritised students, academics and professional staff in the UK's universities.' In the country, the Charter has 99 member institutions. Of those, 35 have bronze awards. DMU is the first university to be awarded silver and we are proud to have it, recognising as it does another key theme of our strategy and the work that goes towards it.

Earlier in the year, the Ofsted inspection of our degree apprenticeships and Foundation Diploma in Art And Design was rated good. In January, the university submitted its Teaching Excellence Framework submission and, in September, was awarded an overall rating of silver.

Our drive for sustainability was recognised too with Green Gown Awards for Climate Action and Build Back Better (the DMU Global approach to sustainability). The Times Higher Education Impact Rankings for 2023 placed us 16th in the world for our commitment to recycling and sustainability.

More broadly we were placed 16th in the University of the Year category in the Whatuni Student Choice Awards which, unlike other ranking exercises and league tables, is the only one judged entirely by students. The Complete University Guide 2024 placed us at 109, a very slight improvement on the previous year.

Looking ahead to the 2023/24 academic year, the pace will not slacken nor will the challenges diminish. Great among those challenges will be undergraduate recruitment. It is a problem across the sector and accentuated this year by a dip in the size of the potential university-going cohort and complications of a financial landscape that, for many, puts the decision to apply to a university on a knife-edge. Our UK undergraduate applications are down this year, while our overseas applications have surged which shows that our appeal remains strong.

At our last meeting of the year the Board of Governors agreed that much had been achieved in the year, change was evident and obvious and that delivery of the strategy was well underway. For all of that, thanks must go to the Vice-Chancellor, Professor Katie Normington, the executive and wider leadership teams and the academic and professional services staff as a whole. Let me also thank De Montfort Students' Union (DSU) for the part the union and its members play in the life of the university. Back in January, DSU proposed a means by which a little support could be given to students in the shape of free breakfasts in the DMU food village. It was a simple but effective gesture that the university extended until June for students and staff, and which showed that, at DMU, it is our community that counts.

Ian Squires
Chair of Governors, De Montfort University

Foreword from the Vice-Chancellor

We finish this year in a very different place than we started it. At the beginning of the year, we had asked for Board of Governors' approval to return a deficit budget over the year as we began the last stage of our financial recovery plan and investment in future growth. In eventuality, we have posted a surplus operating budget. This is a phenomenal achievement at a time when underlying costs are increasing. How have we achieved this? On the one hand by having a clear plan and delivering that, but on the other through the sheer determination of staff at DMU to ensure that we face a new direction.

That direction is determined by our strategy to be 'The Empowering University', a university that enables its students, staff and key partners to develop the agency and tools to fulfil their potential no matter their background. This year has seen successful delivery against our four strategic pillars and four cross-cutting themes, with almost all key performance indicators rising and the majority meeting target. Highlights this year have been our cross-cutting equality theme where we have achieved a Silver Race Equality Charter, the first university to do so. We also achieved an Ofsted rating of good for our apprenticeship programmes and Art and Design Foundation course.

One of the major change programmes we have undertaken this year has been to deliver a large component of our Learning for Life education pillar. Under our strategy we sought to create a more flexible approach through a programme called Education 2030 which aims to deliver the education needed for 2030 now. We implemented a block learning method where students, instead of taking modules all at the same time, take one module at a time over seven weeks, which includes all assessment. The first-year students who have taken block are generally nearly 10% happier with the approach than non-block students. The coming year will see the full implementation of block across the remaining undergraduate and postgraduate curriculum.

DMU is a global university in outlook. This is underlined by our campuses in Dubai and Kazakhstan and our approach to sustainability. As the only UK university to be an Academic Impact Hub for a United Nations (UN) Sustainable Development Goal (SDG), we are proud to host work on SDG 16, Peace, Justice and Strong Institutions. This year we created a hub for our SDG work in Heritage House, hosted online events for our students around the world and were visited by two senior UN

officers who found our work on the SDGs 'phenomenal' and were impressed with the commitment and activity shown by our students.

This year has also seen the beginning of important work on our digital transformation. The work is led by Tracey Jessup, our Chief Transformation Officer, who was named as a top 100 CIO. The focus of her work thus far has been on creating the digital roadmap and strategy we need to take us into the next phase of our work. The journey towards a digital transformation will be a long one, lasting many years. The focus starts with us as users, looking at the skills capacity of staff and how fully we are using the tools we have, it is followed by projects on our data and our underlying systems and processes. This work will mean we will be truly a twenty-first century university.

With the curriculum and teaching reinvigorated, we can now start to look further at our Knowledge Creation pillar. In July we welcomed our new Pro Vice-Chancellor Research and Business Innovation, Professor Mike Kagioglou, who will oversee the preparations for the next Research Excellence Framework.

Katie Normington
Vice-Chancellor, De Montfort University

The Empowering University

A strategy to empower students, staff and our partners to create a fairer society

Our Vision

Creating a community of participation, fairness and collective responsibility; transforming individual lives and championing a fair and sustainable society.

Our Mission

Discovering gateways of opportunity that empower students, staff and our community to create a fairer society.

Our Values

We support each other, we value difference and are honest and compassionate towards others. Together we will be courageous in exploring possibilities, breaking down barriers and re-imagining new horizons.

LEARNING FOR LIFE	KNOWLEDGE CREATION	EMPOWERING PEOPLE	PARTNERSHIPS WITH PURPOSE
Flexible learning for students of any age, fostering a love of learning and knowledge, delivered through our innovative Education 2030 programme.	**Fostering interdisciplinary research** that has impact: building on individual skills and knowledge for collective impact.	**Delivering an engaged experience** for all students; building their confidence and fostering belonging and fulfilment so students can learn well and live well.	**Leicester local:** creating strategic partnerships to enrich the business and cultural community, and support social and economic needs.
Learning beyond the classroom provided through practical experiences in local, national and global arenas.	**Integrated approach to knowledge exchange:** sharing and learning with external organisations, industry and the community.	**Championing diversity** of our students and staff, a nurturing community which is inclusive and dynamic, drawing on our diversity to challenge the status quo and to drive change.	**Creative by design:** develop national and global partnerships that create resilient, self-motivated and inquisitive graduates, transform relationships and impact local, national and global communities.
Creative approaches to learning delivery that ground students in digital literacy, and are focused on employability, building entrepreneurial and life skills.	**Nurturing the next generation** of diverse researchers through developmental programmes.	**Campus collectives** around themes which bring together research, teaching, staff interest and external engagements.	**Valuing social responsibility** through our voluntary support by staff and students, which helps local and regional initiatives.

CROSS CUTTING THEMES: EQUALITY FOR ALL | SUSTAINABILITY AND THE SUSTAINABLE DEVELOPMENT GOALS | DIGITAL TRANSFORMATION | FINANCIAL STRENGTH

SUCCESS

Closing the Leicester skills gap; ensuring graduates access employment opportunities which meet their ambitions.	International reputation for our research themes with our research making a difference to lives.	A diverse, engaged community; no pay or awarding gaps; positive health and wellbeing amongst students and staff.	Addressing local and regional needs; realising national and global opportunities of mutual benefit.

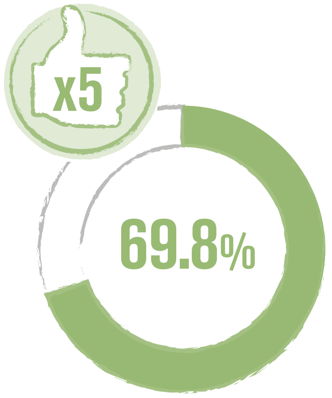
Learning for Life

Our Learning for Life implementation plan sets out the priorities for the next three years, including focusing on making sure learning is student-centred, flexible and creative.

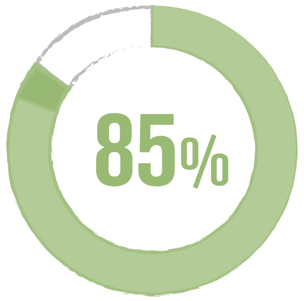
The 2022/23 academic year saw Education 2030, our block teaching delivery method, delivered for more than 70% of first-year undergraduates. With block teaching, students study one subject at a time, instead of several at once, and stay with the same cohort of classmates.

We saw improvements in our National Student Survey (NSS) outcomes for overall satisfaction and teaching on courses, and made a successful bid to The Quality Assurance Agency to develop and share our block teaching approach nationally and internationally.

Other highlights include the launch of an academic promotion scheme, the appointment of seven new teaching fellows to support Learning for Life and Education 2030, and the opening of a new Careers Hub.



Overall student satisfaction rose five times faster than the national average to 69.8% in the 2022 NSS



Our internal student survey showed students on block teaching programmes have a higher satisfaction for teaching on their course than those on non-block programmes (85% compared to 81%)

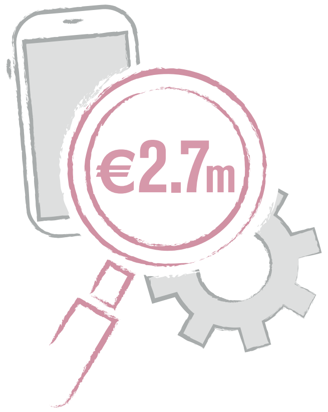
Knowledge Creation

The 2022 Research Excellence Framework (REF) classified 60% of our research as world class or internationally excellent. To further improve this result, we designed a new approach to research that will promote interdisciplinary, impactful and inclusive research across the cross-cutting themes.

Our new Advancing Research Careers programme will see early and mid-career researchers supported over a three-year period starting in 2023/24 with the very best to join the flagship Future Research Leaders Programme.

The Doctoral College continues to recruit to a range of programmes nationally and internationally, with around 100 new students adding to the postgraduate population of more than 600 students.

DMU's Knowledge Exchange team secured more than £1million of Knowledge Transfer Partnership (KTP) projects in the past 12 months. A further £15million worth of work with the business community was secured by the university's Enterprise and Business Services team in the past year.



Research highlights this year include Dr Sara Wilford leading a €2.7m Horizon Europe project on 'Social Media Narratives: addressing extremism in middle age'.

Research income exceeded year one target, totalling more than £5million

Shortlisted for THE Awards 2022 Outstanding Entrepreneurial University of the Year for our work in developing an entrepreneurial mindset and championing innovation.

Empowering People

Our Empowering University strategy aims to involve staff in decision making and strengthen the staff and student community.

In 2022 we held 'Our University Day' where all staff were invited to come and hear some inspirational speeches and then visit stalls to give feedback on projects, such as our sustainability, staff reward schemes and the plans for a library extension.

Since its introduction, we have worked to implement our vision and are seeing results. A Staff Pulse Survey showed staff advocacy increased by seven per cent in one year, with over 70% of staff knowing about our Empowering University strategy.

There were signs of encouragement in the 2022 NSS results, with improvements in the themes of Student Voice and students feeling part of the community. Our new Student Experience programme aims to deliver an engaging experience, build confidence and foster belonging and fulfilment.

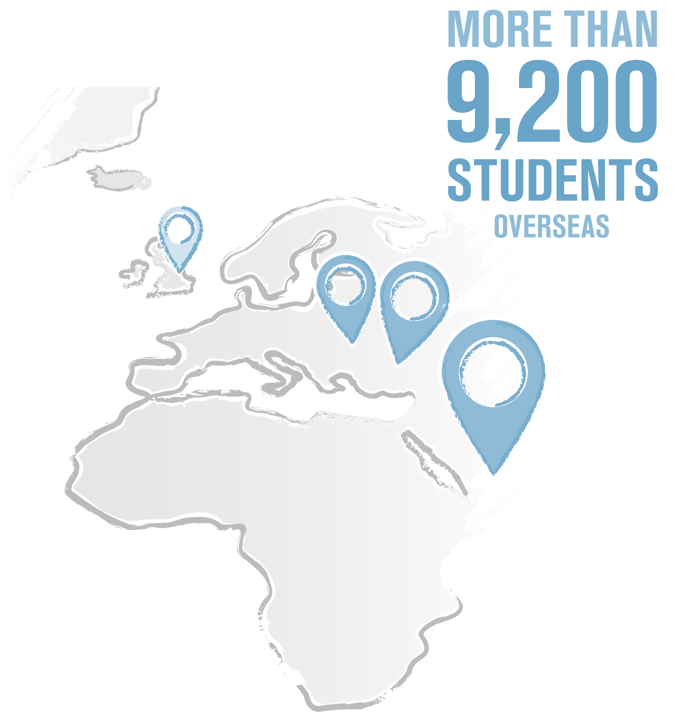
Ranked 16th in the 'University of the Year' category in 2022 Whatuni Student Choice Awards

Partnerships with Purpose

DMU is committed to maintaining and building resilient and productive relationships with a range of local, national and international partners as they positively impact, our ability to invest in new opportunities, open routes into and through higher education and careers for our students, and support the economic and skills needs of local and national businesses.

We took part in a successful £1.3million bid to support creative businesses across the East Midlands and helped to launch the region's first Cyber Cluster. We were delighted to open the region's only Barclays Eagle Lab at DMU's Innovation Centre in October 2022.

With more than 9,200 students studying overseas for a DMU degree across several overseas partners and campuses in Dubai and Kazakhstan, this academic year saw new partnerships approved in Vietnam (Hoe Sen University), Uzbekistan (Pharmaceutical Technical University) and DMU Cambodia.



Cross-cutting themes

Equality for all

In April, we became the first university to achieve a silver award in Advance HE's Race Equality Charter. While an excellent achievement, we recognise that there is still much work to do and have undertaken substantial work to progress our Equality for All implementation plan this year.

Advance HE also awarded a Collaborative Award for Teaching Excellence to the team (made up of diverse staff and students from all areas of the institution) who run Decolonising DMU, our programme to promote racial equality within and beyond DMU.

A variety of successful International Women's Day events took place across DMU's international campuses including a hybrid event delivered across four time zones, and a refurbishment of the Leicester campus Muslim Prayer room increased the size of the sisters' area.

Highest-ever ranking in Stonewall's Top 100 Employers, coming third in the education sector

First university to achieve a silver award in Advance HE's Race Equality Charter

Digital transformation

Work across the university continues to deliver the three core strategic objectives - Digital Working; Digital Mindset; and Change Management – of our Digital Transformation Strategy.

Early foundational projects – such as student data improvement, cloud adoption and Microsoft 365 guidance and optimisation – provide a safe, secure and robust infrastructure to reduce risk and increase our organisational stability.

Transformational activity including participation in the Bodyswaps project, which uses virtual reality for immersive learning help us innovate the student experience.

Sustainability and the Sustainable Development Goals

DMU continues to demonstrate its commitments to sustainability and the United Nations' Sustainable Development Goals (SDGs), across all operations and through continuing work as a Global Hub for SDG 16: Peace, Justice and Strong Institutions.

We entered our second term as a United Nations Academic Impact SDG Hub, in addition to our position as consultant NGO to the UN Economic and Social Council, and our role as a UN Climate Observer for the UN Framework Convention on Climate Change Global Innovation Hub.

Our ongoing dedication to embedding sustainability into the heart of teaching saw DMU secure a leading place in the national SDG Teach-In sustainability campaign, led by Students Organising for Sustainability (SOS-UK). Out of 1,284 educator pledges made from 128 institutions, across 23 countries, DMU led the way securing the top spot for most pledges made from a university and ranking third across all institutions overall.

16th university in the world for recycling and sustainability*

DMU won two Green Gown Awards in the Building Back Better and 2030 Climate Action categories. Green Gown awards recognise the most sustainable initiatives in higher education

Financial strength

We are making significant progress in creating a sustainable financial position after several difficult years. Our financial performance during 2022/23 is much stronger than anticipated, with the Delivering Business Sustainability programme mostly complete and embedded into our future financial plans.

We have undertaken this journey through looking carefully at our professional service structures, ensuring our operational costs show good value for money and through making sure the teaching portfolio is efficient and attractive. Our commercial income has seen growth this year, with more external hires and we have seen increased returns from our transnational education activities.

*Source: Times Higher Education (THE) Impact Rankings 2023

Financial performance in 2022/23

The university has reported a consolidated surplus before tax of £22.4m (2021/22: £10.4m deficit). It has been a challenging year with a reduction in Home Undergraduate numbers, inflationary cost pressures and the increased competition for student recruitment (Home and Overseas) within the sector. The surplus of £22.4m represents 8.4% of income.

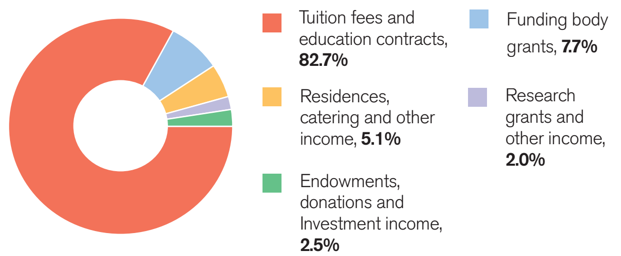
The University Leadership Board has implemented the Empowering University Strategy and are proactively managing the financial challenges alongside a programme of activity to support medium and long term financial sustainability.

The total reserves of the university has improved by £21.8m, of which a significant contribution is an even stronger cash and short-term investments position at year-end of £172.7m (2021/22: £132.1m). This is attributable to expenditure management, lower level of capital expenditure and improvement in collection of tuition fees due for the 2022/23 year. A further £33.0m is held in a long term investment portfolio for the funds set aside annually towards redemption of the university's listed bond.

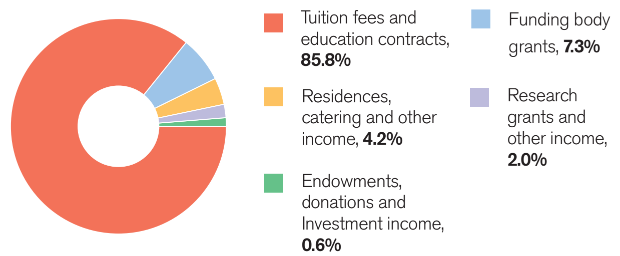
The University's consolidated financial headlines are summarised as follows:

	2022/23 £'000	2021/22 £'000
Income	266,325	243,020
Expenditure	243,533	251,471
Surplus/(deficit) for the year	22,412	(10,441)
Cash and investments	172,695	132,081
Net current assets	115,758	88,233
Pension provisions	£nil	£nil
Total net assets/reserves including pension reserve	323,430	301,618

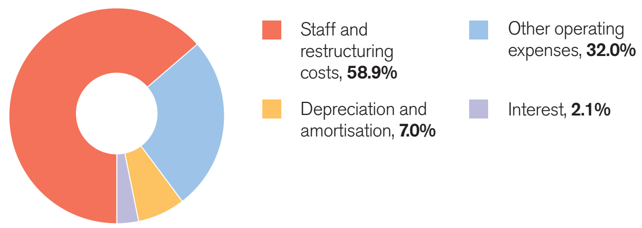
Income analysis 2022/23



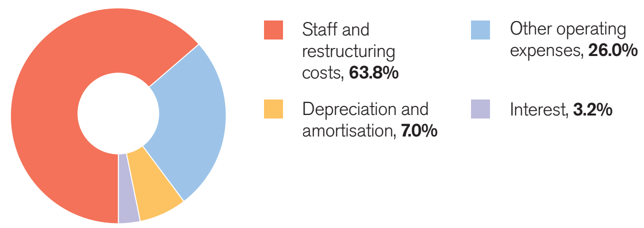
Income analysis 2021/22



Expenditure analysis 2022/23



Expenditure analysis 2021/22



Total income of £266.3m increased by £23.3m (9.6%) from 2021/22. Tuition fee and educational contracts increased by £11.7m (5.6%) largely attributable to an increase in tuition fees from overseas students of £28.2m (48.5%), whilst student recruitment in the UK and countries within the European Union (EU) saw a reduction in tuition fees of £16.2m (11.0%).

The total received in funding body grants has increased by £2.8m (15.6%) to £20.6m due to an increase of £2.3m in the Office for Students recurrent teaching grant.

Other income has seen an increase of £3.4m (33.0%) due to the impact of increased occupancy levels in student residences and income generated from university activity e.g. catering, leisure centre activity etc.

Larger returns on cash and short-term investments of £5.0m resulted from the increases in interest rates during 2022/23.

Total expenditure of £243.5m is a decrease of £7.9m (3.2%) from 2021/22, staffing and restructuring costs accounted for 58.9% (2021/22: 63.8%) of the total expenditure.

The reduction in the staffing expenditure (including restructure) of £17.3m to 2021/22 is attributable as follows:

- The financial effects of the actuarial revaluation of the LGPS and Universities Superannuation Scheme of £15.1m
- Reduction in staff costs of £1m resulting from a higher staff turnover and the full year impact from the in-year voluntary severance restructuring programme in 2021/22.
- The restructuring cost for 2022/23 is £1.0m, a reduction of £3.0m from 2021/22.

The similar level of other operating expenditure year on year reflects the increase of £12.7m (19.5%) associated with a larger overseas student intake, increase in bad debts and rising energy costs.

Interest payable is £3.0m lower due to the decrease in net financing costs associated with the LGPS valuation at the year end.

The depreciation and amortisation charges are £17.1m (2021/22: £17.5m) reflecting the continued capital investment in student facilities, enhancement of buildings and IT infrastructure.

The financial impact of the challenges that the university and the sector face have been partially mitigated through the implementation of measures to manage all expenditure efficiently. These actions have contributed to delivering an operating surplus, protecting the cash position and ensuring all debts that fall due are met in full, whilst the programme to support underlying financial sustainability takes effect. This has also allowed the university to continue to invest in the technology infrastructure and maintaining a high-quality university campus.

Balance sheet

The university's total net asset position has improved by £21.8m to £323.4m due to a surplus in the year positively impacting overall movements on our balance sheet:

- £27.5m increase in net current assets mainly due to increases in cash and short-term investments of £40.6m offset by an increase in creditors due within one year of £6.9m and a reduction in trade receivables of £6.2m;
- The increase in cash and short-term investments is due to improved working capital management and an increase in income from trading operations;
- The reduction in trade receivables is mainly due to a reduction in amounts owed by students whereas creditors due within one year increased due to advances paid by students;
- Non-current assets decreased by £8.9m primarily due to depreciation and amortisation totalling £17.1m offset by additions of £8.1m; and
- Due to the capping of the net asset again this year, the balance sheet shows no movement in the LGPS provision. This is a result of the favourable movements in the key actuarial assumptions applied for accounting valuation purposes particularly the higher rate of interest resulting in future liabilities being discounted at a much higher rate, whilst asset valuations remain more stable and positive.

The university invested £7.6m in additions to tangible fixed assets during 2022/23 of which major capital spend included completion of refurbishment works on Hawthorn, Gateway House and Portland buildings along with other minor refurbishments and investment in IT infrastructure.

Conclusion

The university maintains a strong balance sheet with cash reserves that will be essential in supporting the university's financial sustainability and the implementation of its strategic ambitions to be an Empowering University. Based on financial forecasts and cash projections for the next five years, the Board is assured that the university has adequate resources to remain in operation for the foreseeable future and at least for the next twelve months from the financial statements being authorised for issue, which have been prepared on a going concern basis.

Mr Ian Squires
Chair of the Board of Governors

Professor Katie Normington
Chief Executive and Vice-Chancellor

Trade Union Facility Time

	2022/23	2021/22
Relevant Union Officials		
Number of employees who were relevant union officials during the relevant period	33	30
Percentage of time spent on facility time		
Employees who were relevant union officials employed during the period		
Percentage of time	Number of employees	
0%	-	-
1-50%	33	30
51-99%	-	-
100%	-	-
Percentage of pay bill spent on facility time		
Percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the period		
Total cost of facility time	£127,013	£87,835
Total pay bill	£138,180,000	£144,871,000
Percentage of the total pay bill spent on facility time	0.09%	0.06%
Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours	35.97%	31.79%

Statement on Corporate Governance

This statement outlines for readers of the financial statements the corporate governance procedures adopted by the Board of Governors, covering the period from 1 August 2022 to 31 July 2023, and the subsequent period up until the date of approval of the financial statements.

Two new independent governors were appointed to the board in August 2022, along with a second student governor in October 2022, and a new professional services staff governor in November 2022. A further recruitment process was undertaken during summer 2023 with the aim of appointing new independent governors. The board concluded its first governor apprenticeship scheme with an external company in December 2022 and aimed to establish its own scheme from 2023/24. with the intention of creating a pipeline of potential future independent governors.

Work continued on the implementation of the university's 'Empowering University' strategy which was launched in autumn 2021. The strategy comprised of four key pillars: Learning for Life, Knowledge Creation, Empowering People, and Partnerships with Purpose. The pillars will be delivered alongside cross-cutting themes: Equality For All, Sustainability and the Sustainable Development Goals, Digital Transformation, and Financial Strength. Throughout the year, the board received high-level updates on the university's progress towards meeting the targets set in the strategy, with committees taking a more in-depth look at specific pillars and cross-cutting themes.

SUMMARY OF THE UNIVERSITY'S STRUCTURE OF CORPORATE GOVERNANCE

The university's objectives, powers and framework of governance are set out in its Instrument and Articles of Government. Under the Instrument and Articles of Government, the Board of Governors has a range of powers and duties, including the ongoing responsibility for the strategic direction of the university, approval of major developments, approval of annual estimates of income and expenditure, ensuring solvency of the institution, and safeguarding its assets. The business of the board and its committees are run also in accordance with the board's Standing Orders and a Scheme of Delegation.

It is a requirement of the Instrument and Articles of Government that there should be a majority of board members who are independent, and that the board should be comprised of no fewer than 12 and no more than 23 members (including the Vice-Chancellor ex-officio). During the 2022/23 academic year, the board had a total of 15 members (including the Vice-Chancellor ex-officio), 12 of whom were independent governors as defined by the Instrument and Articles. The remaining three members of the Board of Governors included the Vice-Chancellor and members of the university's staff body. Two student governors will be appointed to the board in August 2023.

Membership of the Board of Governors is considered by the Nominations Committee, based on a skills matrix and diversity information that allows decisions to be made about the board's requirements in terms of governors.

The principal officer is the Vice-Chancellor, who has responsibility to the Board of Governors for the organisation, direction and management of the university. She is also the designated Accountable Officer for the purposes of the university's registration with the Office for Students (OfS). The Vice-Chancellor was supported by the University Leadership Board, which, as of the end of the 2022/23 academic year comprised: the Vice-Chancellor; the Deputy Vice-Chancellor; the Registrar (Academic) and Secretary to the Board of Governors, the Executive Director of Finance and Procurement; the Chief Transformation Officer; the Pro Vice- Chancellors for Education, International and Research and Business Innovation; four Faculty Pro Vice-Chancellor/Deans; the Executive Director of Marketing and Communications; the Executive Director of People Services and the Interim Executive Director of Strategic Planning Services.

CONDUCT OF BUSINESS

The Board of Governors is responsible for, among other matters, the determination of the educational character and mission of the university and for the general oversight of its activities. It is responsible for approving the university's strategy.

In the conduct of its formal business, and in addition to a strategic away day, the board meets five times a year. It has a number of formally constituted sub-committees looking at the following areas: Audit; Finance and Performance; People and Culture; Nominations; and Remuneration. Each sub-committee has clearly defined and delegated responsibilities as laid out in its respective terms of reference and via the board's Scheme of Delegation.

The Audit and Risk Committee regularly meets with external and internal auditors through their attendance at each meeting of the committee. It considers internal audit reports and recommendations for the improvement of the university's systems of internal control, together with management responses and implementation plans. It is responsible for assessing the effectiveness of the external audit process through review and consideration of the annual audit plan, including key areas of audit risk, the external audit management letter, and meeting with the external auditors as necessary.

The terms of reference of the Audit and Risk Committee incorporate its role in monitoring and reporting upon the effectiveness of the university's risk management, data management quality, and value for money processes and procedures. The committee gains assurance that the institution has adequate arrangements in place for ensuring economy, efficiency and effectiveness and for the management and quality assurance of data submitted to the OfS and other funding bodies. It is also responsible for monitoring the university's policy on fraud, ensuring there are satisfactory arrangements in place for handling whistleblowing disclosures, and student complaints.

The Finance and Performance Committee considers the annual revenue and capital budgets, and monitors performance in relation to the approved budgets and the five-year financial forecast. The committee also reviews and recommends to the board the university's Financial Regulations, financial policies, accounting policies and the annual financial statements. The committee monitors the university's performance in areas including financial sustainability, student recruitment, graduate outcomes, and research activity, among others, and the performance of the university's subsidiary companies, spin-out companies and joint ventures.

The People and Culture Committee considers strategies related to workforce matters, people-related (i.e. staff and student) business concerning culture and equality, diversity and inclusion, and seeks assurance that the university is compliant with relevant legislation. The committee ensures that the university has policies and practices in place to support employees and to attract, and retain, the highest calibre of talent in the market. The committee seeks assurance on workforce matters on behalf of the Board of Governors, and makes recommendations as appropriate. The committee monitors the progress of the university's cultural strategy and initiatives as part of that strategy. It also monitors areas such as the gender and race pay gap to ensure the university's approach reflects best practice, and considers workforce risks to ensure mitigations and controls are in place.

The Nominations Committee reviews the membership of the Board of Governors, advising on the skills and diversity mix required by the board to fulfil its responsibilities effectively. It also considers the appointment of committee chairs and membership, and the recruitment and nomination of new governors, making recommendations to the Board of Governors as appropriate.

The Remuneration Committee determines the annual remuneration of the Vice-Chancellor and members of the University Leadership Team, and receives a report on the annual review of other senior academic and professional services staff.

All committees of the board are required to report in some form to the board. They do so in a variety of ways, including the formal submission of their minutes as well as a summary of outcomes provided by the chairs of the respective committees at board meetings, with key matters reported as substantive agenda items for discussion. In addition, the Audit and Risk Committee, the Finance and Performance Committee, the People and Culture Committee and Remuneration Committee produce annual reports, which are submitted to the Board of Governors for consideration. The Vice-Chancellor also provides a written report on the broader operation of the university at each board meeting. As appropriate, members of the University Leadership Board are present at meetings of the board to expand, where necessary, on reports and answer questions as they arise and are actively involved in the majority of business at strategic away day meetings of the Board of Governors.

The Board of Governors periodically reviews its own effectiveness in accordance with good practice and Committee of University Chairs guidance. At the conclusion of every meeting, the board and committees consider their performance during the meeting to ensure the board or committee's effectiveness in executing its responsibilities which informs the approach to agenda and business planning at future meetings. At the end of each academic year, the governors complete an effectiveness self-assessment survey for the Board of Governors and any committees of which they are members to evaluate the overall performance of the board/committee during the academic year. Feedback from the surveys are shared with the full board at its first meeting of the next academic year.

Newly-appointed governors are expected to participate in a robust internal induction programme, tailored to their specific needs and experience, which will include them being made aware of their legal and regulatory obligations, as well as their obligations as a trustee of a charitable institution. Additionally, it is a mandatory requirement of governors that they attend external training offered by independent organisations, to ensure they are aware of wider higher education governance policy developments and best practice. Governors are also encouraged to be proactive in identifying opportunities for any further training or support that might be required to enable them to better fulfil their duties as governors. As part of an annual appraisal process, governors are asked to consider, and discuss with the Chair, any training opportunities of interest, to help inform the Board of Governors' training and development plan. In relation to the conduct of board business, there is considerable opportunity for governors to request additional information through board committees, the board itself, and via the Governance Office.

STATEMENT OF RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the university's Instrument and Articles of Government, the Board of Governors is responsible for the oversight of the administration and management (by the University Leadership Board) of the affairs of the university and is required to approve audited financial statements for each financial year. The Board of Governors is responsible for keeping proper accounting records that disclose the financial position of the university and enable it to ensure that the financial statements are prepared in accordance with the university's Instrument and Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions, and other relevant accounting standards. As a Higher Education Corporation, the Board, through its designated Accountable Officer, produces financial statements for each financial year, which give a true and fair view of the state of affairs of the university and of the surplus or deficit and cash flows for that year. These statements are also submitted to the OfS as part of the Annual Financial Return.

In overseeing the preparation of financial statements, the Board of Governors has ensured, either directly, or via delegated authority to one of its sub-committees, that:

- Suitable accounting policies are selected and applied consistently
- Judgements and estimates are made that are reasonable and prudent
- Applicable accounting standards have been followed and any material departures disclosed and explained in the financial statements
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University and group will continue in operation.

The Board of Governors is responsible for ensuring:

- funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguarding the assets of the university and prevent and detect fraud
- the economical, efficient and effective management of the university's resources and expenditure are secure
- financial statements are published on the University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the University's website is the responsibility of the members of the Board. The members of the Board's responsibility also extends to the ongoing integrity of the financial statements contained therein

STATEMENT OF INTERNAL CONTROL

Internal control

This statement of internal control relates to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

The Board of Governors acknowledges its responsibility for ensuring that a sound system of internal control is maintained and confirms that it has reviewed the effectiveness of these arrangements.

The key elements of the university's system of internal control, which is designed to discharge the financial responsibilities of the Board of Governors, include:

- Clear definitions of the responsibilities of, and the authority delegated to, the Board of Governors, its committees, the executive and academic committees of the university, and senior staff of the university, set out in the Scheme of Delegation which is published on the university's web pages
- Maintenance of a register of interests of members of the Board of Governors, members of the Committees of the Board, including co-opted members, and senior officers of the University. The register is published on the University website.
- A comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Regular reviews of academic performance and of financial results involving variance reporting and updates of forecast out-turns
- Clearly defined and formalised requirements for approval and control of expenditure
- Procedures for the management of investment and risk
- Clearly defined procedures for the confirmation of attendance of students for the purposes ensuring the appropriate draw down of public funding from the Student Loans Company
- Comprehensive financial regulations, detailing financial controls and procedures, which were reviewed as part of the review of the university's policies and procedures, including detailed anti-fraud, corruption and bribery policies and procedures to ensure the highest standards of ethical conduct.
- A comprehensive Risk Management Framework
- A professional internal audit service, whose annual programme is approved by the Audit and Risk Committee on behalf of the Board of Governors
- On behalf of the Board of Governors, the Audit and Risk Committee reviews the effectiveness of the university's system of internal control
- The Audit and Risk Committee receives reports from the University's appointed external auditors including the management letter.

Risk management

The Board of Governors recognises that effective risk management is an essential element in the framework of good governance. The board has continued to develop its risk management systems, ensuring that they follow compliant with the OfS Regulatory Framework and good practice guidance such as that issued by the Committee of University Chairs, and the Higher Education Code of Governance. The system of internal control adopted by the board is designed to set the tone, and embed the culture of risk and resilience management across the university. This is achieved through approving the appropriate risk appetite for the university, and by actively participating in major decisions affecting the university's exposure to risk. It is based on an ongoing process, designed to identify significant strategic and business risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically to reduce the impact and likelihood of adverse events occurring. This approach enables the board to engage in risk management, rather than elimination, and provide assurance that the risk of failure to achieve policies, aims and objectives is being effectively managed.

The university has in place a corporate risk register and a defined approach to risk management The university's strategic aims and operational objectives drive organisation's approach to risk management . This is achieved by:

- Ensuring a focus on risks that threaten the university's business model and strategic aims.
- Establishing key operations and the corresponding institutional appetite for risk for these areas.
- Strengthening the connection between business continuity and crisis management as key aspects of enterprise resilience.
- Scoping internal and external factors to identify changes to the risk landscape

The governance architecture describes the roles and responsibilities of the Board of Governors, the Audit and Risk Committee, and the University Leadership Board, ensuring clear lines of accountability and communication. The University Leadership Board are the owners of the corporate risk register and receive advice and updates from the Audit and Risk Committee, which undertakes detailed scrutiny of local risk registers and the operation of risk management across the university. To provide appropriate oversight, the Audit and Risk Committee receives quarterly updates to the university's risk landscape, focusing on updates to the university's most significant risks or any risks outside of tolerance.

This process has been cascaded into the university's faculties and directorates, ensuring that there is a consistent and aligned approach to risk management through which risks are managed at the most appropriate level in the institution.

The risk management approach recommends an annual, independent appraisal of the effectiveness of risk management across the university takes place. This is aligned to existing reporting processes, via the Audit and Risk Committee to the Board of Governors, on the effectiveness of internal control systems.

GOING CONCERN STATEMENT

These financial statements have been prepared on a going concern basis which the Governing Body believe to be appropriate for the following reasons:

The university's approved five-year financial plan for 2023/24 to 2027/28 continues to build on recovery from the lower full-time undergraduate student recruitment in 2022/23, with further pressure from inflation. The university's response included strategic reviews around income generation, cost reduction and efficiency across four key themes in particular; academic structures, student income, professional services and operational efficiency. Tight controls over staff recruitment including vacancy management and cost control primarily through managing discretionary spend which does not have an impact on our ability to meet and maintain our high standards of teaching and research remain in place alongside restricting non-essential and non-committed capital expenditure in the next 12 to 18 months of around £36.4million (note 24). These measures contribute to maintaining appropriate cash levels to support strategic investments, enable management of risks and in-year fluctuations in cashflow which is critically important in supporting the university's ability to continue to be a going concern.

The updated forecast for 2023/24 reflects a reduction in student numbers and income due to under-recruitment of home students and better than expected recruitment of international students, along with a reduction in expenditure due to mitigations to address the remaining shortfall in expected tuition fee income. Cashflow projections have been prepared for at least twelve months from the date of approval of these consolidated financial statements and cover the period to 31 July 2025. The forecast total income is £254.9m for 2023/24 and £273.3m for 2024/25 with corresponding forecast cash and investments balance of £203.8m at 31 July 2024 and £172.1m at 31 July 2025 respectively. The lowest cash and investments balance during these two years is expected to be £154.0m. Based on a stress test scenario with a further decline in fee income of £86.2m in 2024/25 with no direct mitigation for this, would reduce the total income position to £187.1m. The forecast cash position as at 31 July 2025 in this scenario is £111.7m.

The University is forecast to operate within its available committed facilities, meeting the financial covenant associated with the bond, the debt service ratio. The projected bond covenant position for 31 July 2024 and 31 July 2025 is 1.7% and 1.8% respectively, with the maximum being 7% before the covenant is breached. This ratio is 2.7% in the downside scenario.

We continue to focus on strengthening liquidity as well as the balance sheet so as to place the university in a strong position to safeguard its long-term financial sustainability.

Based on the above analysis, it remains appropriate to prepare the consolidated financial statements on a going concern basis. No material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern have been identified.

Chancellor, Board of Governors & Committees, University Leadership Board & Professional Advisers

CHANCELLOR

Mr Akram Khan MBE

BOARD OF GOVERNORS

Mr Ian Squires BA (Hons) (Chair of the Board)
Ms Catherine Clarke BA (Hons) *Tenure ended July 2023*
Mr Peter Collyer Chartered FCIPD
Professor Fiona Cownie FAcSS, FRSA, PFHEA (Deputy Chair of the Board) *Stepped down July 2023*
Mr Stuart Dawkins BA, MSc, MBA *Appointed August 2022*
Mr Jonathan Kerry BA MA *Appointed August 2022*
Mr Jonathan Mills CB MA MPhil
Ms Sara Pierson OBE BA (Hons) MBA *Stepped down November 2022*
Ms Sardip Sandhu BSc (Hons) PGCert
Ms Beverley Shears PGDip MA FRSA Chartered CIPD FIoD
Mr Peter Tansley BA (Hons) CGMA CIMA CMIIA
Mr Daniel Toner BA (Hons)
Mr Paul Woodgates BA (Hons) ACA

STAFF AND STUDENT GOVERNORS

Mr Phil Grierson BA MA *Appointed December 2022*
Mr Jon Lees BA (Hons) PgCert MBA *Tenure ended November 2022*
Mrs Buddy Penfold BA PGCert MA
Ms Aashni Sawjani LLB LLM (Student Opportunities and Engagement Executive) *Tenure ended June 2023*
Mr Benjamin Smith (Student Trustee) *Appointed October 2022 Tenure ended June 2023*

CO-OPTED MEMBER

Mr Phil Clarke (Finance and Performance Committee) *Appointed August 2022*

EX-OFFICIO GOVERNOR – CHIEF EXECUTIVE AND VICE-CHANCELLOR

Professor Katie Normington BA (Hons) MA PhD

REGISTRAR (ACADEMIC) AND SECRETARY TO THE BOARD OF GOVERNORS

Ms Nikki Pierce BSc (Econ) MBA MPhil

COMMITTEES OF THE BOARD OF GOVERNORS

Audit and Risk Committee

Mr Peter Tansley (Chair)
Professor Fiona Cownie
Mr Jonathan Kerry
Mr Dan Toner

Finance and Performance Committee

Mr Paul Woodgates (Chair)
Ms Catherine Clarke
Mr Phil Clarke (co-opted)
Mr Stuart Dawkins
Mr Jonathan Mills
Professor Katie Normington (ex officio)
Mr Ian Squires

People and Culture Committee

Ms Beverley Shears (Chair)
Mr Peter Collyer
Professor Katie Normington (ex-officio)
Ms Sara Pierson (until November 2022)
Ms Sardip Sandhu
Mr Ian Squires

Nominations Committee

Mr Ian Squires (Chair)
Mr Peter Collyer
Professor Katie Normington (ex-officio)
Mrs Buddy Penfold
Ms Sardip Sandhu
Ms Aashni Sawjani (until June 2023)

Remuneration Committee

Professor Fiona Cownie (Chair)
Ms Catherine Clarke
Ms Beverley Shears
Mr Ian Squires
Mr Dan Toner

UNIVERSITY LEADERSHIP BOARD

Professor Katie Normington (Chief Executive and Vice-Chancellor) BA (Hons), MA, PhD

Professor Richard Greene (Deputy Vice-Chancellor) BSc, PhD, MB, BS, MBA, FHEA, FAS

Ms Nikki Pierce (Registrar [Academic] and Secretary to the Board of Governors) BSc Econ (Hons), MBA, MPhil

Dr Peter Cross (Chief Finance and Resources Officer) MAAT, FCPFA, MScPSM, DBA *Left April 2023*

Ms Debbie Muddimer (Executive Director of Finance and Procurement) PGDip, FCPFA *Appointed July 2023*

Ms Tracey Jessup (Chief Transformation Officer) MA (Hons)

Professor Susan Orr (Pro Vice-Chancellor Education) Ed D, HEA PF, NTF, CATE, FRSA

Ms Helen Donnellan (Interim Pro Vice-Chancellor Regional Business and Innovation) BSc Hons, PG Cert, PG Dip *Left ULB July 2023*

Professor Mike Kagioglou (Pro Vice-Chancellor Research and Business Innovation) BEng (Hons), MSc, PhD, FHEA, Cmgr, FCMI, FRS NSW, FRICS, FCIOB *Joined July 2023*

Professor Simon Oldroyd (Pro Vice-Chancellor Sustainability and Dean of Health and Life Sciences) BSc (Hons), PhD, FIBMS

Mr Simon Bradbury (Pro Vice-Chancellor International) MA (Cantab), DipArch, RIBA, ARB, FHEA

Ms Jill Cowley (Interim Dean of Arts, Design and Humanities) BA, SFHEA *Appointed September 2022*

Professor Heather McLaughlin (Dean of Business and Law) BA, MSc, PhD, FCA, CMgr, FCMI, SFHEA, CMBE

Professor Shushma Patel (Pro Vice-Chancellor Student Experience and Dean of Computing, Engineering and Media) BSc (H) PhD FBCS, CITP, PFHEA, NTF

Ms Kaushika Patel (Deputy Pro Vice-Chancellor Equality, Diversity, and Inclusion and Deputy Dean of Health and Life Sciences) BA, MA, CQSW *Left ULB February 2023*

Mrs Mel Fowler (Executive Director of Marketing and Communications) BSc (Hons), MA

Mrs Jo Cooke (Executive Director of Student and Academic Services) BA (Hons) *Left February 2023*

Ms Bridget Donoghue (Executive Director of People Services) CIPD *Appointed December 2022*

Dr Ahmad Alhusan (Interim Executive Director of Strategic Planning Services) BA, MBA, DBA (HEM) *Joined July 2023*

PROFESSIONAL ADVISERS TO THE CORPORATION

Auditors

External Auditors: BDO LLP
Internal Auditors: KPMG LLP

Bankers

National Westminster Bank plc.

Members of the Board of Governors who served throughout the year ended 31 July 2023

Their eligibility and attendance as members of the Board of Governors, Audit and Risk, Finance and Performance, People and Culture, Nominations and Remuneration is shown below:

	Governor attendance at meetings 2022/23	Board meetings		Audit and Risk		Finance and Performance		People and Culture		Nominations		Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1	Ian Squires	9	9	-	-	4	4	4	2	*	*	3	2
2	Fiona Cownie	9	5	4	3	-	-	-	-	-	-	3	3
3	Catherine Clarke	9	4	-	-	4	4	-	-	-	-	3	3
4	Peter Collyer	9	9	-	-	-	-	4	4	*	*	-	-
5	Stuart Dawkins	9	9	-	-	4	4	-	-	-	-	-	-
6	Phil Grierson	9	4	-	-	-	-	-	-	-	-	-	-
7	Jonathan Kerry	9	8	4	4	-	-	-	-	-	-	-	-
8	Jon Lees	4	3	-	-	-	-	-	-	-	-	-	-
9	Jonathan Mills	9	6	-	-	4	3	-	-	-	-	-	-
10	Katie Normington	9	9	**	**	4	3	4	4	*	*	**	**
11	Buddy Penfold	9	7	-	-	-	-	-	-	*	*	-	-
12	Sara Pierson	4	3	-	-	-	-	1	1	-	-	-	-
13	Sardip Sandhu	9	6	-	-	-	-	4	3	*	*	-	-
14	Aashni Sawjani	8	8	-	-	-	-	-	-	-	-	-	-
15	Beverley Shears	9	3	-	-	-	-	4	3	-	-	3	3
16	Benjamin Smith	6	6	-	-	-	-	-	-	-	-	-	-
17	Peter Tansley	9	7	4	4	-	-	-	-	-	-	-	-
18	Dan Toner	9	5	4	3	-	-	-	-	-	-	3	1
19	Paul Woodgates	9	8	-	-	4	4	-	-	-	-	-	-
20	Phil Clarke (co-opted)	-	-	-	-	4	4	-	-	-	-	-	-

* Nominations Committee did not meet during 2022/23 due to scheduling issues, however business was conducted via correspondence, with matters then being presented to the full board.

** May attend in ULB capacity, not a member

Independent auditor’s report to the Board of Governors of De Montfort University

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the University’s affairs as at 31 July 2023 and of the Group’s and the University’s income and expenditure, gains and losses, changes in reserves and of the Group’s cash flows for the year then ended; and
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

We have audited the financial statements of De Montfort University (the ‘University’) and its subsidiaries (the ‘Group’) for the year ended 31 July 2023, which comprise the Consolidated and Corporation Statement of Comprehensive Income, the Consolidated and Corporation Statement of Changes in Reserves, the Consolidated and Corporation Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Governors of De Montfort University on 1 July 2021 to audit the financial statements for the year ended 31 July 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the years ended 31 July 2021 to 31 July 2023. We remain independent of the Group and the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the University.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Governors’ assessment of the Group and the University’s ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also to have a high-level understanding of the University’s market, strategy and profile in the sector, and the ongoing impact of the current economic environment.
- Consideration of the forecast prepared by management including comparison to prior year actuals, challenge of the key assumptions based on our knowledge of the business and checking the mathematical accuracy of the forecasts.
- Obtaining and assessing the availability of financing facilities, the nature of facilities and repayment terms through to July 2025.
- We considered management’s financial covenant compliance calculations through to July 2025 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- We considered ongoing legal matters and the completeness of cash outflows in the forecasts.
- As referred to in note 1 of the Statement of Principal Accounting Policies, management has modelled a stress test scenario to incorporate a downturn in future income. We have considered the appropriateness of this scenario in respect of the impact of the current economic environment and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

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

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

Overview

Coverage	100% (2022: 100%) of Group surplus before tax 100% (2022: 100%) of Group revenue 100% (2022: 100%) of Group total assets		
Key audit matters		2023	2022
	Revenue recognition – education contract income	No	Yes
	Revenue recognition – deferral of tuition fee and indirect partnership income	Yes	No
	Revenue recognition – partnership income and expenditure	Yes	No
	Revenue recognition – education contract income is no longer considered to be a key audit matter because the level of work required to audit this area in the current period did not require significant levels of judgement or significant auditor attention.		
Materiality	**Group financial statements as a whole** £3,570,000 (2022: £3,200,000) based on 1.35% (2022: 1.35%) of revenue A specific materiality of £1 (2022: £1) was determined for our testing of Head of Provider remuneration and £500 for our testing of pay band disclosure for higher paid staff.		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Governors that may have represented a risk of material misstatement.

Audit work on all significant components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified one component (De Montfort University) which, in our view, required an audit of its complete financial information for group purposes due to its size and was therefore considered to be a significant component.

De Montfort Expertise Limited was not considered to be a significant component of the Group. Audit work was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – deferral of tuition fee and indirect partnership income	We assessed there to be a risk over the deferral of tuition fee and indirect partnership income due to the significance of the calculation in the amount of revenue recognised during the year, and its complexities surrounding the number of courses and their dates spanning the year end. We therefore identified the deferral of tuition fees as a significant risk and a key audit matter.	We selected a sample of students from the student registry system to confirm that there was evidence that the required identity checks have been completed, that the student had been in attendance for the whole of the academic year, the amount billed to the student was in agreement with the published fees for the course for which the student had registered, the income has been recognised in the tuition fee nominal ledger and the student had settled the invoice. We obtained the deferred income calculations from management and reperformed the calculations to confirm they were mathematically accurate. We selected a sample of students from the deferred tuition fee listing to confirm the dates of the courses spanning the year end, the amount billed to the student agreed to the published fees for the course for which the student had registered and to confirm the student was correctly included on the deferred tuition fee listing and that the income had been correctly deferred at the year end. Key observation: Based on the procedures performed, the accounting for the deferral of tuition fee and indirect partnership income is materially correct.
Transactions with a partner – revenue and payroll recognition	We assessed there to be a risk over revenue recognition relating to a specific contract within direct partnership income. This is due to transaction flows relating to this partnership altering during the year, which increased our assessed risk of fraud. We therefore identified the revenue recognition of the partner income as a significant risk and a key audit matter. This also resulted in a significant risk in relation to the completeness of payroll costs of directly employed staff recognised within the University accounts.	We reviewed the original partnership contract and relevant correspondence with the University's legal counsel to confirm our understanding of the arrangements in place. We obtained management's assessment of the partnership arrangement, which determined that the University acts as an agent for accounting treatment purposes and verified this to the terms of the collaboration agreement. We verified a sample of students to supporting evidence to confirm entitlement to income and that the fee charged was at the agreed rate for the registered course. We obtained management's revenue calculations and verified the calculation to both the collaboration agreement and to the student listing. We obtained the partner payroll reconciliation from management and verified that the calculations agreed to the financial statements. We selected a sample of employees from the payroll reports and verified which entity they were employed by to employment contacts, as well as confirming gross pay and bank payment details. Key observation: Based on the procedures performed, we found the revenue and payroll expenditure recognised to be materially correct.

Our application of materiality
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		University financial statements	
	2023	2022	2023	2022
Materiality	£3,570,000	£3,200,000	£3,391,500	£3,037,000
Basis for determining materiality	1.35% of revenue	1.25% of revenue	1.35% of revenue, restricted to 95% of Group financial statement materiality	1.25% of revenue, restricted to 95% of Group financial statement materiality
Rationale for the benchmark applied	Revenue is of particular interest to the users of the financial statements as the success of both research and student enrolment is linked to this figure.			
Performance materiality	£2,499,000	£2,240,000	£2,374,050	£2,125,900
Basis for determining performance materiality	70% of materiality	70% of materiality	70% of materiality	70% of materiality
Rationale for the percentage applied for performance materiality	We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as low levels of misstatements previously identified partially offset by the number of areas of the financial statements subject to significant estimation uncertainty.			

A specific materiality of £1 (2022: £1) was determined for our testing of Head of Provider remuneration and £500 for our testing of higher paid staff.

Component materiality
For the purposes of our Group audit opinion, we set materiality for each component of the Group, apart from the University whose materiality is set out above, based on a percentage of 2.8% (2022: 2.8%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £100,000 (2022: £90,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £71,400 (2022: £64,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The Governors are responsible for the other information. The other information comprises the information included in the annual accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

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

- The University's grant and fee income, as disclosed in note 1g to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 6 to the accounts, has been materially misstated.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management, the Legal & Governance team, those charged with governance and the Audit and Risk Committee;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer.

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

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be registration with the Office for Students and the University's ongoing conditions of registration.

Our procedures in respect of the above included:

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

Fraud

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

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

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates. In addition, we considered revenue recognition an area to be susceptible to fraud, particularly in relation to the recognition of tuition fee revenue in line with course dates, revenue recognised in relation to partnership arrangements where the University sub-contracted some of their courses to other entities and the posting of manual journals to material revenue streams.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including bad debt provision, useful economic lives of both intangible and tangible fixed assets and assumptions applied in defined benefit pension calculations.
- Meetings held with University legal council to make enquiries regarding the partnership arrangements;
- Comparing the level of deferred tuition fee income to expectations and testing a sample of deferrals to ensure correct treatment at the Statement of Financial Position date.

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

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

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

Use of our report

This report is made solely to the Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017 and the charters and statutes of the University. Our audit work has been undertaken so that we might state to the University's 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 Governors as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

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

Birmingham, UK

Date: 05 January 2024

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

Statement of Principal Accounting Policies

1. BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis which the Governing Body believe to be appropriate for the following reasons:

The university's approved five-year financial plan for 2023/24 to 2027/28 continues to build on recovery from the lower full-time undergraduate student recruitment in 2022/23, with further pressure from inflation. The university's response included strategic reviews around income generation, cost reduction and efficiency across four key themes in particular; academic structures, student income, professional services and operational efficiency. Tight controls over staff recruitment including vacancy management and cost control primarily through managing discretionary spend which does not have an impact on our ability to meet and maintain our high standards of teaching and research remain in place alongside restricting non-essential and non-committed capital expenditure in the next 12 to 18 months of around £36.4million (note 24). These measures contribute to maintaining appropriate cash levels to support strategic investments, enable management of risks and in-year fluctuations in cashflow which is critically important in supporting the university's ability to continue to be a going concern.

The updated forecast for 2023/24 reflects a reduction in student numbers and income due to under-recruitment of home students and better than expected recruitment of international students, along with a reduction in expenditure due to mitigations to address the remaining shortfall in expected tuition fee income. Cashflow projections have been prepared for at least twelve months from the date of approval of these consolidated financial statements and cover the period to 31 July 2025. The forecast total income is £254.9m for 2023/24 and £273.3m for 2024/25 with corresponding forecast cash and investments balance of £203.8m at 31 July 2024 and £172.1m at 31 July 2025 respectively. The lowest cash and investments balance during these two years is expected to be £154.0m. Based on a stress test scenario with a further decline in fee income of £86.2m in 2024/25 with no direct mitigation for this, would reduce the total income position to £187.1m. The forecast cash position as at 31 July 2025 in this scenario is £111.7m.

The University is forecast to operate within its available committed facilities, meeting the financial covenant associated with the bond, the debt service ratio. The projected bond covenant position for 31 July 2024 and 31 July 2025 is 1.7% and 1.8% respectively, with the maximum being 7% before the covenant is breached. This ratio is 2.7% in the downside scenario.

We continue to focus on strengthening liquidity as well as the balance sheet so as to place the university in a strong position to safeguard its long-term financial sustainability.

Based on the above analysis, it remains appropriate to prepare the consolidated financial statements on a going concern basis. No material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern have been identified.

2. ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) as interpreted by the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019. The university complies with the Office for Students (OfS) Accounts Direction.

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Institution has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

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

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the University's accounting policies, it is necessary to make judgements and estimates about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the judgements that have been taken in the process of applying the University's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

i) Research grants and contract

Grants and donations from non-government sources are released to the Consolidated Statement of Comprehensive Income as performance criteria are met. Revenue is recognised when these conditions are judged to have been met.

ii) Bad and doubtful debts

Specific provision is made for individual debts where recovery is deemed to be uncertain and this requires an element of judgement.

iii) Impairment of tangible and intangible assets

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

Estimates

The following are the key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year:

i) Useful lives of tangible fixed assets

Tangible fixed assets represent a significant portion of the University's total assets. Therefore, the estimates of the useful lives over which assets are depreciated could have a significant impact on the University's financial performance. Tangible fixed assets are depreciated over their useful lives, considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are considered.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ii) Useful lives of intangible assets

Intangible assets (software) are amortised on a straight line basis over their estimated useful lives. The useful lives and residual values are assessed annually after considering a number of factors such as technology innovation.

iii) Local Government Pension Scheme

The local government pension scheme is sensitive to the actuarial assumptions used. Therefore, the assumptions used to derive this value could have a significant impact on the University's financial performance. The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note (27d) in the Annual Accounts, will impact the carrying amount of the pension liability.

Furthermore, a roll forward approach, which projects results from the latest full actuarial valuation performed at 31 March 2022, has been used by the actuary in valuing the pensions liability at 31 July 2023.

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

iv) Bad and doubtful debts

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently from year to year but necessarily requires a degree of estimation. Every year, each category of debtor is reviewed for risk of non-payment which requires a degree of judgement.

Included within trade and other receivables is a bad debt provision of £12.6m (2022: £7.6m).

v) Retirement benefit obligations

The university also operates within two schemes that are accounted for as defined contribution schemes – the Universities Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS). These are accounted for as defined contribution schemes as insufficient information is available to identify the university's share of the underlying assets and liabilities.

As the university is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the Consolidated Statement of Financial Position. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. This provision is sensitive to assumptions used which could have a significant impact on the University's financial performance. See note 27c.

vi) Investment properties

Investment property is land or a building, or part of a building, or both held for rental income and/or capital appreciation rather than for use in delivering services.

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised immediately in the Surplus or Deficit for the year.

4. TANGIBLE FIXED ASSETS

i) Measurement at initial recognition

Tangible assets are capitalised if they are capable of being used for a period that exceeds one year and:

· Individually have a cost equal to or greater than £10,000

or

· Collectively have a cost equal to or greater than £10,000 where the assets are functionally interdependent or are purchased together and intended to be used as group under common management control

or

· Irrespective of their individual cost, form part of the initial equipping of a new building

ii) Measurement after initial recognition

Land and buildings inherited from Leicestershire County Council on 1 April 1989, and prime teaching buildings, that had been revalued to fair value on 30 May 2012, are measured at deemed cost, being the revalued amount at the date of that revaluation, less depreciation since that date.

All other tangible fixed assets are stated at cost.

Assets held for resale are stated at the lower of cost or net realisable value.

A review for impairment of buildings is carried out annually. If events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, an impairment charge is made to the Consolidated Statement of Comprehensive Income.

Componentisation is built into the asset lives of the buildings. When significant components are replaced, they have their asset lives individually assessed.

iii) Depreciation

Land is not depreciated. Freehold property is depreciated over expected useful life on a straight-line basis.
For existing properties, new construction and major renovations, the expected useful life is based on an external appraisal and reflects all of the buildings' major components. Refurbishment projects are depreciated over 20 years.

Leasehold property, including improvements to leasehold property, and other leased assets are depreciated over the life of the lease. Other tangible assets are depreciated on a straight-line basis over their useful life as follows:

Equipment	Lifespan
Computer equipment	Three years
Other equipment and furniture	Five years
Equipment acquired for specific projects	Over the life project (generally three years)
Expenditure which extends useful life	Over additional useful life

Buildings	Lifespan
University-owned buildings	Over expected useful life (20 to 50-plus years)
Leasehold property	Over life of lease

All assets are depreciated in the month after they are put into service.

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

Depreciation on disposals is provided up to the month before the asset is taken out of use.

iv) Funded tangible fixed assets

Where assets are acquired with the aid of specific grants or donations they are capitalised and depreciated as above.

All non-government grants are released to the Consolidated Statement of Comprehensive Income as donations, as performance criteria are met.

Government grants and donations are treated as deferred capital grants and released to income over the expected useful life of the asset (or the period of the grant in respect of specific projects).

Grants received in respect of land are released to the Consolidated Statement of Comprehensive Income and shown under 'Donations and Endowments' when performance-related conditions are met.

v) Tangible donated fixed assets

Tangible fixed assets other than land that have been donated to the university are capitalised at market value.

All non-government donations are released to the Consolidated Statement of Comprehensive Income as donations.

Government donations are treated as deferred capital grants. Assets are depreciated over their estimated useful lives, and a corresponding amount is released from deferred capital grants to the Consolidated Statement of Comprehensive Income.

vi) IT equipment and software licences

IT equipment, such as personal computers and related items, are purchased in bulk through the university's central purchasing and supply system. These items are capitalised as a single group of equipment and depreciated in accordance with i) and iii) above.

IT software licences are treated as a revenue cost and are charged to the Consolidated Statement of Comprehensive Income in the year of purchase.

IT software development is treated as an intangible asset.

vii) Maintenance of premises

The cost of routine maintenance is charged to the Consolidated Statement of Consolidated Income in the period in which it is incurred. The university has a long-term planned maintenance programme, which is reviewed on an annual basis. The university charges actual expenditure on long-term planned maintenance to the Consolidated Statement of Consolidated Income in the period in which it is incurred.

viii) Heritage assets

Heritage assets are defined as assets that are held principally for their contribution to knowledge and culture.

An independent antiques and fine art assessor valued the heritage assets as at 12 March 2016 on the basis of the value for insurance purposes. Those assets, which are valued either individually or as a group at or in excess of £10,000, are recognised in the Consolidated Statement of Financial Position at deemed cost, being this valuation.

Heritage assets are not depreciated since their long economic life and high residual value are an indication that any depreciation charge is immaterial. They are subject to an annual impairment review at the reporting date. They are maintained and the cost of maintenance charged to the Consolidated Statement of Comprehensive Income as incurred. A revaluation has not been performed based on our assessment, that this cannot be obtained at a cost which is commensurate with benefits to the user of the financial statements.

ix) Investment properties

An investment property can comprise land, buildings or part of a building and is one that is used to earn rentals or for capital appreciation or for both, rather than for the supply of goods or services. Property that is used with a primary purpose of supporting education does not meet the definition of an investment property and is accounted for as a tangible fixed asset.

Mixed use property is separated between investment property and fixed assets where rental income is considered material. Where the fair value of the investment property component cannot be measured reliably without undue cost or effort the entire property is accounted for as a tangible fixed asset.

After initial recognition at cost, an investment property is measured at fair value, with any changes in fair value recognised immediately within gains or losses on investments in the Consolidated Statement of Comprehensive Income. Investment properties are not depreciated but are revalued or reviewed as at 31 July each year.

5. INTANGIBLE ASSETS

Intangible assets are recorded at cost and amortised over their expected useful life as follows:

Intangible asset	Lifespan
Software	Over expected useful life (3 to 10 years)

6. LEASES

Rental costs under operating leases are charged to the Consolidated Statement of Comprehensive Income in equal amounts over the periods of the leases. Any lease premiums or incentives are spread over the minimum lease term.

7. REVENUE

i) Tuition fees

Revenue from tuition fees represents student fees received and receivable that are attributable to the studies undertaken in the current accounting period. Where the amount of the tuition fee is reduced by a discount then the income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

ii) Funding body grants

Income from Office for Students (OfS) recurrent grants is in support of general or specific revenue activities of the university. The income is credited direct to the Consolidated Statement of Comprehensive Income on an accruals basis.

Other government grant income is recognised on a systematic basis using the 'percentage of completion' method. Income is recognised based on costs expended during the period.

Government capital grants and contributions received by the university to finance the construction or purchase of capital assets are accounted for as deferred capital grants and released to the Consolidated Statement of Comprehensive Income over the expected useful life of the related assets (or the period of the grant in respect of specific projects).

Deferred income in respect of the OfS capital grant, which is attributable to subsequent years, is shown and is reported under creditors due within one year and falling due after more than one year in the Consolidated Statement of Financial Position.

iii) Research grants and contracts

Other grants and donations from non-government sources, including research grants from non-government sources, are released to the Consolidated Statement of Comprehensive Income as performance criteria are met. Those transactions under £100,000 are released on an accruals basis. These are shown under research grants and contracts.

iv) Commercial research and consultancy revenue

Revenue from commercial research contracts, consultancy and other services rendered is recognised using the 'percentage of completion' method and is shown under 'Research'.

v) Other Income

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

vi) Investment Income

All income from short-term deposits and endowment asset investments is credited to the Consolidated Statement of Consolidated Income on a receivable basis and is shown under 'Investment Income'.

vii) Donations and Endowments

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

Endowment assets are reported under investments and cash and cash equivalents.

viii) Donations with no restrictions

Charitable donations with no restrictions are recognised in the Consolidated Statement of Comprehensive Income when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability. This includes all donations under £1,000.

ix) Donations and endowments with restrictions

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as restricted reserves with additional disclosure provided within the notes to the accounts.

There are three main types:

Restricted expendable endowments

The donor has specified a particular objective. These are recorded in the Consolidated Statement of Comprehensive Income on entitlement and retained within a restricted endowment reserve until such time that expenditure is incurred in line with the restriction. The university applies a de-minimis of £5,000 for expendable endowments.

Donations with restrictions

The donation doesn't meet the expendable endowment criteria where the general use of the funds is specified by the donor. These are recorded in the Consolidated Statement of Comprehensive Income on entitlement and retained within a restricted reserve until such time that expenditure is incurred in line with the restriction.

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. Income is recognised on entitlement. Investment returns are recognised immediately and held within the endowment reserve, to the extent that it has not been spent.

Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Consolidated Statement of Comprehensive Income to restricted endowments.

Any realised gains or losses from dealing in the related assets are retained within the endowment in the Consolidated Statement of Financial Position.

ix) Donations for fixed assets

All non-government donations are released to the Consolidated Statement of Comprehensive Income as donations. Government donations are treated as deferred capital grants.

Donations received to be applied to the cost of land are recognised by inclusion as 'Donations' in the Consolidated Statement of Comprehensive income.

x) Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

8. STOCK

Stocks are stated at the lower of cost and net realisable value. Consumable items are charged directly to the Consolidated Statement of Comprehensive Income. The first in, first out (FIFO) method is used for costing stock.

9. INCOME TAX

Taxation status

The institution is an exempt charity within the meaning of part 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and does pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by 478-488 of the Corporation Tax Act 2010 (CTA2010) 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.

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

10. DEFERRED TAXATION

Provision is made for deferred taxation in respect of subsidiary companies, using the liability method on all material timing differences.

11. EMPLOYEE BENEFITS

i) Short-term employee benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders the 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.

ii) Post-employment benefits

Retirement benefits to employees of the university are provided by defined benefit schemes that are funded by contributions from the university and employees.

Payments are made to the Teachers' Pension Scheme and the Universities Superannuation Scheme for academic staff and to the Local Government Pension Scheme for support staff. These are all independently administered schemes. Pension costs are assessed on the latest actuarial valuations of the schemes.

For the Local Government Pension Scheme, the assets of the scheme are included at closing market value and scheme liabilities are measured on an actuarial basis using the projected unit credit method. The difference between the fair value of assets and liabilities measured on an actuarial basis, net of the related amount of deferred tax, is recognised in the university's Consolidated Statement of Financial Position as a pension scheme liability or asset as appropriate. A surplus is only included to the extent that the university is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The following are recognised in the Consolidated Statement of Comprehensive Income:

a) Changes in the defined asset or liability arising from factors other than cash contributions to the scheme

b) Actuarial gains and losses

c) Interest charges/returns by applying the discount rate to the net pension deficit/surplus

The Teachers' Pension Scheme and the Universities Superannuation Scheme are multi-employer schemes where the university is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Contributions are charged directly to the Consolidated Statement of Comprehensive Income as if the schemes were a defined contribution scheme.

Provision is made for enhanced pensions where employees have taken early retirement.

Also, a provision is made for any contractual commitment to fund any past deficits within the Universities Superannuation Scheme.

12. BASIS OF CONSOLIDATION

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position include the annual accounts of the corporation and its operating subsidiary undertakings. Details of the university's subsidiary undertakings are provided in the notes to the accounts. The Annual Accounts have been consolidated under the acquisition method of accounting; intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of De Montfort University Students' Union, as it is a separate limited company over which the university does not exert control or dominant influence over policy decisions.

The consolidated financial statements do not include those of Venuesim Limited as the entity is not material to the Group.

13. FINANCIAL INSTRUMENTS

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

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

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

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

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an immaterial risk of changes in value i.e. price risk. Cash and cash equivalents consist of cash on hand, demand deposits and short-term deposits/highly liquid investments, less bank overdrafts, which are repayable on demand. Short-term deposits and investments are those with maturity at the date of acquisition of three months or less.

The university regularly reviews its aged accounts receivable and records an impairment for its estimate of unrecoverable items.

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

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

Financial liabilities

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

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

Bonds and long-term borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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

14. INTEREST PAYABLE

Interest is capitalised on borrowings to finance major property development to the extent that it accrues in respect of the period of development. Such costs are capitalised as part of the specific asset.

Other interest payable is charged to the Consolidated Statement of Comprehensive Income.

15. STAFF RESTRUCTURING COSTS

Restructuring costs are recognised in respect of the direct expenditure of a reorganisation, where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the Consolidated Statement of Financial Position date.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the university has a present and legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 Consolidated Statement of Financial Position but are disclosed in the notes.

17. FOREIGN CURRENCIES

The consolidated financial statements are presented in pounds sterling, which is the group's functional and presentation currency. The group does not include any foreign entity. Transactions denominated in foreign currencies are recorded at the exchange rate on the transaction date, while assets and liabilities are translated at exchange rates at the Consolidated Statement of Financial Position date. The resulting exchange rate differences are recognised in the Consolidated Statement of Comprehensive Income.

18. OPERATING SEGMENTS

Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of services undertaken by the group rather than geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the group operates. No specific segments are reported internally for management purposes but relevant information is disclosed in the financial statements as part of the analysis of income in Note 1 and expenditure in Note 5. Assets and liabilities are not reported by operating segment.

Consolidated and Corporation Statement of Comprehensive Income for the year ended 31 July 2023

Income	Notes	Group 2023 £'000	Group 2022 £'000	Corporation 2023 £'000	Corporation 2022 £'000
Tuition fees and education contracts	1a	220,264	208,589	220,264	208,515
Funding body grants	1b	20,566	17,792	20,566	17,792
Research grants and contracts	1c	5,397	4,961	5,386	4,928
Other income	1d	13,628	10,249	13,064	10,113
Investment income	1e	6,203	1,229	6,196	1,228
Donations and endowments	1f	267	200	267	200
Total income		**266,325**	**243,020**	**265,743**	**242,776**
Expenditure					
Staff costs	2	142,354	156,622	142,130	156,363
Staff restructuring costs	2e	968	3,966	968	3,966
Other operating expenses	3	78,031	65,309	77,673	65,324
Interest and other finance costs	4	5,059	8,046	5,059	8,046
Intangible amortisation	8	4,139	4,154	4,139	4,154
Depreciation	9	12,982	13,374	12,982	13,374
Total expenditure	**5**	**243,533**	**251,471**	**242,951**	**251,227**
Surplus/(deficit) before other gains/(losses)		**22,792**	**(8,451)**	**22,792**	**(8,451)**
Gain on disposal of tangible fixed assets		11	-	11	-
Loss on investments		(378)	(1,977)	(378)	(1,977)
Surplus/(deficit) before tax		**22,425**	**(10,428)**	**22,425**	**(10,428)**
Taxation	7	(13)	(13)	(13)	(13)
Surplus/(deficit) for the year		**22,412**	**(10,441)**	**22,412**	**(10,441)**
Actuarial (loss)/gain in respect of pension schemes	27d	(600)	189,222	(600)	189,222
Total comprehensive income for the year		**21,812**	**178,781**	**21,812**	**178,781**
Represented by:					
Endowment comprehensive income for the year		184	6	184	6
Restricted comprehensive income for the year		1	1	1	1
Unrestricted comprehensive income for the year		21,627	178,773	21,627	178,773
Revaluation reserve comprehensive income for the year		-	1	-	1
		21,812	**178,781**	**21,812**	**178,781**

All items of income and expenditure relate to continuing activities.
The notes on pages 44 to 63 form part of these financial statements.

Consolidated and Corporation Statement of Changes in Reserves for the year ended 31 July 2023

Group	Income and expenditure account Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2022	**2,566**	**58**	**297,932**	**1,062**	**301,618**
Surplus for the year	184	1	22,227	-	22,412
Other comprehensive expenditure	-	-	(600)	-	(600)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Total comprehensive income for the year	**184**	**1**	**21,627**	**-**	**21,812**
Balance at 31 July 2023	**2,750**	**59**	**319,559**	**1,062**	**323,430**

	Income and expenditure account Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2021	**2,560**	**57**	**119,159**	**1,061**	**122,837**
Surplus/(deficit) for the year	6	1	(10,448)	-	(10,441)
Other comprehensive income	-	-	189,222	-	189,222
Transfers between revaluation and income and expenditure reserve	-	-	(1)	1	-
Total comprehensive income for the year	**6**	**1**	**178,773**	**1**	**178,781**
Balance at 31 July 2022	**2,566**	**58**	**297,932**	**1,062**	**301,618**

Corporation	Income and expenditure account Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2022	**2,566**	**58**	**297,675**	**1,062**	**301,361**
Surplus for the year	184	1	22,227	-	22,412
Other comprehensive expenditure	-	-	(600)	-	(600)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Total comprehensive income for the year	**184**	**1**	**21,627**	**-**	**21,812**
Balance at 31 July 2023	**2,750**	**59**	**319,302**	**1,062**	**323,173**

	Income and expenditure account Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2021	**2,560**	**57**	**118,902**	**1,061**	**122,580**
Surplus/(deficit) for the year	6	1	(10,448)	-	(10,441)
Other comprehensive income	-	-	189,222	-	189,222
Transfers between revaluation and income and expenditure reserve	-	-	(1)	1	-
Total comprehensive income for the year	**6**	**1**	**178,773**	**1**	**178,781**
Balance at 31 July 2022	**2,566**	**58**	**297,675**	**1,062**	**301,361**

The notes on pages 44 to 63 form part of these financial statements.

Consolidated and Corporation Statement of Financial Position as at 31 July 2023

Non-current assets	Notes	Group 2023 £'000	Group 2022 £'000	Corporation 2023 £'000	Corporation 2022 £'000
Intangible assets	8	12,943	16,618	12,943	16,618
Tangible fixed assets	9	281,717	287,491	281,717	287,491
Heritage assets	10	1,073	1,073	1,073	1,073
Investment properties	11	579	-	579	-
Investments	12	34,202	34,229	34,512	34,539
Total non-current assets		**330,514**	**339,411**	**330,824**	**339,721**
Current assets					
Stocks	13	123	113	123	113
Trade and other receivables	14	17,413	23,573	17,134	23,241
Investments	15	80,113	60,000	80,113	60,000
Cash and cash equivalents	22	92,582	72,081	92,551	72,074
Total current assets		**190,231**	**155,767**	**189,921**	**155,428**
Less: Creditors: amounts falling due within one year	16	(74,473)	(67,534)	(74,730)	(67,762)
Net current assets		**115,758**	**88,233**	**115,191**	**87,666**
Total assets less current liabilities		**446,272**	**427,644**	**446,015**	**427,387**
Creditors: amounts falling due after more than one year	17	(120,076)	(121,691)	(120,076)	(121,691)
Provisions					
Pension provisions	27d	-	-	-	-
Other provisions	18	(2,766)	(4,335)	(2,766)	(4,335)
Total net assets		**323,430**	**301,618**	**323,173**	**301,361**
Restricted reserves					
Income and expenditure reserve - endowment fund	19	2,750	2,566	2,750	2,566
Income and expenditure reserve - restricted reserve	20	59	58	59	58
Unrestricted reserves					
Income and expenditure reserve - unrestricted		319,559	297,932	319,302	297,675
Revaluation reserve		1,062	1,062	1,062	1,062
Total unrestricted reserves		**320,621**	**298,994**	**320,364**	**298,737**
Total reserves		**323,430**	**301,618**	**323,173**	**301,361**

The financial statements on pages 40 to 63 were authorised for issue by the Board of Governors on 14 December 2023 and were signed on its behalf by:

Mr Ian Squires
Chair of the Board of Governors

Professor Katie Normington
Chief Executive and Vice-Chancellor

The notes on pages 44 to 63 form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Surplus/(deficit) for the year before taxation		22,425	(10,428)
Adjustment for non-cash items			
Depreciation of tangible fixed assets	9	12,982	13,374
Amortisation of intangible assets	8	4,139	4,154
Loss on investments		378	1,977
(Increase)/decrease in stock		(10)	3
Decrease/(increase) in debtors		6,160	(5,823)
Increase in creditors		7,278	8,889
(Decrease)/increase in pension provision	27	(240)	12,674
Decrease in provisions		(1,657)	(26)
Adjustment for investing or financing activities			
Investment income	1e	(6,203)	(1,229)
Interest payable	4	5,059	8,046
Endowments received	19	(234)	(174)
Capital grants income		(2,727)	(2,287)
Cash inflow from operating activities		**47,350**	**29,150**
Taxation		(13)	(13)
Net cash inflow from operating activities		**47,337**	**29,137**
Cash flows from investing activities			
Capital grants receipts		640	2,620
Withdrawal to deposits		(20,113)	(20,000)
Investment income		5,843	1,229
Payments made to acquire tangible assets		(7,645)	(9,241)
Payments made to acquire intangible assets		(464)	(149)
Payments made to acquire non-current investments		(493)	(6,231)
Net cash outflow from investing activities		**(22,232)**	**(31,772)**
Cash flows from financing activities			
Interest paid		(4,838)	(4,838)
New Endowments		234	174
Net cash outflow from financing activities		**(4,604)**	**(4,664)**
Increase/(Decrease) in cash and cash equivalents in the year		**20,501**	**(7,299)**
Cash and cash equivalents at the beginning of the year		72,081	79,380
Cash and cash equivalents at the end of the year		92,582	72,081
Increase/(Decrease) in cash and cash equivalents in the year		**20,501**	**(7,299)**

The notes on pages 44 to 63 form part of these financial statements.

Notes to the accounts for the year ended 31 July 2023

1. Analysis of income	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
a) Tuition fees and education contracts				
Home and EU students	130,625	146,796	130,625	146,722
Overseas students	86,230	58,053	86,230	58,053
Education contracts	1,023	2,068	1,023	2,068
Other contracts	2,386	1,672	2,386	1,672
Total	**220,264**	**208,589**	**220,264**	**208,515**
b) Funding body grants				
Recurrent grants				
Office for Students	16,401	14,093	16,401	14,093
Education and Skills Funding Agency	292	271	292	271
Specific grants				
Higher Education Innovation Fund	982	1,045	982	1,045
Connection Capability Fund	(24)	122	(24)	122
Hardship Funding	214	-	214	-
Release of capital grants				
Buildings	939	921	939	921
Equipment	1,762	1,340	1,762	1,340
Total	**20,566**	**17,792**	**20,566**	**17,792**
c) Research grants and contracts				
Research councils	1,708	1,208	1,708	1,208
UK-based charities	792	1,071	792	1,071
European Commission	962	1,348	962	1,348
Other grants and contracts	1,935	1,334	1,924	1,301
Total	**5,397**	**4,961**	**5,386**	**4,928**
d) Other income				
Residences and catering	3,315	2,529	3,315	2,527
Other services rendered	1,645	1,878	953	1,391
Other income	5,461	4,323	5,589	4,676
Royalty income	3,181	1,493	3,181	1,493
Other capital grants	26	26	26	26
Total	**13,628**	**10,249**	**13,064**	**10,113**
e) Investment income				
Interest from short-term investments	4,891	606	4,884	605
Interest from long-term investments	850	583	850	583
Income from restricted expendable endowments	46	7	46	7
Income from restricted permanent endowments	38	33	38	33
Other investment income	18	-	18	-
Net financing returns in pension scheme assets	360	-	360	-
Total	**6,203**	**1,229**	**6,196**	**1,228**
f) Donations and endowments				
New endowments	234	174	234	174
Donations with restrictions	33	26	33	26
Total	**267**	**200**	**267**	**200**
Total income	**266,325**	**243,020**	**265,743**	**242,776**

1. Analysis of income	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
g) Grant and fee income				
Grant income from the OfS	19,608	17,670	19,608	17,670
Grant income from other bodies	6,355	5,083	6,344	5,050
Fee income for research awards	2,144	-	2,144	-
Fee income from non-qualifying courses	2,386	1,672	2,386	1,672
Fee income for taught awards	215,734	206,917	215,734	206,843
Total	**246,227**	**231,342**	**246,216**	**231,235**

2. Staff costs	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
a) Staff costs				
Wages and salaries	107,594	106,659	107,370	106,400
Social security costs	11,315	11,462	11,315	11,462
Other pension costs	24,326	24,518	24,326	24,518
Movement on USS pension provision	(641)	1,309	(641)	1,309
The financial effects of LGPS pension scheme	(240)	12,674	(240)	12,674
Total	**142,354**	**156,622**	**142,130**	**156,363**

b) Employee numbers

The average number of persons employed during the year, expressed as full-time equivalents, are disclosed below:	2022/23	2021/22
Academic		
Full-time	951	989
Part-time	242	238
Support	1,294	1,390
Total	**2,487**	**2,617**

c) Vice-Chancellor emoluments

i) Vice-Chancellor

The remuneration of the Vice-Chancellor is detailed below.

	2022/23 £'000	2021/22 £'000
Salary	249	246
Health insurance	1	1
Total excluding pension contributions	**250**	**247**
Pension contributions to USS	54	53
Total emoluments	**304**	**300**

The emoluments, including taxable benefits, of the Vice-Chancellor are shown on the same basis as for higher paid staff and exclude employer's National Insurance contributions.

The Contract of Employment of the Vice-Chancellor provides for termination by the Corporation on giving four months' notice.

Relationship between Vice-Chancellor remuneration and other employees

The Vice-Chancellor's basic salary is 5.7 times the median pay of staff (2022: 6.3 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the institution to its staff. The ratio reflects the full year basic salary equivalent for the Vice-Chancellor.

The Vice-Chancellor's total remuneration is 5.7 times the median total remuneration of staff (2022: 6.0 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the institution of its staff. The ratio reflects the full year remuneration equivalent for the Vice-Chancellor.

Justification for remuneration package

The university abides by the voluntary 'Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code (2021)' in determining the remuneration level for senior pay, including the Vice-Chancellor's. The code includes expectations around fairness and transparency, along with the need to be clear regarding the responsibilities, context and expected contribution of the postholder, balanced with the need to demonstrate the achievement of value for money in the use of resources and to be able to offer a remuneration package sufficient to be able to retain and motivate a postholder of an appropriate calibre in an intensively competitive global environment.

The remuneration level for the Vice-Chancellor's pay is determined by drawing upon the Universities and Colleges Employers Association annual benchmarking data for the Higher Education sector. The comparator organisations used from this data is that of 'Post 92 Universities by income'.

Individual pay is determined by factors such as experience, expertise, strategic ambition and achievements for the organisation, financial position, and market trends. The remuneration level for the Vice-Chancellor is within the benchmarking parameters, but having personally chosen not to receive the inflationary pay uplift awarded to other colleagues last year, is now at the lower end for the market.

Having led the university through difficult financial challenges, securing a much stronger financial base for the future, the Vice-Chancellor has embedded much change and improvements across the university. Supported by a new leadership team, she has ensured the 'The Empowering University' strategy is being brought to life for colleagues and key successes have been the introduction of Education 2030 block delivery and securing positive ratings from our students and improvements to our recent National Student Survey results, and becoming the first UK university to achieve the Race Equality Charter Silver Award.

d) Remuneration of higher paid staff

Remuneration of higher paid staff, excluding employer's pension contributions:

	2022/23	2021/22
£100,000 to £104,999	6	3
£105,000 to £109,999	3	1
£110,000 to £114,999	-	-
£115,000 to £119,999	-	1
£120,000 to £124,999	-	1
£125,000 to £129,999	1	3
£130,000 to £134,999	3	2
£135,000 to £139,999	1	-
£140,000 to £144,999	2	-
£145,000 to £149,999	1	1
£150,000 to £154,999	1	-
£155,000 to £159,999	-	-
£160,000 to £164,999	-	-
£165,000 to £169,999	-	-
£170,000 to £174,999	-	-
£175,000 to £179,999	-	-
£180,000 to £184,999	-	-
£185,000 to £189,999	-	1
£190,000 to £194,999	-	-
£195,000 to £199,999	-	-
£200,000 to £204,999	-	-
£205,000 to £209,999	-	-
£210,000 to £214,999	-	-
£215,000 to £219,999	-	-
£220,000 to £224,999	-	-
£225,000 to £229,999	-	-
£230,000 to £234,999	-	-
£235,000 to £239,999	-	-
£240,000 to £244,999	-	-
£245,000 to £249,999	1	1

The Board of Governors has agreed the terms of reference, policy and guidelines for DMU's Remuneration Committee that determines membership, responsibilities and how they must carry out their role. The Remuneration Committee is responsible for meeting the obligations described in those documents and has oversight of their implementation in relation to senior staff remuneration and severance arrangements. These documents and the approach taken to comply with the Committee of University Chairs Higher Education Senior Staff Remuneration Code can be found here:

http://www.dmu.ac.uk/about-dmu/university-governance/the-board-of-governors/sub-committees-of-the-board.aspx

The Remuneration Committee has a specific remit for determining the remuneration of the Vice-Chancellor and those roles determined to be Senior Post-holders who, within the reference period, were all members of the University Leadership Board. The reference period for determining pay during 2022/23 is 2021/22 as pay is reviewed in the first academic term of the following academic year i.e. Autumn 2022.

The Remuneration Committee has its own terms of reference, which include membership and responsibilities, as well as a set of guidelines detailing the role and remit of the committee and the information that is required by the committee to support determination of remuneration decisions. These documents describe the university's policy approach to determining remuneration for those within the remit of the remuneration committee and can be found here:

https://www.dmu.ac.uk/documents/university-governance/bog/guidance-for-determining-senior-staff-pay-2021.pdf

Higher Education benchmarking data is used to guide remuneration decisions and more details can be found in the guidance described above. In order to determine the salary of the Vice-Chancellor and other Senior Post-holders, data on post 92 universities data is considered as well as those universities that are considered to be immediate and aspirational competitors recognising that our aim is to secure and retain those who can enable and drive the university's progress.

Key management personnel

The University Leadership Board members are classed as key management personnel whom have authority and responsibility for planning, directing and controlling the activities of the institution. Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits including any employer's pension contribution.

	2022/23 £'000	2021/22 £'000
Key management personnel	2,714	2,444

e) Restructuring costs – group and corporation

The total amount of any compensation for loss of office paid across the institution

	2022/23 £'000	2021/22 £'000
Staff restructuring costs	968	3,966
Number of staff to whom this was payable to	91	163

3. Other operating expenses

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Fees payable to the auditor for the audit of the University's financial statements	169	135	169	135
Additional fees payable to the auditor for the audit of prior year financial statements	-	40	-	40
Audit of the financial statements of subsidiaries	34	15	-	-
Audit related assurance services	8	11	8	11
Internal audit services	178	173	178	173
Legal, professional, agency and consultancy fees	30,627	20,970	30,755	21,169
Administrative expenses	9,191	5,674	8,857	5,649
Publicity	5,543	6,613	5,543	6,613
General education expenses	3,230	3,084	3,136	2,987
Consumables	9,584	9,310	9,564	9,281
Repairs and general maintenance	2,778	2,142	2,778	2,142
Student bursaries	3,206	2,871	3,206	2,871
Travel and subsistence	2,296	1,383	2,293	1,381
Energy	4,429	4,032	4,429	4,032
Residences and catering	1,617	4,402	1,617	4,402
Rent, rates and insurance	1,795	1,556	1,795	1,556
Grant to De Montfort University Students' Union	1,228	1,221	1,228	1,221
Staff development	1,177	889	1,176	879
Other	941	788	941	782
Total	**78,031**	**65,309**	**77,673**	**65,324**

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Other operating expenses include:				
Operating leases – buildings	419	395	419	395
Operating leases – equipment	23	27	23	27

Governors

In 2022/23, one governor was entitled to remuneration for their role as Chair of the Board of Governors. Two further governors were entitled to remuneration as Chairs of Committees in this financial year, one for the full financial year and the other until August 2022 after which they stepped down as a Committee Chair. A total of £36,512 (2021/22 - £51,239 to three governors) is payable for this financial year.

The total expenses payable to or on behalf of twelve governors was £3,388 (2021/22: £3,379 to twelve governors). This represents travel and subsistence incurred in attending Board and Committee meetings in their official capacity.

4. Interest payable – group and corporation

	2022/23 £'000	2021/22 £'000
Net financing costs in pension scheme liabilities	-	3,055
Interest on USS	88	20
Interest on bond	4,838	4,838
Bond transaction costs	133	133
Total	**5,059**	**8,046**

5. Analysis of 2022/23 expenditure by activity group and corporation

	Staff costs £'000	Other operating expenses £'000	Depreciation and amortisation £'000	Interest £'000	2022/23 Total £'000	2021/22 Total £'000
Academic departments	84,279	8,066	1,369	-	93,714	92,949
Academic services	18,750	9,553	6,259	-	34,562	34,416
Admin and central services	12,098	6,430	1,000	-	19,528	19,911
General education expenditure	4,336	35,150	63	-	39,549	28,188
Staff and student facilities	13,017	6,739	49	-	19,805	20,253
Premises	6,597	9,145	8,128	-	23,870	22,327
Residences and catering	576	746	165	74	1,561	4,381
Research grants and contracts	2,489	2,166	26	-	4,681	3,824
Other expenditure	452	36	62	4,985	5,535	5,527
Provision for restructuring	968	-	-	-	968	3,966
Pension scheme's adjustment	(240)	-	-	-	(240)	15,729
Total	**143,322**	**78,031**	**17,121**	**5,059**	**243,533**	**251,471**

The depreciation and amortisation charge has been funded by:

	£'000
Deferred capital grants released	2,727
General income	14,394
Total	**17,121**

6. Access and Participation Group and Corporation

	2022/23 Actual £'000	2022/23 Plan £'000	2021/22 Actual £'000	2021/22 Plan £'000
Access Investment (i)	1,314	1,326	972	1,315
Financial Support	1,874	2,372	1,560	2,352
Disability Support (i)	1,809	1,192	1,930	1,182
Total	**4,997**	**4,890**	**4,462**	**4,849**

(i) Staff costs of £1,046,000 (2021/22: £839,000) and £1,603,000 (2021/22: £1,694,000) are included in the actual costs above for access investment and disability support respectively. These costs are already included in the overall staff costs figures included in the Financial Statements, see note 2.

A copy of our published access and participation plan can be found by following this link to our website:

https://www.dmu.ac.uk/documents/university-governance/access-participation-plan-2020-2025.pdf

Financial support is lower than the plan resulting from there being no employability bursary as planned and a reduction in access scholarship expenditure, however the University continues to spend on student hardship in excess of the plan. Disability support expenditure is higher than the plan due to increased spend for disability provision and further spend resulting from the assessment centre in this area.

7. Taxation – group and corporation

	2022/23 £'000	2021/22 £'000
Corporate Income Tax (CIT) paid	13	13
Total	**13**	**13**

Tax is payable to relevant overseas tax authorities, for activity relating undertaken with overseas partners.

8. Intangible fixed assets

	2022/23 £'000	2021/22 £'000
Group and corporation		
Opening balance 1 August	16,618	20,623
Additions in the year	464	149
Amortisation charge for the year	(4,139)	(4,154)
Closing balance at 31 July	**12,943**	**16,618**

9. Tangible fixed assets

	Land and buildings	Assets under construction	Furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Group and corporation					
Cost or valuation					
At 1 August 2022	342,048	1,819	18,245	40,325	402,437
Additions at cost	1,629	1,635	1,084	3,297	7,645
Transfers from assets under construction	921	(1,591)	361	309	-
Transfers to investment properties	(569)	-	-	-	(569)
Disposals	(599)	-	(2,232)	(5,742)	(8,573)
At 31 July 2023	**343,430**	**1,863**	**17,458**	**38,189**	**400,940**
Depreciation					
At 1 August 2022	66,457	-	13,781	34,708	114,946
Charge for the year	8,108	-	1,551	3,323	12,982
Depreciation charge for the year	**8,108**	**-**	**1,551**	**3,323**	**12,982**
Transfers to investment properties	(132)	-	-	-	(132)
Disposals	(599)	-	(2,232)	(5,742)	(8,573)
At 31 July 2023	**73,834**	**-**	**13,100**	**32,289**	**119,223**
Net book value:					
At 31 July 2023	**269,596**	**1,863**	**4,358**	**5,900**	**281,717**
At 31 July 2022	275,591	1,819	4,464	5,617	287,491

The net book value of tangible fixed assets held under finance leases at 31 July 2023 was nil (31 July 2022: nil).
Land and buildings includes £9.4m (31 July 2022: £9.4m) of university-owned land that is not depreciated.

	Group and corporation	
The net book value of land and buildings is comprised as follows:	2022/23 £'000	2021/22 £'000
Freehold	262,477	267,820
Long lease and short lease	7,119	7,771
Total	**269,596**	**275,591**

10. Heritage assets

	2022/23 £'000	2021/22 £'000
Group and corporation		
Cost or valuation		
At 1 August	1,073	1,073
Additions at cost	-	-
At 31 July	**1,073**	**1,073**

The university holds a number of pieces of artwork, these were re-valued in 2016 and in accordance with the universities accounting policies the annual impairment review has been undertaken and identified no adjustment to be made to the value of these assets.

11. Investment properties

	2022/23 £'000	2021/22 £'000
Group and corporation		
Cost or valuation		
At 1 August	-	-
Transfers from tangible fixed assets	437	-
Revaluations	142	-
At 31 July	**579**	**-**

As at 31 July 2023, the Board of Governors have revalued the investment properties in accordance with the requirements of FRS 102, using available market data.

12. Non-current investments

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Movement in the year				
Balance at beginning of year	34,229	29,975	34,539	30,285
Additions	493	6,231	493	6,231
Disposals	-	-	-	-
Fair value adjustments	(520)	(1,977)	(520)	(1,977)
Balance at year end	**34,202**	**34,229**	**34,512**	**34,539**
Analysis of closing balance				
Shareholding in subsidiary undertakings (a)	-	-	310	310
Other investments (b)	33,018	33,032	33,018	33,032
Shareholding in CVCP Properties PLC	38	38	38	38
Securities and fixed interest stock for endowments	1,146	1,159	1,146	1,159
Total	**34,202**	**34,229**	**34,512**	**34,539**

Included within investments is the notional reserve representing the requirement to provide for the repayment of the bond in the form of a bond redemption fund of £15m every five years (note 28). Since the bond was issued in 2012, a total of £33m has been invested..

a) Shareholdings in subsidiary undertakings

At year end, investments in subsidiary undertakings comprise:

Directly owned by the university:	Group holding %	Corporation 2022/23 £	Corporation 2021/22 £	Description of activities
De Montfort Expertise Ltd	100	310,000	310,000	Provision of contract research and development
Innovative Educational Partnerships Limited	100	1	-	Dormant company
Leicester Business School Ltd	100	1	1	Dormant company
Leicestershire Business School Ltd	100	1	1	Dormant company
CYPS Ltd	100	100	100	Dormant company
InSmart Limited	100	100	100	Dormant company
Venuesim Ltd	66.67	600	300	Information technology service activities
Total		**310,803**	**310,502**	

All of the subsidiary undertakings are incorporated in England and Wales.

b) Other investments

Other investments consist of: At fair value:	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Market securities	32,990	33,004	32,990	33,004
At cost less impairment:				
Group investments in spinouts (i)	28	28	28	28
Total	**33,018**	**33,032**	**33,018**	**33,032**

(i) Group investments in spinouts	Holding %	Corporation 2022/23 £	Corporation 2021/22 £	Description of activities
Incanthera PLC	11.06	1,892	2,071	Drug development and research
Morvus Technology Ltd	<0.40	589	589	Drug development and research
Orbit RRI Ltd	20.00	1	1	Provider of RRI training
IP By Design Ltd	10.00	25,000	25,000	Intellectual property management consultancy
Total		**27,482**	**27,661**	

13. Stocks – group and corporation

	2022/23 £'000	2021/22 £'000
Goods for resale	2	1
Art and design supplies	121	112
Total	**123**	**113**

14. Trade and other receivables

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Amounts falling due within one year				
Student receivables	4,666	9,437	4,666	9,437
Other receivables	3,825	4,007	3,770	3,893
Research grants receivables	3,566	4,916	3,407	4,716
Prepayments and accrued income	5,356	5,213	5,291	5,195
Subsidiary undertakings	-	-	-	-
Total	**17,413**	**23,573**	**17,134**	**23,241**

15. Current Investments

In accordance with its Treasury Management Policy, the university regularly invests surplus funds on deposit or on the money market.

At 31 July 2023 £80,113,000 of Group and Corporation funds was on short term deposit (31 July 2022: £60,000,000).

16. Creditors: amounts falling due within one year

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Payments received in advance	48,653	45,148	48,635	45,095
Trade creditors	2,960	1,324	2,957	1,306
Other creditors	6,538	5,766	6,525	5,755
Taxation	1,864	1,463	1,849	1,453
Social security	1,934	1,643	1,916	1,632
Accruals	12,345	11,907	11,949	11,582
Student caution deposits	179	283	179	283
Subsidiary undertakings	-	-	720	656
Total	**74,473**	**67,534**	**74,730**	**67,762**

Payments received in advance

Included within payments received in advance are the following items of income which have been deferred until specific performance related conditions have been met.

	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Research grants received on account	4,965	5,955	4,947	5,902
Capital grant income	2,377	2,717	2,377	2,717
Tuition fee income	40,101	35,194	40,101	35,194
Other income	1,210	1,282	1,210	1,282
Total	**48,653**	**45,148**	**48,635**	**45,095**

17. Creditors : amounts falling due after more than one year – group and corporation

	2022/23 £'000	2021/22 £'000
Bond	90,000	90,000
Bond transaction costs	(2,532)	(2,665)
Bond Total	**87,468**	**87,335**
Deferred income - Capital grant income	32,608	34,356
Total	**120,076**	**121,691**

See note 28 for further details on the bond listing.

18. Provision for liabilities - group and corporation

	Taxation provision £'000	Future pensions £'000	Restructuring provision £'000	Obligation to fund deficit on USS pension £'000	Total £'000
At 1 August 2022	13	994	794	2,534	4,335
Utilised in year	(13)	(95)	(794)	(153)	(1,055)
Additions in year	14	-	-	88	102
Unused amounts reversed in year	–	(128)	-	(488)	(616)
At 31 July 2023	**14**	**771**	**-**	**1,981**	**2,766**

Taxation: Tax is payable to relevant overseas tax authorities, for activity undertaken with overseas partners. This will be released in the next financial year when payment is made.

Future pensions: This is an enhanced pension provision which represents the future costs relating to former staff who were awarded enhancements to their Local Government Pension Scheme pensions when they were made redundant. The provision will be released over the estimated life expectancy of each relevant employee.

Restructuring: The provision for staff restructuring relates to agreements that have been reached for early retirement and voluntary severance as at the Balance Sheet date. The balance at year-end is £Nil.

Obligation to fund deficit on USS pension: The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, future staff numbers within the USS scheme and salary information have been estimated for the duration of the contractual period. The provision will be released in line with payments made and any change in future assumptions. Key assumptions are set out below and further information is provided in note 27(c)..

The major assumptions used to calculate the obligation are:

	2023	2022
Discount rate	5.10%	3.50%
Salary growth	4.00%	3.10%

19. Endowment reserves – group and corporation

	Unrestricted permanent £'000	Restricted permanent £'000	Restricted expendable £'000	2022/23 Total £'000	2021/22 Total £'000
At 1 August					
Capital	2	1,071	1,317	2,390	2,390
Accumulated income	-	176	-	176	170
Total	**2**	**1,247**	**1,317**	**2,566**	**2,560**
Investment income	-	38	45	83	40
Expenditure	-	(23)	(97)	(120)	(180)
Total	**-**	**15**	**(52)**	**(37)**	**(140)**
New endowments	-	-	234	234	174
Appreciation in market value of investments	-	(13)	-	(13)	(28)
At 31 July	**2**	**1,249**	**1,499**	**2,750**	**2,566**
Represented by:					
Capital value	2	1,058	1,499	2,559	2,390
Accumulated income	-	191	-	191	176
Total	**2**	**1,249**	**1,499**	**2,750**	**2,566**
Analysis by type of purpose:					
Scholarships and bursaries				1,785	1,737
Research support				105	104
Prize funds				651	646
General				209	79
Total				**2,750**	**2,566**
Analysis by asset:					
Current and non-current asset investments				1,146	1,159
Cash and cash equivalents				1,604	1,407
Total				**2,750**	**2,566**

20. Restricted reserves – group and corporation

Reserves with restrictions are as follows:

	Donations 2022/23 £'000	Donations 2021/22 £'000
Balance at 1 August	58	57
New donations	28	26
Expenditure	(27)	(25)
At 31 July	**59**	**58**

21. Lease obligations

	Land and buildings £'000	Other leases £'000	2022/23 £'000	2021/22 £'000
Payable during the year	419	23	**442**	**422**
Future minimum lease payments due:				
Not later than 1 year	374	99	**473**	**444**
Later than 1 year and not later than 5 years	37	364	**401**	**424**
Later than 5 years	150	-	**150**	**150**
Total lease payments due	**561**	**463**	**1,024**	**1,018**

22. Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Non-cash changes £'000	At 31 July 2023 £'000
Consolidated				
Cash and cash equivalents	72,081	20,501	-	92,582
Total	**72,081**	**20,501**	**-**	**92,582**

23. Consolidated reconciliation of net (debt) / fund

	At 1 August 2022 £'000	Cash flows £'000	Non-cash changes £'000	At 31 July 2023 £'000
Cash in hand	72,081	20,501	-	92,582
Debt due after 1 year	(87,335)	-	(133)	(87,468)
Total net (debt) / fund	**(15,254)**	**20,501**	**(133)**	**5,114**

In accordance with its Treasury Management Policy and Investment Policy, the University regularly invests surplus funds.

At 31 July 2023 £80,113,000 was in current investments (31 July 2022: £60,000,000).

At 31 July 2023 £34,202,000 was in long term investments (31 July 2022: £34,229,000).

Non-cash changes relate to amortisation of £4.0 million bond transaction costs over the 30 year life of the bond.

24. Capital and other commitments

	2022/23 Total £'000	2021/22 Total £'000
Provision has not been made for the following capital commitments at 31 July 2023:		
Commitments contracted for	3,230	2,369
Authorised but not contracted for	36,425	15,829
Total	**39,655**	**18,198**

Timing of capital commitments contracted for are expected to be fulfilled over the coming year and will be funded out of the university cash reserves.

25. Contingent liabilities

There are no material contingent liabilities.

26. Related party transactions

Due to the nature of the Institution's operations and the composition of its Council (being drawn from local public and private sector organisations) and Senior Leadership Team, it is inevitable that transactions will take place with organisations in which a member of Council or the Senior Leadership Team may have an interest. All such transactions are conducted in accordance with the Institution's financial regulations and normal procurement procedures. The Institution has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned group entities.

An updated Register of Interests for all members of the Board of Governors and University Leadership Board is maintained.

2022/23 Transactions	Income £'000	Expenditure £'000	Balance due from at 31 July 2023 £'000	Balance due to at 31 July 2023 £'000
De Montfort Students Union	-	1,246	-	-
Leicester College	70	444	32	-
Advance HE	5	147	-	18
Big Difference Company Limited	-	32	-	-
East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)	158	17	-	-
North West Anglia NHS Foundation Trust	-	4	-	-
University Hospitals Derby and Burton NHS Foundation Trust	-	4	-	-
Shama Women's Centre	-	2	-	-
Wyggeston and Queen Elizabeth I Sixth Form College	54	-	7	-

Bev Shears, Independent Governor and Chair of the People and Culture Committee is a Trustee at De Montfort Student's Union and Non-Executive Director at North West Anglia NHS Foundation Trust.

Jonathan Kerry, Independent Governor is a Governor at Leicester College and a Director at Big Difference Company Limited.

Paul Woodgates, Independent Governor is a Director at Advance HE.

Stuart Dawkins, Independent Governor is a Non-Executive Director at East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) and Governor at Wyggeston and Queen Elizabeth I Sixth Form College.

Sardip Sandhu, Independent Governor is Non-Executive Director at University Hospitals Derby and Burton NHS Foundation Trust.

Katie Normington, Ex-officio Governor is a Trustee at Shama Women's Centre.

2021/22 Transactions	Income £'000	Expenditure £'000	Balance due from at 31 July 2022 £'000	Balance due to at 31 July 2022 £'000
De Montfort Students Union	109	1,254	7	1
Nottingham University Hospitals NHS Trust	13	10	13	-
Leicester Theatre Trust Limited	-	446	-	-
Curve Productions Limited	51	-	-	-
Advance HE Limited	-	223	-	108
British Council	-	32	-	4
Women-Space Leadership Limited	-	13	-	-
University Hospitals Derby and Burton NHS Foundation Trust	-	6	-	-
North West Anglia NHS Foundation Trust	1	1	-	-

De Montfort Students' Union (DSU) is an independent, student-run and student-led organisation for students at De Montfort University. Aashni Sawjani, DSU Student Opportunities and Engagement Executive joined the Board in July 2021.

Sardip Sandhu, Independent Governor is Associate Non-Executive Director at Nottingham University Hospitals NHS and Non-Executive Director at University Hospitals Derby and Burton NHS Foundation Trust.

Ian Squires, Independent Governor and Chair of the Board of Governors is a director of Leicester Theatre Trust Limited and Curve Productions Limited.

Paul Woodgates, Independent Governor is a Director at Advance HE.

Sara Pierson, Independent Governor is the Director of Examinations at the British Council.

Fiona Cownie, Independent Governor is an Associate at Women-Space Leadership Limited.

Bev Shears, Independent Governor and Chair of the People and Culture Committee is a Non-Executive Director at North West Anglia NHS Foundation Trust.

27. Pension schemes

a) The university's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Leicestershire County Council Pension Fund, a Local Government Pension Scheme (LGPS) and there is also a strictly limited membership in the Universities Superannuation Scheme (USS). The total pension cost for the year was as follows:

Total pension cost for the year	2022/23 £'000	2021/22 £'000
Teachers' Pension Scheme: contributions paid	11,846	12,250
Universities Superannuation Scheme: contributions paid	534	645
Local Government Pension Scheme (LGPS): contributions paid	11,946	11,623
Total other pension costs	**24,326**	**24,518**
The financial effects of LGPS pension scheme	(240)	12,674
Total	**24,086**	**37,192**

b) Teachers' Pension Scheme

Introduction

The HEI is a member of the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.6% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year to 31 July 2023 amounted to £11,846,000 (2021/22: £12,250,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The HEI has accounted for its contributions to the scheme as if it were a defined contribution scheme. The HEI has set out above the information available on the scheme.

Contributions amounting to £1,008,000 were payable to the scheme at 31 July 2023 (31 July 2022: £961,000) and are included within creditors.

c) Universities Superannuation Scheme

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

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

The total cost charged to the Consolidated Statement of Comprehensive Income is £534,468 (2022: £644,638), but excluding the impact of the change in the deficit recovery plan, as shown in note 18.

Deficit recovery contributions due within one year for the institution are £158,599 (2022: £170,263).

The latest available complete actuarial valuation of the Scheme is as at 31 March 2020 (the valuation date), and 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 (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

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

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

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

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

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.10%	3.50%
Pensionable salary growth	4.00%	3.10%

d) Local Government Pension Scheme

The university participates in a defined benefit scheme in the UK, the Leicestershire County Council Pension Fund. A full actuarial valuation of the fund was carried out at 31 March 2022 by a qualified independent actuary. This was updated to 31 July 2023 for FRS 102 purposes by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2023	2022
Rate of increase in salaries	2.9%	2.6%
Rate of increase in pensions	2.9%	2.6%
Discount rate for liabilities	5.1%	3.5%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2023	2022
Retiring today		
Males	20.8 years	20.9 years
Females	23.8 years	23.5 years
Retiring in 20 years		
Males	21.3 years	21.8 years
Females	24.6 years	24.7 years

The major categories of plan assets as a percentage of total plan assets

	2023 %	2022 %
Equities	57%	58%
Bonds	34%	31%
Property	7%	9%
Cash	2%	2%

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year ended 31 July 2023	**2022/23 £'000**	**2021/22 £'000**
Fair value of plan assets	330,827	300,726
Present value of funded liabilities	(320,661)	(474,219)
Opening position as at 1 August	**10,166**	**(173,493)**
Pension surplus not recognised	(10,166)	-
Pension liability recognised in the statement of financial position	**-**	**(173,493)**
Charged to staff costs		
Current service cost	(11,580)	(24,464)
Past service cost	(148)	(303)
Total service cost	**(11,728)**	**(24,767)**
Financing		
Interest income on plan assets	11,700	5,178
Interest costs on defined benefit obligation	(11,340)	(8,233)
Total net interest	**360**	**(3,055)**
Total defined benefit costs recognised	**(11,368)**	**(27,822)**
Cash flows		
Employer contributions	11,968	12,093
Total cash flows	**11,968**	**12,093**
Expected closing position	**10,766**	**(189,222)**
Remeasurements		
Changes in demographic assumptions	(455)	6,042
Changes in financial assumptions	89,946	178,171
Other experience	(35,853)	(1,526)
Return on assets excluding amounts included in net interest	(11,392)	16,701
	42,246	**199,388**
Restriction of pension asset recognised	(42,846)	(10,166)
Total remeasurements recognised in Other Comprehensive Income	**(600)**	**189,222**
Analysis of the movement in the fair value of plan assets		
Value of assets at 1 August	330,827	300,726
Interest income on plan assets	11,700	5,178
Plan participants' contributions	3,080	3,148
Employer contributions	11,968	12,093
Benefits paid	(7,625)	(7,019)
Return on assets excluding amounts included in net interest	(11,392)	16,701
Other experience	(7,137)	-
Value of assets at 31 July	**331,421**	**330,827**
Analysis of the movement in the present value of funded liabilities		
Present value of liabilities at 1 August	320,661	474,219
Current service cost	11,580	24,464
Past service cost	148	303
Interest cost on defined benefit obligation	11,340	8,233
Plan participants' contributions	3,080	3,148
Benefits paid	(7,625)	(7,019)
Changes in demographic assumptions	455	(6,042)
Changes in financial assumptions	(89,946)	(178,171)
Other experience	28,716	1,526
Present value of liabilities at 31 July	**278,409**	**320,661**
Fair value of plan assets	331,421	330,827
Present value of funded liabilities	(278,409)	(320,661)
Closing position as at 31 July	**53,012**	**10,166**
Pension surplus not recognised	(53,012)	(10,166)
Pension liability recognised in the statement of financial position	**-**	**-**

Since there is no unconditional right to the pension surplus, it has not been recognised.

Sensitivity analysis

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

Change in assumptions at 31 July 2023	Approximate % increase to employer liability	Approximate monetary amount £'000
0.1% decrease in real discount rate	2%	5,738
1 year increase in member life expectancy	4%	11,136
0.1% increase in the salary rate increase rate	0%	629
0.1% increase in the pension increase rate (CPI)	2%	5,221

28. Financial instruments	Group 2022/23 £'000	Group 2021/22 £'000	Corporation 2022/23 £'000	Corporation 2021/22 £'000
Financial assets				
Financial assets at fair value through Statement of Comprehensive Income				
Listed Investments	34,136	34,163	34,136	34,163
Financial assets that are equity instruments measured at cost less impairment				
Other Investments	28	28	28	28

Financial instruments – Risk management

The group operates a centralised treasury function which is responsible for managing the credit, liquidity, interest & foreign currency risk associated with the group's activities. These financial risks are managed within parameters specified by the Treasury Management Policy and Investment Policy which govern all treasury and longer term investment activities and sets out relevant policy objectives and control measures as driven by the university's Financial Strategy. Key recommendations of the Code of Practice on Treasury Management in Public Services as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Office for Students (OfS) are adopted as appropriate. The Policy is reviewed and approved by the university Finance & Human Resources Committee annually.

The group's principal financial instruments are the bond, cash, short term deposits and investments. The core objective of these financial instruments is to meet financing needs of the group's operations. Additionally, the group has other financial assets and liabilities arising directly from its operations such as trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's Treasury Management Policy and Bad Debt Write Off Policy lay out the framework for credit risk management. Credit risk is monitored on an on-going basis.

The group's credit risk arises from bank balances, investments, students, government and commercial debtors. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2023, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of credit becomes uncertain. In the current year, there was a heighted level of credit risk in recovering payments from students in certain overseas regions. A debtor deemed irrecoverable is written off in accordance with the Bad Debt Write Off policy. The concentration of risk is limited due to the student base being large and diverse, and all Home/EU students having access to the Student Loans Company to fund their tuition fees. The treasury management policy states maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of group's banks and money market funds is regularly monitored. Generally, the group does not require collateral against financial assets.

Liquidity risk

Liquidity risk refers to the risk that the group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Formal cash flow forecasts are developed, monitored and updated to ensure that adequate working capital is available and excess funds are invested to reduce the carrying cost of funds. The group reviews its minimum liquidity requirements to ensure cash is available between the three annual Student Loans Company remittances and invest excess funds to maximise investment in short term fixed deposits. At 31st July 2023, the group is holding cash deposits and investments of various maturities, none of which is greater than 12 months. The average maturity of any deposits or investments with a maturity date is 118 days.

The long term financing of the group relies on £90m, unsecured Eurobonds maturing in June 2042. The retained bonds held by or on behalf of the group were cancelled on 18 July 2017. The capital amount will be paid at maturity and coupon of 5.375% is paid semi-annually. The group may, at its option, redeem all, or from time to time any part of, the bonds at the higher of the following:

(a) the principle amount of the bonds to be redeemed; and

(b) the sum of the Gross Redemption Yield of the benchmark gilt (4.50% Treasury Gilt 2042) and 0.40% plus accrued interest.

Unless previously redeemed or purchased and cancelled, the bonds will be redeemed at their principle amount on 30 June, 2042.

Under the terms of the bonds, for so long as any of the bonds remains outstanding, in respect of each financial year, the group is to ensure that it's total borrowing costs (as defined by trust deed) do not exceed 7% of the aggregate of:

(a) it's total consolidated income for the financial year; and

(b) the total cash of the group as at the end of the financial year.

For financial year ending on 31 July 2023, the ratio was 1.68% (2021/22: 1.62%). The bonds may be redeemed at the option of the holder subject to the occurrence of certain events mentioned in the bond trust deed. Moody's review of the university's credit rating in 2023 determined the credit rating to be Aa3 negative outlook (previously Aa3 negative outlook).

Foreign currency risk

Foreign currency risk refers to the risk that the unfavourable movements in foreign exchange rate may cause financial loss to the group.

The group's principal foreign currency exposures generally arise from our operations in Dubai (AED) and research related receipts (EUR). All other receipts in foreign currencies are converted into pound sterling unless required for immediate foreign currency payments. Overall foreign currency exposure is immaterial, being insignificant portion of total Income and expenditure. At 31 July 2023, the sterling equivalent of all euro bank balances was £1.5m (2021/22 : £5.5m). At 31 July 2023, the sterling equivalent of all AED bank balances was £0.5m (2021/22 : £0.01m).

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of Balance Sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investment risk).

The group's main financing relates to 30 years £90m bonds (2021/22: £90m). At 31 July 2023, balance sheet values of deposits and investments are not exposed to changes in interest rates. However, the group's interest and investment income is exposed to changes in interest rates i.e. reinvestment rate risk. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. The group has no outstanding derivative instruments as at 31 July 2023.

Financial instruments – fair values

Group and Corporation

The fair values of each category of the group's financial instruments are the same as their carrying values in the group's Balance Sheet, other than as noted below:

	2022/23 Carrying value £m	2022/23 Fair value £m	2021/22 Carrying value £m	2021/22 Fair value £m
5.375%, Unsecured Bonds due 2042	93.4	117.4	87.2	117.4

Value of interest accrued at 31 July 2023 is £0.4m (31 July 2022: £0.4m).

The bond is listed on the London Stock Exchange, therefore categorised as Level 1 under the requirements of FRS 102 and valued using quoted ask price as at 31 July 2023 in compliance with FRS 102. The fair value of the bond is its market value at the Balance Sheet date. Market value includes accrued interest and changes in credit risk and interest rate risk, and is therefore different to the reported carrying amounts.

OfS requires the university to provide for the repayment of the bond in the form of a bond redemption fund of £15m every five years. The current value of this notional reserve is £33m held within investments (note 12).

Bond disclosures

An unsecured fixed rate public bond was issued in July 2012 in the sum of £110 million over a 30-year term with a coupon rate of 5.375%. The £20 million reserve bond which was held without coupon by the trustee for a five year period to July 2017 has since been withdrawn. There are no capital payments to be made over the term with the bond maturing in 2042.

DMU may, at its option, redeem all, or from time to time any part of, the bonds at the higher of the principal amount of the bonds and the sum of the gross redemption yield of the benchmark gilt (4.5% Treasury Gilt 2042) and 0.40%, plus accrued interest.

The bond transactions costs of £4.0 million are amortised over the life of the bond of 30 years to interest payable, with effect from financial year 2012/13.

29. Prior period adjustment

Note 1g. Grant and fee income

The financial statements have been restated to incorporate the impact of a misclassification of £4,961,000 for the year ended 31 July 2022, from fee income for research awards to grant income from other bodies.

The impact of this restatement is shown in the table below. The adjustment is between disclosure lines in Note 1g only and does not impact the overall grant and fee income.

	Year ended 31 July 2022 As per prior year signed financial statements		Prior period adjustment		Restated	
	Group £'000	Corporation £'000	Group £'000	Corporation £'000	Group £'000	Corporation £'000
Grant income from the OfS	17,670	17,670	-	-	17,670	17,670
Grant income from other bodies	122	122	4,961	4,928	5,083	5,050
Fee income for research awards	4,961	4,928	(4,961)	(4,928)	-	-
Fee income from non-qualifying courses	1,672	1,672	-	-	1,672	1,672
Fee income for taught awards	206,917	206,843	-	-	206,917	206,843
Total	**231,342**	**231,235**	**-**	**-**	**231,342**	**231,235**

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