

LEEDS TRINITY UNIVERSITY

Annual Report and Financial Statements

For the year ended

31 July 2020

**Registered Company Number
06305220**

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 July 2020

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DIRECTORS AND ADVISORS

Directors and Governing Body Members serving during the year and up to the date of approval of the annual report and financial statements were:

Dr Jason Aldiss	Prof Margaret House OBE (Vice-Chancellor, resigned 31 October 2020)
Ms Justine Andrew (Senior Independent Governor and Chair of Remuneration Committee)	Mr Richard Marchant (Vice Chair and Chair of Finance and Resources Committee)
Mr Mark Brockbank	Mr Andrew Micklethwaite (retired 31 July 2020)
Ms Roohi Collins	Mr James Poskitt (retired 31 July 2020)
Prof Charles Egbu (Vice-Chancellor, appointed 1 November 2020)	Ms Emily Reed (appointed 1 August 2020)
Mr Michael Feeley (appointed 17 August 2020)	Ms Elizabeth Richards (Chair of Audit Committee)
Ms Thelma Ford Escobar (appointed 1 August 2020)	Ms Susan Rix
Mr Andrew Gilliland	Mr Paul Rogerson CBE DL (Chair and Chair of Governance and Nominations Committee, retired 31 July 2020)
Mr Aidan Grills	Ms Zoha Shah (retired 1 July 2020)
Ms Chelsea Grooby (appointed 1 July 2020)	Mr Paul Southern (appointed 17 August 2020)
Mr Jamie Hanley (Chair and Chair of Governance and Nominations Committee, both from 1 August 2020)	Rt Reverend Marcus Stock
Mr Martin Holden	Ms Amy Wilson (appointed 17 August 2020)
Mr David Haslam	Mr Mark Wilson (appointed 17 August 2020)

Clerk to the Board and Company Secretary

Mr Craig Williams

Chancellor

Ms Deborah McAndrew

Pro Chancellors

Mr Ed Anderson

Rt Hon John Battle

Auditor

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Company and Charity Numbers

Registered Company Number	06305220
Registered Charity Number	1120102

INTRODUCTION, STRUCTURE AND NATURE OF THE UNIVERSITY

Introduction

The Governors present their annual report, including the Strategic Report and the Directors' Report, and the audited financial statements for the year ended 31 July 2020. The financial statements comprise the results for the year for the University.

The Strategic Report has been prepared for the purpose of providing additional information to funders, financial supporters and other stakeholders to assess the University's strategies and the potential for those strategies to succeed and is not intended for use for any other purpose. The Strategic Report contains forward looking statements. These statements are based on the information available to the Governors up to the time of their approval of this report.

The University is both a company limited by guarantee and a registered charity. Each Governor is both a director of the Company and a trustee of the Charity. The Governors deem the principal activity of the University, in both the current and prior year, to be the advancement of education.

Nature of the University

Leeds Trinity University ("Leeds Trinity" or the "University") is an autonomous, teaching-led and research-informed higher education institution, inspired by Catholic values and based in Horsforth, Leeds.

The origins of Leeds Trinity can be traced back to two Catholic teacher training colleges, Trinity College and All Saints College, founded by the Cross and Passion Sisters and the Catholic Education Service in 1966. Their mission was to provide the best educational opportunities possible for the children of the poor and to actively support social justice – aspirations that Leeds Trinity still maintains.

Over the last 50 years, the institution has evolved and developed, culminating in the award of university title in December 2012, but its Catholic faith foundation remains central to its activities and is enshrined within its legal objects which 'shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefit of the public'.

The University's origins and faith foundation continue to be reflected in its Mission, Vision and Values.

Our Mission

Leeds Trinity University transforms lives by providing a unique and rich combination of academic, professional and personal development in an inclusive and nurturing university community. The University is here to make a difference to the people, the professions and the places that we serve. We provide unique educational experiences that are focussed on the individual and informed by our Catholic faith foundation. We actively promote the principles of dignity, respect, social justice, equality and inclusion to support the social and economic health and wellbeing of each and every person in our University community.

Our Vision

To be renowned for developing well-rounded and experienced graduates equipped to build fulfilling futures and as a leading university for student, staff, partner and community engagement.

Our Values

Our actions and behaviours are guided by our values of Care, Collaboration, Integrity, Excellence and Inclusivity.

We believe that we are a truly distinctive university and we must continue to ensure that we protect our distinctiveness and that we become more widely known and respected for what we offer and the way we operate. Care for our students, our staff, our partners and the wider community lies at the heart of our culture and is the embodiment of our values in action.

Strategic Plan 2018-21

The current Strategic Plan sets out the University's ambitions and intentions for this three year period against the backdrop of the evolving climate in higher education. Despite the many challenges and pressures, the University is well placed to compete and move forward and the strategy is designed to ensure that it can fully capitalise on its strengths.

There are three broad strategic themes for the period to 2021:

Building Community and Inclusivity

- Strengthen our community and our approach to inclusivity so that we have even more productive partnerships and an exceptionally attractive culture that acts as a powerful magnet drawing people to 'experience' more from our University.

Ensuring Sustainability

- Deepen foundations for our long term success and sustainability so that we continue to be financially robust, provide education programmes and other services that offer the best value, channel our resources to ensure that they are effective and efficient and invest wisely in our campus and new areas of activity. Part of this objective is also to ensure that we act as a responsible organisation for the benefit of our community, for society and for the environment.

Delivering Quality and Impact

- Focus on the quality of our work, continually raising standards and exceeding expectations, while making a greater difference to (and having a significant impact on) all those that we serve and the community of which we are a part.

Each of these themes is supported by a set of priorities which are positioned alongside how they will impact on our three experiences: the academic, the professional and the personal.

Progress against the strategic plan is being measured against a performance indicator suite mapped against each theme and with targets for each indicator over the period of the plan. Progress against the key performance indicator (KPI) subset is monitored by the Board of Governors at each meeting and strategies put in place to address areas where progress is not in line with targets. The KPI subset comprises 14 indicators organised under 8 areas and performance in 2019/20 is commented on in the Highlights and Performance in the Year section.

Operating Environment

The higher education landscape continues to be a challenging one even before the additional challenges from the Covid-19 pandemic, with teaching income tied to student numbers via loan-funded student tuition fees and the government's unleashing of a much more competitive recruitment market leading to increasingly competitive behaviour around the use of unconditional offers and more institutions entering clearing. In addition, the demographic dip means that the number of 18 year olds has been declining over the last few years before recovering from 2021 onwards.

The higher education sector is also adapting to the changes in regulatory approach with 2019/20 being the first full year of the new regulatory regime led by the Office for Students (OfS). Continuing uncertainty still exists as to the eventual outcomes of the government's post-18 review with no formal government response to the Augar review, whose recommendations included a reduction in the fee cap to £7,500 with increased funding to compensate based on to be decided national priorities.

Leeds Trinity is very reliant on student related income and over the current strategic plan period has been seeking greater diversification of income streams through development of additional student provision to reduce its dependency on its traditional on-campus undergraduate market. These include the development of degree

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apprenticeships, where the market has been stimulated by the government's apprenticeship agenda, and the further development of partnerships and collaborations with four franchise partners commencing during the year. These have been assessed against our strategic pillars of community, sustainability and impact.

The operating environment was also significantly affected during the year by the onset of the Covid-19 pandemic and the introduction of the national lockdown in late March. This required a switch in the University's operating model to one of working from home and online provision for students. Whilst there was relatively little in person teaching left in the 2019/20 year at that point, plans were developed and implemented for a blended provision approach in 2020/21 with a mix of online and on-campus provision. At the same time, there was a huge amount of uncertainty about student behaviours, consequent impacts on recruitment and retention of home and overseas students, and the potential risks to both short term liquidity and longer term financial sustainability. This uncertainty has been considered in the going concern assessment which is discussed in the Going Concern section of the Strategic Report.

Principal Risks and Uncertainties

The major strategic and financial risk areas facing the University, in addition to specific risks such as cyber security, and its response to those risks including Covid-19 are:

Student Recruitment, Experience and Progression:

As a teaching focussed University which derives the majority of its income from tuition fees, the ability to recruit and retain planned student numbers in an increasingly competitive market is fundamental to the University's success. The University's ability to provide an excellent student experience and enable students to succeed is central to its reputation and the risks of failure in these areas is that the University becomes less attractive in the student recruitment marketplace.

The University is managing these risks by ensuring the continued attractiveness of its portfolio through regular planning and review, including extension into new areas; by continuing and evolving the marketing approach of recent years; by the introduction of personalised applicant approach to utilise the University's strengths and provide distinctiveness in the market; and through embedded student engagement, provision of integrated support for students and an enhanced focus on improvements in retention and progression.

Financial Sustainability, Policy Environment and Partnerships:

Failure to adequately address the changeable environment brought about by the risks and uncertainties around student recruitment, together with uncertain political environment around fees and funding and increasing pressures from pension costs, would mean the ability to respond to changes is restricted and financial sustainability is threatened.

The University is managing these risks by careful management of the cost base to ensure value for money and to retain flexibility; by a financial strategy prioritising levels of liquidity which would enable downturns to be managed; by diversification into new income streams such as degree apprenticeship and partnerships; by a keen awareness of the additional risks of partnerships working and the need for a robust approach to monitor quality; and by robust scenario planning and consideration of available options.

Covid-19:

As with the sector and the economy in general, new short and medium term risks to the University arose during 2019/20 from the current and potential future impacts from the COVID-19 pandemic and from the changed behaviours and government restrictions arising in response. This impacts on a number of risk areas, including the major strategic and financial ones above, and the key risk management tool of the risk register has been regularly updated against relevant risks to reflect this. However, it also features as an overarching risk on the risk register, with details of the main risks, mitigations and updates.

The main risks exposures are: social distancing restrictions limit use of campus so requiring the implementation of some element of online delivery whilst maintaining the student experience; social distancing and other preventative measures on campus are poorly implemented leading to health & safety issues and impact on institutional reputation;

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uncertain student behaviours among applicants and current students lead to potential significant falls in student numbers and subsequent financial sustainability and liquidity issues.

The University is managing these risk exposures by: an integrated approach to overseeing plans for reopening the campus, development of online provision and new approaches to protect the student experience; development of online provision as part of blended approach with mostly online provision supplemented by some on campus provision; detailed campus space planning to assess capacity under social distancing restrictions and implement safe systems of operation; financial scenario planning in place to assess potential consequences and ensure liquidity and sustainability. All of these are regularly reviewed by the Board.

Significant Events and Performance in the Year

As with all organisations, the most significant event during the year was clearly the onset of the Covid-19 pandemic, as already mentioned in the Operating Environment and Principal Risks sections, and the financial impact from this is discussed in the Financial Overview section. The University achieved a successful switch to working from home at the start of lockdown. Plans were developed and implemented over the summer for a blended approach to 2020/21 with some on-campus experience for all students in support of a mostly online provision. This allows numbers on campus to be managed as part of the approach to a Covid secure campus operation.

Another significant event was the recruitment during the year of a new Vice Chancellor to succeed Professor Margaret House who stepped down in October 2020 after seven years at Leeds Trinity. Professor Charles Egbu joined Leeds Trinity from the University of East London and commenced as Vice Chancellor on 1 November 2020.

Performance in the year including progress against the strategic plan is discussed under the various headings below and in the Financial Sustainability section.

Student Recruitment:

Student numbers for 2019/20 were boosted by a strong recruitment for September 2019 with enrolments at the highest ever following an increase in undergraduate enrolments of 16%. Following a mid-year introduction and good recruitment through clearing the previous year, the new Foundation Year recruited strongly for 2019/20. Against the background of increased uncertainty, recruitment for September 2020 was strong producing a further increase in undergraduate enrolments of 2.6%.

KPIs

Undergraduate recruitment growth - exceeded target in September 2020 of an increase over prior year (up 2.6%)
Degree apprenticeship growth - exceeded target in September 2020 of an increase over prior year (up 95%)

Student Experience:

The attractiveness of Leeds Trinity to potential students is enhanced by its reputation for high quality learning and teaching, which is the product of a commitment to providing personalised, one-to-one support for students. This is reflected in traditionally high levels of student satisfaction. However, recent outcomes from the National Student Survey (NSS) are not where the University would want them to be and significant measures have been implemented to rectify this. The 2020 NSS improved on prior year indicating the right direction of travel towards re-achieving the target position.

KPIs

NSS overall satisfaction - NSS 2020 score of 81% against a target of sector UQ (85%)
NSS teaching excellence - NSS 2020 score of 82% against a target of sector UQ (86%)

Learning and Teaching (including Student Progression and Attainment):

Attainment continues to be strong and when combined with an entry tariff profile that reflects the University's commitment to widening participation, this reflects the University's success in enabling students to achieve their

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potential and the Guardian University Guide 2021 ranked Leeds Trinity 6th for its ‘value-added’ score (a fifth consecutive year in the top ten) – which compares student’s individual degree results with their entry qualifications to show how effective the teaching and support at an institution is.

KPIs

TEF Indicative rating - number of core metric positive flags currently indicating Silver against a target of Gold

Level 4 progression rate – met target of an increase on last year

Attainment - proportion of degrees at first / 2.1 exceeded target of 70% with 85% in 2019/20

Value added – national ranking of 6th met target of a top twenty place

Student Employability:

Leeds Trinity has also long been attractive for its employability record and figures from the Higher Education Statistics Agency (HESA) for the first year of the new Graduate Outcomes (GO) Survey show overall employment or further study levels in the top twenty of institutions nationally. Leeds Trinity was one of the first universities to include compulsory professional placements with every degree and now has a business network of over 3,000 businesses across all sectors which offers students placements that are relevant to their degrees.

KPIs

Graduates in employment or further study – score of 96.7% which met the target of sector UQ (95.4%)

Graduates in highly skilled employment or further study – score of 69.0% which did not meet the target of sector UQ

Apprenticeships and Partnerships:

The University sees the government’s policy push for more apprenticeships as an opportunity for those institutions which can respond quickly and is bringing its traditionally strong employer links to bear in this area. Following its first degree apprenticeship starts in 2017-18, contracts secured with both public and private sector employers have seen numbers increase significantly each year since. During 2019/20 the first cohorts commenced on the University’s significant partnership with West Yorkshire Police to deliver the Police Constable Degree Apprenticeship as policing moves towards being a graduate entry profession. The University will also deliver the new Degree Holder Entry Programme for those new police recruits who already hold a non-policing degree with the first cohorts starting in 2020/21.

The University has made significant progress in developing partnerships both regionally and internationally that help it reach its aim of providing wider access to higher education. New partnerships commenced during 2019/20 with four UK private providers in relation to franchise provision, initially at Foundation Year with the potential to expand to undergraduate levels as cohorts progress. The recruitment markets of all the partners are have a significant element of ethnic communities that traditional higher education providers find difficult to penetrate. Student numbers across the four partners in this first year exceeded 1,300 and the contribution to income is discussed in the Financial Overview section.

KPIs

Apprenticeship income - exceeded target of an increase over prior year (up 61%)

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Financial Overview

Financial performance for the year ended 31 July 2020, together with the corresponding figures for the previous year, is summarised in the financial highlights shown below.

		2020	2019
		£'000	£'000
Tuition fees		31,341	26,803
Other Income		5,065	6,135
Total Income		36,406	32,938
Staff costs	*	18,901	18,546
Other costs	*	12,499	12,040
Total Expenditure	*	31,400	30,586
Operating surplus before restructuring costs		5,006	2,352
Exceptional restructuring costs		274	670
Operating surplus before pension actuarial adjustments		4,732	1,682
Pension actuarial adjustments:			
- Current service costs in excess of contributions		1,622	911
- Exceptional Past Service Cost		-	766
- Net interest on pension liabilities		368	260
Surplus / (Loss) for the year as per the Statement of Comprehensive Income & Expenditure		2,742	(255)

* excluding exceptional restructuring costs and pension actuarial adjustments

Cash generation and liquidity:		2020	2019
		£'000	£'000
EBITDA for the year		7,781	4,769
Operating cash flow		5,827	5,330
Cash and short term investments		19,474	16,634
Borrowings		(9,859)	(10,529)
Net funds		9,615	6,105

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Total income increased strongly by 10.5% whilst total expenditure (excluding pension actuarial adjustments) increased more gradually at 2.7%, leading to an operating surplus before pension actuarial adjustments of £4.7m, up £3.0m from prior year. Tuition fee income rose by 16.9% and now represents 86% of income (81% in 2019). However, within that the University's strategy to diversify its income streams away from a reliance on its traditional on-campus undergraduate provision is proving successful, with partnerships and degree apprenticeships now accounting for 12.4% of tuition fee income and 10.7% of all income (up from 2.3% and 1.8% respectively).

The impact from the Covid-19 pandemic on the financial results was a £0.8m reduction in the surplus. A fall in income of £1.2m, largely from the refunding of term 3 residential fees (£0.9m) together with reduced income in conferences, sports centre and apprenticeships, was partly offset by reductions in non-pay costs as the University's activities adapted to the national lockdown restrictions.

The pension actuarial adjustments were again significant at £2.0m reducing an operating surplus of £4.7m down to a £2.7m surplus as per the Statement of Comprehensive Income & Expenditure. The current service cost in excess of contributions adjustment increased from £0.9m to £1.6m, offset by no repeat of the exceptional past service cost of £0.8m in 18/19 which related to the additional costs arising from the need to revisit the transitional protections which were put in place on the reform of the Local Government Pension Scheme from a final salary to career average basis after they were found to be discriminatory (the McCloud judgement).

The annual actuarial adjustments bear no relation to the actual cost of pension commitments made in the year. Accounting standards mandate that the current service cost is calculated using the prevailing (and currently much lower) corporate bond rate for investment returns rather than the long term investment return assumptions which the fund actuary uses for the scheme valuation and the setting of employer contributions (which were 3.95% as per the 2019 valuation which produced a fully funded position for the University). The rate used for the annual actuarial adjustments has declined from 2.8% in 2018 to 2.1% in 2019 and 1.4% this year as prevailing corporate bond rates have declined. The drop in the rate over the year has led to actuarial losses by increasing liabilities by 15-20%, which along with actuarial losses on assets from volatile investment returns over the period, has led to the large actuarial loss of £15.4m in the year.

Strong cash generation saw an increase of £2.8m in cash and short term investment balances, which together with borrowing repayments led to an increase in net funds of £3.5m.

Net assets decreased by £12.6m, due to a £17.4m increase in the defined benefit pension liability (including the £15.4m actuarial loss).

Financial Sustainability

The three main financial indicators are shown below with performance for the year, prior year and target. The indicators have targets generated internally in the financial strategy as appropriate for future financial sustainability.

	Target	Actual 19/20	Actual 18/19
EBITDA	£5.0m	£7.8m	£4.8m
Operating Surplus (exc pension actuarial adjustments)	£2.0m	£4.7m	£1.7m
Staff costs as a % of income (exc pension actuarial adjustments)	55.0%	52.7%	58.0%

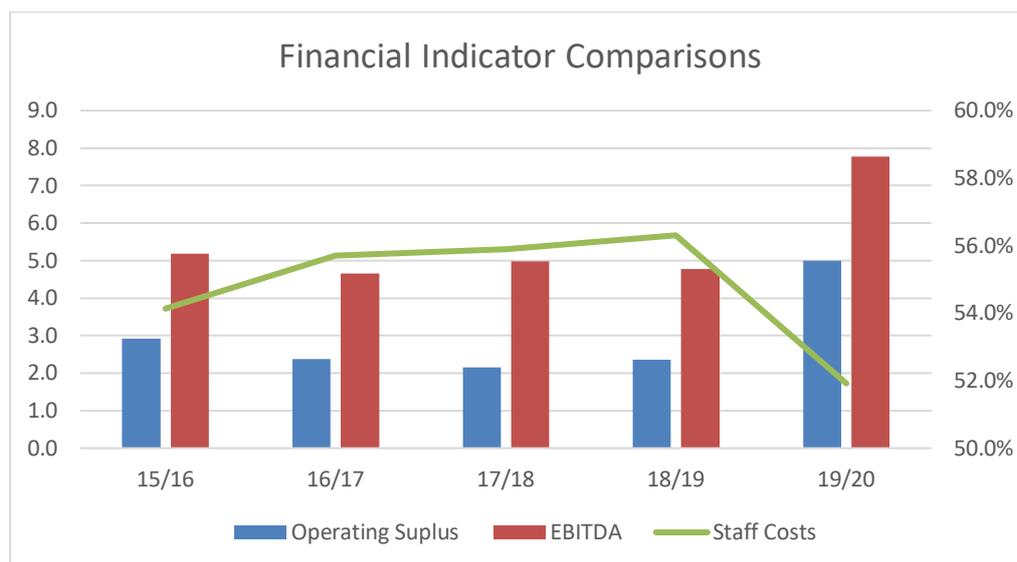
Earnings before Interest Tax Depreciation and Amortisation (EBITDA) is included as a proxy for cash generation. The targets are derived from the strategic plans of the University, the investment associated with this and the cash generation required to fund it. The target for this is expressed as a monetary amount rather than as a % and the £7.8m actual was significantly in excess of target and last year.

Operating surplus excluding pension actuarial adjustments has a relatively close relationship to EBITDA but measures the same performance in a perhaps easier to understand concept. It is also the key loan covenant in terms of headroom and the target provides a comfortable level of headroom. The target for this is also expressed as a monetary amount rather than as a % and the £4.7m actual was again significantly ahead of both target and last year.

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Staff costs as a % of income is a key indicator (excluding pension adjustments as with the operating surplus measure) reflecting the importance of staff costs to the University's financial health given that as a people business staff costs necessarily form by far the most significant part of the cost base. The target for this is 55% and is the most challenging target of the three and was achieved for the first time for several years at 52.7%. This improvement is due to the strong growth in income, in particular from the new franchise income streams delivered through external partnerships, whilst expenditure held much more steady.

The graph below shows performance against the new indicators over the last few years. The operating surplus and staff cost % shown exclude exceptional restructuring costs as well as pension adjustments in order to facilitate comparison of underlying performance. It can clearly be seen that the fall in EBITDA and surplus in 16/17 was associated with a significant increase in the staff cost %. Performance improved significantly in 19/20 to a high across the five year period for all three indicators.



Left hand scale – Operating Surplus and EBITDA

Right hand scale – Staff Costs

Plans for Future Periods

The outlook over the next few years will remain a challenging one as outlined in the Operating Environment and Principal Risks & Uncertainties sections. The current strategic plan sets out how Leeds Trinity will distinguish itself in the market. It runs to 2021 and will be reviewed during the next twelve months. The Governors believe Leeds Trinity's distinctiveness will enable it to continue to be able to compete successfully and to thrive in this more uncertain higher education environment.

Over the coming years, we will continue to address how we will further strengthen our partnership working (and collaborate to develop new types of programmes together), how we will ensure that students are presented with a wider range of experiences (in volunteering, use of technology, enhanced employer placements and continuing professional development), and how we will further exploit our academic expertise to help to address the problem that our external partners (schools, employers and public organisations) face.

Undergraduate recruitment will continue to be central to the success of the University and we will seek to build on the momentum of the increase in enrolments for 2019 and 2020. Our refreshed approach to personalising the experience for applicants, such as bespoke campus visits rather than generic applicant days, are designed to improve the conversion of applications to enrolments.

Leeds Trinity is also targeting further growth in degree apprenticeships by further developing its outstanding employer links to build on the success of its new partnership with West Yorkshire Police. The academic portfolio will continue to grow into new areas where evidence suggests that demand exists whilst existing areas and services will continue to

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evolve to meet changing student demands and needs. Diversification of income streams will be furthered by the growth of the new franchised partnership provision as cohorts progress to subsequent levels.

Covid-19 will continue to present challenges during 2020/21 and beyond, largely via the impact of potential changes in student behaviour on recruitment and retention and on the appetite for a residential student experience. The experience of 2020/21 to date is of both recruitment and the demand for residential accommodation holding strongly.

Going Concern

The University's activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Operating Environment, Principal Risks and Uncertainties, and Plan for Future Periods sections. The financial position of the University is described in the Financial Overview and Financial Sustainability sections and in more detail within the financial statements and accompanying notes.

The Board believes that the University is well placed to manage its risks successfully, with a strong performance base in 19/20 and a robust liquidity position as at 31 July 2020 equal to 231 liquidity days. Undergraduate recruitment for 20/21 increased over 19/20, franchise partners have more students than 19/20 and the demand for residential accommodation for 20/21 remains high.

Consideration has been given to the potential for continuing short and medium term Covid-19 related impacts on income streams, in terms of the stress testing of extreme and highly unlikely scenarios. These cover withdrawals and residential occupancy for 20/21; reduced recruitment, progression and residential occupancy for 21/22; and from other demands on the University's cash reserves. The stress testing shows that the University would continue to have significant cash headroom throughout the period and would remain in a positive net cash / debt position indicating the continuing ability to repay its loans from cash on hand.

The current forecasts and projections, including reasonable downside sensitivities, and the strong liquidity position, demonstrates the expectation that the University will be able to operate within its current facilities and available headroom and maintain compliance with covenants.

The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future (to the end of the 2021/22 financial year). Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

S172 Statement

The Board and its committees consider the potential consequences of its decisions on its key stakeholders in the long term, taking into account a wide range of factors, as set out below. The Board fully appreciates that the University can only grow sustainably through having regard to the views and needs of these stakeholders, being its students, staff, partners and the wider community. Decisions made by the Board are informed by the University's mission, vision and values, as described in the Nature of the University section of this report. In particular, the values of care, collaboration, integrity, excellence and inclusivity drive the Board's actions.

The Board agenda includes presentations and reports with regular updates on operational, performance and people matters. The executive team attend Board meetings as do functional heads on a rotational basis, as relevant to the agenda, to ensure that the Board is in touch with all parts of the organisation in order to inform its judgments on longer term strategy. Both staff and student members sit on the Board in order to ensure regular engagement of all members to representatives of these two key groups.

The Board approved and supports the 2018 - 2021 plan as set out in this report. The three broad strategic themes underpinning the plan, of building community and inclusivity, ensuring sustainability and delivering quality and impact, shape the decisions and actions of the Board and underline the aim of the University to achieve positive outcomes for all its stakeholders.

Further specific examples of the University's impact on the wider community are illustrated in its Charitable Purpose and Public Benefit report, which includes outreach, student success and the access and participation plan.

The Board considers therefore, that it has acted in a way it considers, in good faith, to promote the success of the University for the longer term.

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STRATEGIC REPORT

Approval

The Strategic Report has been approved by the Board and is signed below on its behalf.

Mr Jamie Hanley
On behalf of the Board of Governors and Board of Directors
26 November 2020

CHARITABLE PURPOSE AND PUBLIC BENEFIT

Charitable Purpose and Public Benefit

The University's charitable purpose is 'the advancement of education for the benefit of the public' as set out in its Articles of Association. It does this through the teaching of a diverse curriculum and by educating a broad range of students. Its students and potential students are the principal beneficiaries.

The Board of Governors has complied with its duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. A principle of public benefit is that benefits must be balanced against any detriment or harm. The Governors consider that none of the University's activities causes detriment or harm.

The University has a successful history and strong track record in the recruitment of students from under-represented groups. The Catholic social mission of the University is played out in our desire to empower individuals, regardless of their background or route into higher education, to achieve their true potential and reach the highest standards possible. It is important to Leeds Trinity that access to education is offered in an open and affordable way to all who may benefit. Widening access and improving participation to higher education is actively promoted and this is reflected in the student profile, with 99% of students coming from state schools and 20% from low participation neighbourhoods (POLAR 2).

Outreach

Leeds Trinity has an excellent track record in terms of the extent and success of its outreach work, with a dedicated Student Recruitment and Outreach team supporting teachers, advisors and young people by raising aspirations regarding progression to higher education. Notable investment, activities and interventions include:

- Extensive reach with schools and colleges in West Yorkshire, with relationships with over 190 institutions, together with a highly-targeted approach to prioritise schools with high ratios of under-represented pupils.
- A structured programme of academic HE "subject focus days" and a number of residential summer schools.
- Coordination of the Leeds Children's University in collaboration with the Children's University Trust, offering exciting and innovative learning activities and experiences for 7 to 14 year olds outside normal school hours. Research shows that engagement with the Children's University has a measurable, positive impact in a range of key areas including attendance, attitudes and attainment.
- Care Leavers are offered an enhanced package of advice and guidance in both the pre and post application process and once they arrive. This includes a single point of contact. Adult learners are also offered a dedicated package of advice and guidance, as well as tailored financial advice and a dedicated 'return to learn' programme prior to induction.

Leeds Trinity is committed to the Go Higher West Yorkshire (GHWY) partnership established by twelve providers of higher education in West Yorkshire. It is also committed to the National Collaborative Outreach Programme (NCOP) secured by Go Higher West Yorkshire. Go Higher West Yorkshire's mission is to work in partnership to act as a single point of contact for information on its HE provider partners, improving access to, and achievement in, Higher Education to enhance individual and economic development.

GHWY's activities are directed through two operational groups. The Business Engagement Planning Group has a remit to work in partnership to open up higher education options to underrepresented groups, with a particular focus on employers and their employees, and its partners have worked together to develop higher and degree apprenticeships which aim to appeal to a wide range of students, and seek to investigate the social mobility potential of this emerging area of work. The Widening Participation Planning Group has a focus on working with specific target groups which have been identified: looked-after young people and care leavers, estranged students, former National Networks for Collaborative Outreach (NNCO) schools (which do not form part of NCOP) in HE cold-spot areas, and current students from non-traditional backgrounds.

CHARITABLE PURPOSE AND PUBLIC BENEFIT

Student Success

Leeds Trinity is committed to enabling all students to reach their full potential and succeed. Our model for widening participation is based upon the student's decision line through from thinking, applying, starting, progressing and succeeding. Notable investment, activities and interventions in place to support student success include:

- Learning Support – The dedicated Learning Hub offers personalised, one-to-one academic skills support to all students, working closely with academic departments to support and assist students who have been identified by progress and module tutors as being in danger of withdrawing or failing. The Learning Hub was commended by the QAA as an area of good practice in its most recent review.
- Personal Tutors – When students enrol on their course, a member of the lecturing staff will become their development tutor, offering students personalised academic support. Students have the same development tutor throughout the whole of their programme of study.
- Resident Mentors – Experienced and trained students live in all of our halls of residence on campus as Resident Mentors. They are available to support students as they make the transition to student life, they also play a crucial role in maintaining the community feel that the University is renowned for.
- Peer Learning Mentors (PLMs) – PLMs are level 5 and 6 students on track to achieve a first or upper second class degree in each academic department and offer students advice on all aspects of academic work through one-to-one or group sessions.
- Professional Work Placements – Every degree course at Leeds Trinity includes two professional work placements. This helps students to gain degree-relevant employment experience and gain contacts and future work opportunities that often lead to further placements or on-going opportunities
- Employability Focus – The University is proud of its employability focus which includes a blend of support and guidance that gives our graduates a head start in getting their first graduate job. Innovations include:
 - Employers are involved in the development of our degrees through involvement on approval panels and through tutor consultancy with a range of employers.
 - A focus on recruiting teaching staff with extensive professional experience in relevant areas.
 - Embedded employability skills and two credit-bearing placement modules in all our degree courses.
 - The opportunity to undertake a final-year consultancy-style project with an employer.
 - Opportunities for students to have direct contact with employers throughout their degree at events such as Professional Development Week, In-Leeds Days, Employer Challenge Days, and student-employer networking events

Access and Participation Plan

The University's Access and Participation Plan (APP), approved by the Office for Students, covers its outreach and student success activities and also contains a range of financial support arrangements intended to complement the government's provision of loans and maintenance grants and are targeted at those identified as being most in need.

The University had an APP in place for 2019/20 and during the year received approval of its five year APP for the period 2020/21 to 2024/25. This ambitious plan targets the elimination of access and attainment gaps and identifies clear priorities, with those from low-participation areas and BAME ethnicities underachieving across the whole student lifecycle. The University aims to eliminate the gap at every stage in the student lifecycle by the end of the plan.

Expenditure by the University during the year on its access and participation activities is shown within the note to the financial statements in note 25.

DIRECTORS' REPORT

Risk Management

The Accounts Direction from the Office for Students requires that the University embeds risk management within the organisation. The Board of Governors and its Audit Committee have carefully considered the risk management process within the institution and are of the opinion that this requirement has been met. The University reviews its risks and updates its corporate risk register on a regular basis. Key risk indicators and early warning mechanisms are highlighted and control arrangements established. If necessary, action plans to reduce the major risks are designed and implemented. The most significant risks are outlined in the Principal Risks and Uncertainties section of the Strategic Report.

Streamlined Energy and Carbon Reporting

As a company limited by guarantee, the University is covered by the government's policy on Streamlined Energy and Carbon Reporting, which aims to increase awareness of energy costs and help to prompt a reduction on the impact on climate change.

Greenhouse gas emissions and energy use data for the period 1 August 2019 to 31 July 2020– UK	2019/20
Energy consumption used to calculate emissions (kWh)	8,674,366
Energy consumption break down (kWh) (optional):	
Gas	6,619,855
Electricity	1,865,623
Transport fuel	188,888
Scope 1 emissions in metric tonnes CO ₂ e:	
Gas consumption	1,217
Owned transport	4
Total scope 1	1,221
Scope 2 emissions in metric tonnes CO ₂ e:	
Purchased electricity	435
Scope 3 emissions in metric tonnes CO ₂ e:	
Business travel in employee owned vehicles	31
Total gross emissions in metric tonnes CO ₂ e	1,687
Intensity ratio:	
Tonnes CO ₂ e per member of staff and students	0.45

Quantification and Reporting Methodology:

We have followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

DIRECTORS' REPORT

Intensity measurement:

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per student and staff member, the recommended ratio for the sector. This is due to teaching and residencies being on campus and as such part of the consumption is student related. The ratio has improved to 0.45 from 0.49 in 2018/19.

Measures taken to improve energy efficiency:

We continue to improve energy efficiency at all opportunities and continue to implement energy reduction measures where practicable, such as LED lighting, automatic lighting controls, energy efficient boilers, improved BMS functionality, waste recycling, percussion/sensor taps, reduced flow shower heads, sourced 100% sustainable/renewable electricity, installed solar PV for the electricity, installed a CHP for combined heating and power.

Employment Policy

The University is committed to ensuring that its workplaces are free from discrimination of any kind. Recruitment and employment decisions are made on the basis of fair and objective criteria. Pay and grading structures operate within a national pay framework designed to support the recruitment and retention of staff and to ensure equal pay for work of equal value, and equality impact assessments are conducted as appropriate.

Remuneration Committee and Policy

The aim of the remuneration policy is to attract, retain and continue to motivate talented Executives within an overall remuneration strategy for the Institution that supports the achievement of the Strategic Plan. The Board has an established Remuneration Committee which comprises five independent members of the Board. The Vice-Chancellor and HR Director attend meetings to provide advice to the Committee and the Clerk to the Board also attends the meetings. Executives are not in attendance when their own remuneration is being considered. The Committee operates under Terms of Reference agreed by the Board. An annual report is made to the Board and a readily accessible annual statement is published on the University website based on this.

Staff and Student Involvement

Leeds Trinity believes good communication with staff and students to be very important. There is an effective communication strategy which includes staff newsletters, meetings and regular updates. Staff are encouraged to participate through formal and informal consultations at various levels and through membership of formal committees. There is also a bi-annual staff perceptions survey that is considered by senior management, governors and the Joint Consultative Committee. There are two elected staff members of the Board of Governors.

The Trade Union (Facility Time Publication Regulations) 2017 require the University to publish information on trade union facility time which allows employees to act as trade union representatives. For the year to 31 March 2020, 5 employees acted as trade union representatives each spending 1-50% of their hours on facility time. The total cost of facility time was £11,865 which was 0.06% of the total pay bill and no time was spent on paid trade union activities.

The President of the Students' Union is a member of the Board of Governors and the Academic Board. Students are represented on departmental committees and their views are sought through various means including student surveys and at least one annual student forum. The deliberative structures allow for both academic and support staff and for students to be represented throughout.

Equal Opportunities

The University is an equal opportunities organisation and is committed to an environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, gender, sexual orientation or disability. The University operates an Equal Opportunities Policy and is committed to equal opportunities for both staff and students, ensuring that all individuals are treated with respect at all times and are given equality of opportunity in all activities.

The policy of the University is that applications from disabled persons should receive equal consideration for posts for which they are suitable applicants. Where an existing employee becomes disabled they will be retained in employment wherever reasonably possible and will be given help with any necessary rehabilitation and training. Disabled employees are provided with the same opportunities as other employees.

DIRECTORS' REPORT

Strategic Report

Further information on the University and its activities can be found in the Strategic Report, including its strategy and progress against the strategy, its operating environment and principal risks, likely future plans and developments and significant research and development activities.

Going Concern

Consideration of going concern is contained within the Going Concern section of the Strategic Report. As a result of that consideration, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Conclusion

The Governors believe that the University has a sound base from which to meet the likely challenges that will face the higher education sector over the short to medium term. The Governors are confident that the University, through sustainable investment in the future and very careful management of the risks, has the necessary plans and strategies in place to help ensure that the targets set for the coming years can be achieved.

Directors

The Directors who served in the period and up to the date of approval of the financial statements are set out on page 1 of these financial statements. Attendance at Board and committee meetings during 2019-20 was 86% of possible attendance.

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approval

The Directors' Report has been approved by the Board and is signed below on its behalf.

Mr Jamie Hanley
On behalf of the Board of Governors and Board of Directors
26 November 2020

Responsibilities of the Board of Governors

In accordance with the Articles of Association, the Board of Governors of Leeds Trinity University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time, the financial position of the University and to enable it to ensure that the financial report and accounts are prepared in accordance with the Instrument of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the Companies Act 2006.

In addition, within the Terms and Conditions of Funding from the Office for Students (OfS), the Board of Governors, through its designated office holder, is required to prepare 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. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of the surplus or deficit of the University for the year.

In causing the financial statements to be prepared, the Board of Governors has ensured 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 subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure regularity and propriety in the use of public funding from the Office for Students and ensure that they are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding and any other conditions which may be prescribed;
- ensure regularity and propriety in the use of public funding from UK Research and Innovation (UKRI, including Research England), the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA), and ensure that they are used only for the purposes for which they have been given and in accordance with any conditions which may be prescribed;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of departments;
- 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 timely reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Resources Committee and Board of Governors; and

CORPORATE GOVERNANCE

- a professional Internal Audit process with an annual programme approved by the Audit Committee and whose head provides the Board of Governors, through the Audit Committee, with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, control, governance processes and the arrangements in place to secure economy, efficiency, and effectiveness.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Statement on Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the Articles of Association and the Terms and Conditions of Funding from the Office for Students (OfS). The system of internal control covers business, operational and compliance risks as well as financial risks.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The Board of Governors is of the opinion that this process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements, is in accordance with OfS guidance, and that there were no significant internal control weaknesses that should be disclosed.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board receives periodic reports from the Chair of the Audit Committee concerning internal control and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Board of Governors formally approves the risk register at least annually.
- The Executive acts as the Risk Management Group. The Risk Management Co-ordinator reports regularly, on behalf of the group, to the Audit Committee who oversees the risk management process on behalf of the Board of Governors.
- Risk management training has been held throughout the University.
- A robust risk prioritisation methodology based on likelihood and significance has been established.
- An organisation wide risk register is maintained and reviewed regularly as a key tool for the management of risk

The University has an outsourced internal audit service and the internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The review of the effectiveness of the system of internal control by the Board of Governors is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors in their management letter and by other reports.

Since the year end, the Audit Committee has agreed to adopt the new CUC Code for Audit Committees.

CORPORATE GOVERNANCE

Governors' Statement on Corporate Governance

The following statement is provided to enable readers of the annual report and financial statements to obtain a better understanding of the governance and legal structure of Leeds Trinity University.

Leeds Trinity University is a company limited by guarantee, formally established in 2007 as an incorporated body under the Companies Act. It is registered in England and Wales and has no subsidiaries. It is also a registered charity and regulated by the Charity Commission. Its objects, powers and framework of governance are set out in its Memorandum and Articles of Association. Members of the Board of Governors are Directors of the Company and Trustees of the Charity. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation in 2007. The current Memorandum and Articles of Association of Leeds Trinity University state: 'The objects of Leeds Trinity University shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefits of the public.' The Board of Governors approves the Strategic Plan of the institution. The Articles of Association require the University to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee its activities.

The Board of Governors

The Board of Governors is the governing body and comprises external independent members, together with staff and student members, appointed in accordance with the Articles of Association. There is a majority of independent, non-executive members.

The Board of Governors is responsible for the overall direction of Leeds Trinity University; its specific powers and responsibilities are set out in the Articles of Association and in the Terms and Conditions of Funding of the Office for Students (OfS). The Chair of the Board of Governors is separate from the role of the Vice-Chancellor and Chief Executive. The Catholic Bishop of Leeds is ex-officio Chair of the Board of Governors, but the Articles of Association contain provision, at the discretion of the ex-officio Chair, for another member to act as nominated Chair of the Board, subject to the agreement of the Board, and this arrangement has been in operation since incorporation in 2007.

The Academic Board

The Board of Governors has established an Academic Board, which is responsible for the oversight of the academic work and activities of the institution, and for safeguarding and enhancing academic standards and which plays a significant leadership role in the strategic academic development of the University. The Vice-Chancellor chairs the Academic Board, which comprises ex-officio and elected staff and students. The Board of Governors receives reports from Academic Board.

The Vice-Chancellor

The Vice-Chancellor is Chief Executive of the institution and has general responsibility for the organisation and management of Leeds Trinity University. Under the terms of the Terms and Conditions of Funding of the Office for Students (OfS), the Vice-Chancellor is the designated officer and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons. The Vice-Chancellor makes reports to Board of Governors meetings on developments in the higher education sector and their potential impact on Leeds Trinity University.

The Clerk to the Board

The Clerk to the Board and Company Secretary is appointed by the Board of Governors under the Articles of Association to act as Clerk to the Board and its committees. All Governors have access to the advice and services of the Clerk to the Governors and may seek independent advice if they wish. Some company secretarial work is undertaken for the Directors by an external firm.

CORPORATE GOVERNANCE

The Structure of Governance

Leeds Trinity University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with best practice derived from advice from the Committee of University Chairs (CUC) and from the corporate sector. The University complies in all material respects with the CUC Governance Code of Practice. The exception to this is the role of the Chair, which is ex-officio rather than appointed by the governing body from amongst its independent members. However as noted above, the Articles of Association contain provision, at the discretion of the ex-officio Chair, for another member to act as nominated Chair of the Board, subject to the agreement of the Board, and this arrangement has been in operation since incorporation in 2007. The Board has in place a Statement of Primary Responsibilities. The University maintains a Register of Interests of members of the Board and senior officers which is updated annually and whenever new interests occur. The Register of Interests may be consulted by arrangement with the Clerk.

The Articles of Association do not permit the Board of Governors to delegate any matter relating to:

- The determination of the educational and Catholic character and objects of the University;
- The approval of annual estimates of income and expenditure;
- Ensuring the solvency of the University, and ensuring the safeguarding of its assets;
- The appointment of senior post-holders, including the Vice-Chancellor; and
- The termination of the membership of any Governor.

The Board receives regular reports from the Vice-Chancellor and other senior officers on the work of the University. In line with good practice and CUC guidance, the Board conducts rigorous reviews of its effectiveness, and of the effectiveness of the University's structure of corporate and academic governance. These reviews include the use of independent external expertise. The most recent such review took place during 2019/20.

The Board of Governors meets six times each year with typically an away day meeting to consider strategy. The Board has established committees to support its work. All of these committees are formally constituted with terms of reference and membership approved by the Board. Their membership comprises independent members of the Board and in some cases staff and students. The standing committees are:

- Audit Committee
- Finance and Resources Committee
- Governance and Nominations Committee
- Remuneration Committee

All of these committees, together with the Academic Board, report and make recommendations to the Board of Governors, either in the form of a written report or their approved minutes.

Statement of Primary Responsibilities

The Board of Governors adopts the following Statement of Primary Responsibilities, which are based upon the Memorandum and Articles of Association and recommended good practice. This statement is based on the Model Statement contained in the Governance Code of Practice published by the Committee of University Chairs, adapted to reflect the powers and responsibilities that the Board of Governors of Leeds Trinity University has that derives from the University Statutes.

The Board of Governors is the governing body of the University. The Board of Governors has ultimate responsibility for the affairs of the University. It is responsible for reviewing the work of the University and taking such steps as it thinks proper for the purpose of advancing the interests of the University, maintaining its efficiency, encouraging teaching, the pursuit of learning and research and providing for the recreation and wellbeing of students.

CORPORATE GOVERNANCE

Consistent with the University's constitution, the primary responsibilities of the Board of Governors are:

- a) The determination of the educational and Catholic character and objectives of Leeds Trinity and for the supervision of its activities. This is achieved by the approval of the University's mission, values and vision as part of the approval and ongoing monitoring of the strategic plan;
- b) To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to monitor these on an ongoing basis to ensure that these meet the interests of stakeholders;
- c) To delegate authority to the head of the institution as Chief Executive for the academic, corporate, financial, estate and personnel management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution;
- d) To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest;
- e) To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;
- f) To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself;
- g) To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
- h) To safeguard the good name and values of the institution;
- i) To appoint the head of the institution as Vice-Chancellor and Chief Executive, and to put in place suitable arrangements for monitoring her/his performance;
- j) To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;
- k) To ensure that appropriate systems are in place with regards to the employment of staff;
- l) To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate;
- m) To ensure that appropriate systems are in place for meeting all the institution's legal obligations;
- n) To make such provision as it thinks fit for the general welfare of students, in consultation with the academic board;
- o) To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution; and
- p) To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

This Statement shall be published widely, including on the internet and in the annual report, along with identification of key individuals (that is, Chair, Vice Chair, Senior Independent Governor, Vice-Chancellor, and Chairs of key committees).

The description of the responsibilities that the governing body delegates to the Vice-Chancellor is that outlined in Article 14 of the Articles of Association.

Independent auditor's report to the Governing Body of Leeds Trinity University

Opinion

We have audited the financial statements of Leeds Trinity University (the 'university') for the year ended 31 July 2020, which comprise the statement of comprehensive income and expenditure, the balance sheet, the statement of changes in reserves, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the university's affairs as at 31 July 2020 and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under those Acts. 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 are independent of the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Board of Governors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the university's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the university's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a university associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Board of Governors' conclusions, we considered the risks associated with the university's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the university's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the university will continue in operation.

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 2 to 21, 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report, prepared for the purposes of company law, included in the annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and the directors' report included in the annual report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the university and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included in the annual report.

Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

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 the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board of Governors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the university's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the university's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of Board of Governors for the financial statements

As explained more fully in the Statement of responsibilities of the Board of Governors set out on page 17, the Board of Governors (who are also the directors of the charitable company for the purposes of company law) 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 Board of 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 Board of Governors are responsible for assessing 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 Board of Governors either intend to liquidate 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.

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

Use of our report

This report is made solely to the university's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's members as a body, for our audit work, for this report, or for the opinions we have formed

Deborah Watson BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2020

1. **Basis of preparation**

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable United Kingdom laws and Accounting Standards. The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings for which a cost is not readily ascertainable. The financial statements have been prepared on the going concern basis. The financial statements are presented in sterling (£).

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior years.

2. **Going concern**

The University's activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Operating Environment, Principal Risks and Uncertainties, and Plan for Future Periods sections. The financial position of the University is described in the Financial Overview and Financial Sustainability sections and in more detail within the financial statements and accompanying notes

The Board believes that the University is well placed to manage its risks successfully, with a strong performance base in 19/20 and a robust liquidity position as at 31 July 2020 equal to 231 liquidity days. Undergraduate recruitment for 20/21 increased over 19/20, franchise partners have more students than 19/20 and the demand for residential accommodation for 20/21 remains high.

Consideration has been given to the potential for continuing short and medium term Covid-19 related impacts on income streams, in terms of the stress testing of extreme and highly unlikely scenarios. These cover withdrawals and residential occupancy for 20/21; reduced recruitment, progression and residential occupancy for 21/22; and from other demands on the University's cash reserves. The stress testing shows that the University would continue to have significant cash headroom throughout the period and would remain in a positive net cash / debt position indicating the continuing ability to repay the loans from cash on hand.

The current forecasts and projections, including reasonable downside sensitivities, and the strong liquidity position, demonstrates the expectation that the University will be able to operate within its current facilities and available headroom and maintain compliance with covenants

The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future (to the end of the 2021/22 financial year). Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

3. **Basis of consolidation**

The financial statements do not include those of Leeds Trinity Students' Union as it is a separate organisation over which the University does not have control or significant influence.

The University holds a £1 guarantee in respect of Yorkshire Universities, a company limited by guarantee. As the University does not have control or significant influence and holds less than 10% of the total guarantee the results have not been included in these financial statements.

4. **Recognition of income**

Funding Council block grants are accounted for in the period to which they relate.

Fee income is credited to the statement of comprehensive income and expenditure over the period in which students are studying. Fee income includes the fee per student receivable from its franchise partners. Fee remissions are deducted from income. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2020

4. Recognition of income (continued)

Non-recurrent grants from the Office for Students, the National College for Teaching and Leadership or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

5. Agency arrangements

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

6. Accounting for retirement benefits

The University contributes to the Teachers' Pension Scheme (TPS) for academic staff (lecturing staff and holders of some senior posts) and to the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for other staff. Both schemes are defined benefit schemes.

The TPS is a multi employer scheme and it is not possible to identify the assets of the scheme which are attributable to the University. In accordance with FRS102, this scheme is accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable.

For WYPF the University is able to identify its share of assets and liabilities and thus the University fully adopts the recognition and disclosure requirements of FRS102 "Retirement Benefits".

For WYPF the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the Statement of Comprehensive Income and Expenditure.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pensions deficit / surplus recognised in the Balance Sheet represents the present value of the defined benefit obligation adjusted for unrecognised past service cost, and the pension asset represents the fair value of the scheme assets.

7. Land and buildings

Land and buildings are stated at valuation or cost; the basis of valuation is depreciated replacement cost. Valuations are carried out by independent Chartered Surveyors.

On adoption of FRS15, the Institution followed the transitional provision to retain the book value of land and buildings, which were valued on 31 July 1995 by Gerald Eve, Chartered Surveyors, but not to adopt a policy of revaluations of these properties in the future. On transition to FRS102, these values were retained and the policy continued of non-valuation of these properties.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years and extensions to buildings over 20-30 years on the amount at which the tangible fixed asset is included in the balance sheet. Depreciation is on a straight line basis. Where an asset is held at valuation, a transfer is made annually from the revaluation reserve to the income and expenditure reserve for an amount equal to the additional depreciation arising from the revalued asset.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the buildings on a basis consistent with the depreciation policy.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2020

8. Equipment, furniture, vehicles, fixtures and fittings

Equipment, including computers, software and furniture costing less than £5,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other tangible assets are capitalised at cost.

All assets are depreciated on a straight line basis over their useful economic life as follows:

Equipment, furniture and fittings	3-10 years
Motor vehicles	4-6 years

Assets under construction are not depreciated until completed and brought into use.

Where equipment has been acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

9. Cash and cash equivalents / Investments

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Term deposits held as cash but not available within 24 hours without penalty are shown as investments. Other current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

10. Stock

Stock represents goods held for resale and is stated at the lower of purchase cost and net realisable value as valued by an independent stock-taker and is measured using an average cost formula.

11. Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the period of the lease term.

12. Taxation status

The University is registered under the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

13. Financial Instruments

Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2020

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

14. Provisions

Provisions are recognised in the financial statements when the University has a present 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 obligation.

15. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

16. Accounting for charitable donations

Charitable donations are recognised in the financial statements 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. Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. The University's endowments are restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

17. Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Estimates in pension costs

The University has obligations to pay pension benefits to certain employees who are members of the West Yorkshire Pension Fund (WYPF), a scheme accounted for as a defined benefit plan. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations, the duration of liabilities and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Estimates arising from the impact of recent court cases on the pension liabilities are discussed in note 20. As a result of the impact of Covid-19 and the disruption in the property market, valuation of the property assets held by the pension fund at 31 July 2020 cannot provide the same level of certainty as in prior years. As property assets represent only 4.3% of the total allocation of pension assets, this uncertainty in property asset valuations is not deemed to be material in the context of the University's financial statements.

b. Judgements in fixed assets and depreciation

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the asset beyond its previously assessed standard of performance. The assessment of these factors requires management's judgement. The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Balance Sheet and amended where necessary. The assessment of these factors requires management's judgement.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2020

	Note	Year ended 31 July 2020 £	Year ended 31 July 2019 £
INCOME			
Tuition fees and education contracts	1	31,340,922	26,802,892
Funding body grants	2	1,147,317	1,243,611
Research grants and contracts	3	50,684	58,342
Other income	4	3,709,745	4,741,075
Investment income	5	157,775	91,478
Donations and Endowments	6	-	500
Total income		<u>36,406,443</u>	<u>32,937,898</u>
EXPENDITURE			
Staff costs	7,8	21,165,808	20,892,849
Other operating expenses	8	8,842,937	8,723,123
Depreciation	8,9	2,923,484	2,892,268
Interest and other finance costs	8	732,014	684,527
Total expenditure	8	<u>33,664,243</u>	<u>33,192,767</u>
Surplus / (Loss) for the year		<u>2,742,200</u>	<u>(254,869)</u>
Actuarial loss in respect of pension schemes	14	(15,362,000)	(6,416,000)
Total Comprehensive (expense) / income for the year		<u>(12,619,800)</u>	<u>(6,670,869)</u>
Represented by:			
Unrestricted comprehensive (expense) / income for the year		(12,619,800)	(6,670,869)
		<u>(12,619,800)</u>	<u>(6,670,869)</u>

The Statement of Comprehensive Income and Expenditure is in respect of continuing operations.

The notes to the financial statements are included on pages 33-48.

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2020

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
	£	£	£	£	£
Balance at 1 August 2018	6,272	318	22,262,880	5,392,065	27,661,535
Loss from income and expenditure statement	-	-	(254,869)	-	(254,869)
Other comprehensive expense	-	-	(6,416,000)	-	(6,416,000)
Transfer between revaluation and income and expenditure reserve	-	-	246,865	(246,865)	-
	_____	_____	_____	_____	_____
Total comprehensive income / (expense) for the year	-	-	(6,424,004)	(246,865)	(6,670,869)
	_____	_____	_____	_____	_____
Balance at 1 August 2019	6,272	318	15,838,876	5,145,200	20,990,666
Surplus from income and expenditure statement	-	-	2,742,200	-	2,742,200
Other comprehensive expense	-	-	(15,362,000)	-	(15,362,000)
Transfer between revaluation and income and expenditure reserve	-	-	244,436	(244,436)	-
	_____	_____	_____	_____	_____
Total comprehensive income / (expense) for the year	-	-	(12,375,364)	(244,436)	(12,619,800)
	_____	_____	_____	_____	_____
Balance at 31 July 2020	6,272	318	3,463,512	4,900,764	8,370,866
	=====	=====	=====	=====	=====

The notes to the financial statements are included on pages 33-48.

BALANCE SHEET
As at 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
NON CURRENT ASSETS			
Fixed assets	9	39,618,036	40,640,538
CURRENT ASSETS			
Stock		19,999	18,945
Trade and other receivables	10	2,316,324	1,511,171
Investments	11	15,142,118	12,038,393
Cash and cash equivalents		4,332,062	4,595,749
Less:		21,810,503	18,164,258
Creditors: amounts falling due within one year	12	(4,456,833)	(5,716,085)
NET CURRENT ASSETS			
		17,353,670	12,448,173
Total assets less current liabilities			
		56,971,706	53,088,711
Creditors: amounts falling due after more than one year	13	(12,651,192)	(13,435,425)
Provisions for pensions	14	(35,949,648)	(18,662,620)
TOTAL NET ASSETS			
		8,370,866	20,990,666
Restricted Reserves			
Income and expenditure reserve – endowment reserve	15	6,272	6,272
Income and expenditure reserve – restricted reserve	15	318	318
Unrestricted Reserves			
Income and expenditure reserve		3,463,512	15,838,876
Revaluation reserve	16	4,900,764	5,145,200
TOTAL RESERVES			
		8,370,866	20,990,666

The notes to the financial statements are included on pages 33-48.

The financial statements of the University (registered company number 06305220) on pages 25 to 48 were approved by the Board of Governors on 26 November 2020 and were signed on its behalf by:

Mr Jamie Hanley
Chair of the Board of Governors

Prof Charles Egbu
Vice-Chancellor and Chief Executive

CASH FLOW STATEMENT

For the year ended 31 July 2020

	Year ended 31 July 2020 £	Year ended 31 July 2019 £
Cash flow from operating activities		
Surplus/(Loss) for the year	2,742,200	(254,869)
Adjustment for non-cash items		
Depreciation (note 8)	2,923,484	2,892,268
Deferred capital grants released to income (note 2)	(238,538)	(229,358)
(Increase) in stock	(1,054)	(6,187)
(Decrease) in debtors	(805,153)	(52,861)
(Decrease)/Increase in creditors	(960,650)	809,026
Decrease in provisions	(64,972)	(34,575)
Current and past service cost in excess of contributions (note 8)	1,622,000	1,676,600
Adjustment for investing or financing activities		
Investment income (note 5)	(157,775)	(91,478)
Interest and other finance costs (note 8)	732,014	684,527
Additional capital pension contribution	-	(74,600)
Loss on write-off and disposal of fixed assets	35,867	11,462
Net cash inflow from operating activities	<u>5,827,423</u>	<u>5,329,955</u>
Cash flows from investing activities		
Payments made to acquire fixed assets	(2,181,723)	(2,745,834)
Movement on deposits	(3,103,725)	(5,031,940)
Deferred capital grant received	152,104	237,374
Other interest received	139,979	84,754
	<u>(4,993,365)</u>	<u>(7,455,646)</u>
Cash flows from financing activities		
Interest paid	(377,157)	(415,735)
New term loan borrowings	-	-
Repayment of previous loan borrowings	(670,588)	(670,588)
Repayment of Revolving Green Fund long term loan	(50,000)	-
	<u>(1,097,745)</u>	<u>(1,086,323)</u>
(Decrease) in cash in the year (note 17)	<u>(263,687)</u>	<u>(3,212,014)</u>

The notes to the financial statements are included on pages 33-48.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**1. TUITION FEES AND EDUCATION CONTRACTS**

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Full-time home and EU students	30,531,523	25,971,853
Full-time international students	72,500	120,625
Part-time home and EU students	736,899	710,414
	<u>31,340,922</u>	<u>26,802,892</u>

2. FUNDING BODY GRANTS

	OfS	DofE	UKRI	Year ended 31 July 2020	Year ended 31 July 2019
	£	£	£	Total	Total
				£	£
Recurrent grant	668,937	-	140,728	809,665	908,134
Specific grants	22,627	12,800	63,687	99,114	106,119
Releases of deferred capital grants, Buildings	238,538	-	-	238,538	229,358
Total	<u>930,102</u>	<u>12,800</u>	<u>204,415</u>	<u>1,147,317</u>	<u>1,243,611</u>

Note: The source of grant and fee income included within notes 1 and 2 is as follows:

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Grant income from the OfS	930,102	1,096,022
Grant income from other bodies	217,215	147,589
Fee income for taught awards	31,297,352	26,726,797
Fee income for research awards	20,200	13,055
Fee income from non-qualifying courses	23,370	63,040
	<u>32,488,239</u>	<u>28,046,503</u>

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Research councils and charities	49,713	55,180
Government	971	860
Other	-	2,302
	<u>50,684</u>	<u>58,342</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**4. OTHER INCOME**

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Residences, catering and conferences	2,760,628	3,501,771
Other income	949,117	1,239,304
	<u>3,709,745</u>	<u>4,741,075</u>

5. INVESTMENT INCOME

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Income from short term investments	<u>157,775</u>	<u>91,478</u>

6. DONATIONS AND ENDOWMENTS

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Unrestricted donations	<u>-</u>	<u>500</u>

7. STAFF COSTS

	Year ended 31 July 2020	Year ended 31 July 2019
	No	No
The average number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:		
Lecturing staff, holders of senior posts, staff paid on academic scales and part-time lecturers	149	158
Administrative, professional and technical staff	228	182
Other	23	58
	<u>400</u>	<u>398</u>

	Note	Year ended 31 July 2020	Year ended 31 July 2019
		£	£
Staff costs for the above persons:			
Wages and salaries		14,970,783	14,708,150
Social security costs		1,466,168	1,467,629
Contributions to pension schemes	20	2,825,456	2,336,266
Pension enhancement costs	20	2,855	34,700
Restructuring costs		278,546	669,504
Service cost in excess of contributions	20	1,622,000	910,600
Exceptional past service cost	20	-	766,000
		<u>21,165,808</u>	<u>20,892,849</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020

7. STAFF COSTS (CONTINUED)

	Year ended 31 July 2020	Year ended 31 July 2019
Severance payments included within staff costs:		
	£	£
Total severance and other compensation paid	278,546	669,504
	No	No
The number of people that this relates to	11	34

The numbers of staff, including the Vice-Chancellor and other key management personnel, who received emoluments (excluding pension contributions) in the following ranges were:

	Year ended 31 July 2020	Year ended 31 July 2019
	No	No
£100,001 to £105,000	1	-
£105,001 to £110,000	1	-
£120,001 to £125,000	2	2
£195,001 to £200,000	-	1
£210,001 to £215,000	1	-

Directors' remuneration	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Emoluments	289,623	275,987
Pension contributions	13,114	13,114
	302,737	289,101

The number of directors who:	Year ended 31 July 2020	Year ended 31 July 2019
	No	No
Are members of a defined benefit pension scheme	2	2

The amount shown for Directors' remuneration represents amounts paid to three (2018/19: three) directors in respect of their employment by the University (the Vice Chancellor and two elected staff governors) and not in respect of any duties for acting as directors. In both years only two staff were members of a defined benefit scheme.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020

7. STAFF COSTS (CONTINUED)

Remuneration of Vice Chancellor (being the highest paid director)	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Salary	194,849	182,315
Bonus	-	-
Supplement in lieu of pension contributions	17,122	16,020
	<u>211,971</u>	<u>198,335</u>
Pension contributions	-	-
	<u>211,971</u>	<u>198,335</u>

The Vice Chancellor receives a salary supplement in lieu of pension contributions. The cost of the supplement to the University is less than the contractual employer pension contributions would be.

Ratio of the remuneration of the Vice Chancellor to the median for the whole workforce	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Basic Salary	5.9:1	6.2:1
Total Remuneration	5.8:1	6.0:1

In line with CUC guidance, the remuneration package of the Vice-Chancellor is reviewed annually and externally benchmarked by the Remuneration Committee on a three year cycle. This is done independently of the Vice-Chancellor who is not a member of the committee. The tri-annual review takes place using external advice and benchmarking data against an agreed comparator group comprising of other HE institutions of an appropriate size and scale.

The latest 3 yearly review took place during 2018 to inform the remuneration package as from 1 August 2018. The Vice-Chancellor's pay was benchmarked and the basic salary is set by reference to the median for the comparator group with clear expectations of the level of performance to be delivered. Performance is judged against annual individual and institutional objectives agreed by the Remuneration Committee. The agreed pay increase was split over two years with 50% of the increase being paid from August 2018 and the remainder from August 2019.

The Vice-Chancellor receives a salary supplement in lieu of pension contributions and the cost of the supplement to the University is less than the contractual employer pension contributions would be.

The ratios for both basic salary and total remuneration are below the guideline ratio of 8.5 above which CUC guidance suggests that an institution should be prepared to justify why this is desirable.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020

7. STAFF COSTS (CONTINUED)

Key Management Personnel	Year ended 31 July 2020 £	Year ended 31 July 2019 £
Emoluments	566,080	541,201
	<u>566,080</u>	<u>541,201</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, here defined as the University's Executive Team. Emoluments includes compensation paid to key management personnel, excluding any employer's pension contribution.

8. ANALYSIS OF 2019/2020 EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Interest and other finance costs	Total Year ended 31 July 2020	Total Year ended 31 July 2019
	£	£	£	£	£	£
Academic departments	10,145,341	40,177	2,158,241	111	12,343,870	12,208,593
Academic services	2,309,895	896,447	1,325,875	973	4,533,190	3,884,072
Residences and catering	521,088	457,736	936,016	1,146	1,915,986	2,108,641
Research grants and contracts	67,022	-	49,422	-	116,444	99,885
Premises	744,254	1,488,426	875,678	-	3,108,358	3,035,101
Administration and other	5,482,662	40,698	3,461,838	361,784	9,346,982	9,238,909
Exceptional restructuring cost	273,546	-	-	-	273,546	669,504
Loss on w/off of fixed assets	-	-	35,867	-	35,867	11,462
Service cost in excess of contributions	1,622,000	-	-	-	1,622,000	910,600
Exceptional past service cost	-	-	-	-	-	766,000
Net interest on pension liabilities	-	-	-	368,000	368,000	260,000
	<u>21,165,808</u>	<u>2,923,484</u>	<u>8,842,937</u>	<u>732,014</u>	<u>33,664,243</u>	<u>33,192,767</u>

Other operating expenses include:

	Year ended 31 July 2020	Year ended 31 July 2019
External auditor's remuneration for auditing of the financial statements	34,200	34,200
External auditor's remuneration for other assurance services	4,320	3,360
External auditor's remuneration for taxation compliance services	-	-
Payments under operating leases in respect of equipment	134,290	147,640

Services are inclusive of VAT for the University

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**9. TANGIBLE FIXED ASSETS**

	Assets in the course of construction	Freehold land and buildings	Furniture, equipment, fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost/valuation					
At 1 August 2019 at cost	477,017	47,453,429	9,225,578	57,557	57,213,581
At 1 August 2019 at valuation	-	12,355,612	-	-	12,355,612
Additions during the year	882,262	219,163	835,423	-	1,936,848
Completed during the year	(477,017)	423,346	53,671	-	-
Disposals during the year	-	(147,944)	(116,770)	-	(264,714)
	<u>882,262</u>	<u>60,303,606</u>	<u>9,997,902</u>	<u>57,557</u>	<u>71,241,327</u>
At 31 July 2020	882,262	60,303,606	9,997,902	57,557	71,241,327
At cost	882,262	47,947,994	9,997,902	57,557	58,885,715
At valuation	-	12,355,612	-	-	12,355,612
	<u>882,262</u>	<u>60,303,606</u>	<u>9,997,902</u>	<u>57,557</u>	<u>71,241,327</u>
At 31 July 2020	882,262	60,303,606	9,997,902	57,557	71,241,327
Accumulated depreciation					
At 1 August 2019	-	22,577,382	6,311,660	39,613	28,928,655
Charge for the year	-	1,884,603	1,032,035	6,846	2,923,484
Disposals	-	(112,078)	(116,770)	-	(228,848)
	<u>-</u>	<u>24,349,907</u>	<u>7,226,925</u>	<u>46,459</u>	<u>31,623,291</u>
At 31 July 2020	-	24,349,907	7,226,925	46,459	31,623,291
Net book value					
At 31 July 2020	<u>882,262</u>	<u>35,953,699</u>	<u>2,770,977</u>	<u>11,098</u>	<u>39,618,036</u>
At 31 July 2019	<u>477,017</u>	<u>37,231,659</u>	<u>2,913,918</u>	<u>17,944</u>	<u>40,640,538</u>

Land and Buildings

The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS 15. Accordingly, the book values at implementation were retained. Land and buildings were last valued in 1995 at depreciated replacement cost by a firm of independent chartered surveyors at the valuation as shown above. This treatment has been continued during the transition to FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**10. TRADE AND OTHER RECEIVABLES**

	31 July 2020	31 July 2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,083,699	497,444
Prepayments and accrued income	1,232,625	1,013,727
	<u>2,316,324</u>	<u>1,511,171</u>

11. INVESTMENTS

	31 July 2020	31 July 2019
	£	£
Deposits maturing: In one year or less	<u>15,142,118</u>	<u>12,038,393</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2020	31 July 2019
	£	£
Trade creditors	1,124,588	1,535,801
Bank loan repayable in less than one year	670,588	670,588
Payments received in advance	52,242	45,099
Social security and other taxation payable	406,340	402,103
Pensions and similar obligations	354,731	290,751
Deferred capital grants	206,569	229,358
Accruals and other deferred income	1,513,037	2,172,954
Amounts owing to funding councils	128,738	369,431
	<u>4,456,833</u>	<u>5,716,085</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 July 2020	31 July 2019
	£	£
Bank loan	9,188,236	9,858,824
Deferred capital grants	3,462,956	3,526,601
Revolving Green Fund long term loan	-	50,000
	<u>12,651,192</u>	<u>13,435,425</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loans are repayable as follows:	31 July 2020	31 July 2019
	£	£
Due within one year	670,588	670,588
Due between one and two years	670,588	670,588
Due between two and five years	6,717,648	2,011,765
Due in five years or more	1,800,000	7,176,471
	<u>9,188,236</u>	<u>9,858,824</u>
Due after more than one year	<u>9,188,236</u>	<u>9,858,824</u>
	<u>9,858,824</u>	<u>10,529,412</u>
Total bank loans	<u>9,858,824</u>	<u>10,529,412</u>

All bank loans are unsecured.

One of the two bank loans is a 25 year term loan of £4m split into four equal portions, each with a fixed interest rate period of between 5 years and 20 years before reverting to a floating rate. Repayments are by quarterly instalments which commenced August 2014. Half of the loan has now reverted to the floating rate of 1.7% above LIBOR, with the other half remaining on the fixed interest rate of 7.27%. Interest is payable on a quarterly basis.

Following a 3 year revolving credit period, a term loan of £8m was drawn down in June 2018 for a 7 year period with quarterly repayments over a 17 year profile and a residual balance remaining at the refinancing point. At 31 July 2020 the loan was split into a £5m floating portion at 1.1% above LIBOR and a fixed portion of £3m at 2.88%. Interest is payable on a quarterly basis.

The Revolving Green Fund loan was a long term grant from Salix Finance to invest in energy efficiency and carbon management projects. Savings generated from these projects are reinvested back into this ring fenced fund to help resource other projects. It is repayable only once reinvestment ceases. The loan was repaid during the year.

14. PROVISIONS FOR PENSIONS

	Defined benefit provision under FRS102 £	Pension enhancement £	Total £
At 1 August 2019	18,205,000	457,620	18,662,620
Utilised in year	-	(48,726)	(48,726)
Transfer from income and expenditure account	-	(16,246)	(16,246)
Current service cost in excess of contributions	1,622,000	-	1,622,000
Net interest on liabilities	368,000	-	368,000
Actuarial loss	15,362,000	-	15,362,000
	<u>35,557,000</u>	<u>392,648</u>	<u>35,949,648</u>
At 31 July 2020	<u>35,557,000</u>	<u>392,648</u>	<u>35,949,648</u>

The pension enhancement provision relates to pension enhancements which the University has awarded to former staff members. The provision will be utilised over the period to which these individuals are entitled to their pensions, which is estimated to be over the next 25 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**15. ENDOWMENT RESERVES**

	Restricted permanent endowments £	Expendable Endowments £	2020 Total £	2019 Total £
Balances at 1 August				
Capital	318	6,272	6,590	6,590
New endowments	-	-	-	-
Investment income	-	-	-	-
Expenditure	-	-	-	-
	-	-	-	-
At 31 July	318	6,272	6,590	6,590
Represented by				
Cash	318	6,272	6,590	6,590
Analysis by type of purpose				
Scholarships and bursaries	318	4,965	5,283	5,283
Prize funds	-	1,307	1,307	1,307
	318	6,272	6,590	6,590

16. REVALUATION RESERVE

	2020 £	2019 £
At 1 August	5,145,200	5,392,065
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	<u>(244,436)</u>	<u>(246,865)</u>
At 31 July	<u><u>4,900,764</u></u>	<u><u>5,145,200</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

17. ANALYSIS OF CHANGES IN NET FUNDS AND RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	At 31 July 2019 £	Cash flows £	At 31 July 2020 £
Cash at bank and in hand	4,595,749	(263,687)	4,332,062
Current asset investments	12,038,393	3,103,725	15,142,118
Total short term funds	16,634,142	2,840,038	19,474,180
Debts due within one year	(670,588)	-	(670,588)
Debts due after one year	(9,858,824)	670,588	(9,188,236)
Total	<u>6,104,730</u>	<u>3,510,626</u>	<u>9,615,356</u>

18. LEASE OBLIGATIONS

	31 July 2020 £	31 July 2019 £
Rentals payable under operating leases		
Future minimum lease payments due:		
Due within one year	44,895	82,804
Due between two and five years	-	44,895
Due in five years or more	-	-
Total lease payments due	<u>44,895</u>	<u>127,699</u>

19. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments:

	31 July 2020 £	31 July 2019 £
Commitments contracted for	<u>411,432</u>	<u>37,550</u>

This represents commitments entered into by 31 July for expenditure as part of the following year's capital programme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

20. PENSION SCHEMES

The two pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for support staff.

The total pension cost for the University was:

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Contributions to TPS	1,534,915	1,125,341
Contributions to WYPF	1,290,541	1,210,925
	<u>2,825,456</u>	<u>2,336,266</u>
Pension enhancements costs	2,855	34,700
Service cost in excess of contributions	1,622,000	910,600
Exceptional past service cost	-	766,000
Net interest on pension liabilities	368,000	260,000
	<u>4,818,311</u>	<u>4,307,566</u>
Total pension cost	<u>4,818,311</u>	<u>4,307,566</u>

Teachers' Pension Scheme

TPS is valued not less than every four years by the Government Actuary. Contributions are paid by the University at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer during the year increased from 16.4% to 23.6% as from September 2019.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme due to the nature of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions as if it were a defined contribution scheme. The University is not liable for any obligations other than the regular contributions.

The estimate for the contribution to the TPS for the 2020/21 year is c.£1.6m.

West Yorkshire Pension Fund

WYPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the WYPF actuary reviews the progress of the WYPF scheme.

For WYPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the WYPF Regulations. Following the most recent valuation in 2019, the contribution payable by the employer from April 2020 increased from 17.7% to 18.9% of pensionable salaries. The 2019 valuation showed the University to be in a small surplus position with a funding level of 101%.

Under the definitions set out in FRS 102, the WYPF is a multi-employer defined benefit pension scheme. In the case of the WYPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2020.

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

The FRS102 disclosures below relate only to the University's pension costs in respect of the WYPF.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020**20. PENSION SCHEMES (continued)**

The material assumptions used by the actuary for FRS102 at 31 July 2020 were:

	31 July 2020	31 July 2019
Rate of increase in salaries	3.55%	3.45%
Liability discount rate	1.4%	2.1%
Inflation assumption	2.3%	2.2%

The assumed life expectations on retirement at age 65 are:

	31 July 2020	31 July 2019
<i>Retiring today</i>		
Males	21.8	22.2
Females	24.6	25.4
<i>Retiring in 20 years</i>		
Males	22.5	23.2
Females	25.7	27.2

The asset allocation of the defined benefit scheme is shown below:

Value	31 July 2020 £'000	31 July 2019 £'000
Equities	31,956	33,407
Property	1,768	1,828
Government Bonds	4,113	4,208
Other Bonds	2,056	1,530
Cash/liquidity	658	893
Other	576	637
Total	<u>41,127</u>	<u>42,503</u>

The following amounts at 31 July 2020 were measured in accordance with the requirements of FRS102.

Analysis of the amount shown in the balance sheet	31 July 2020 £'000	31 July 2019 £'000
The University's estimated asset share	41,127	42,503
Present value of the University's Scheme liabilities	<u>(76,684)</u>	<u>(60,708)</u>
Deficit in the Scheme - Net pension liability	<u>(35,557)</u>	<u>(18,205)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2020

20. PENSION SCHEMES (continued)

Analysis of the amount charged to staff costs within operating surplus	2020	2019
	£'000	£'000
Current service cost	(2,913)	(2,003)
Past service cost	(61)	(895)
Total operating charge	<u>(2,974)</u>	<u>(2,898)</u>
Analysis of amount that is charged to other finance costs	2020	2019
	£'000	£'000
Interest income on pension scheme assets	902	1,061
Interest on pension scheme liabilities	(1,270)	(1,321)
Net charge	<u>(368)</u>	<u>(260)</u>
Analysis of the amount recognisable in the Statement of Comprehensive Income and Expenditure (SOI)	2020	2019
	£'000	£'000
Actuarial (loss) / gain recognised in SOI	(15,362)	(6,416)
Net (loss) / gain	<u>(15,362)</u>	<u>(6,416)</u>
Analysis of the movement in the present value of the scheme liabilities	2020	2019
	£'000	£'000
At beginning of year	60,708	46,973
Current service cost	2,913	2,003
Interest cost	1,270	1,321
Contributions by scheme participants	501	462
Actuarial (gains) / losses	12,210	9,168
Benefits paid	(979)	(114)
Past service cost	61	895
At end of year	<u>76,684</u>	<u>60,708</u>
Analysis of the movement in the market value of the scheme assets	2020	2019
	£'000	£'000
At beginning of year	42,503	37,046
Expected rate of return on scheme assets	902	1,061
Actuarial gains	(3,152)	2,752
Contribution by employer	1,352	1,296
Contribution by scheme participants	501	462
Benefits paid	(979)	(114)
At end of year	<u>41,127</u>	<u>42,503</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

20. PENSION SCHEMES (continued)**History of experience gains and losses:**

	Year ended 31 July				
	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Funded	(76,620)	(60,639)	(46,901)	(44,329)	(44,198)
Unfunded	(64)	(69)	(72)	(79)	(58)
Fair value of scheme assets	41,127	42,503	37,046	33,882	29,942
Deficit in the scheme	(35,557)	(18,205)	(9,927)	(10,526)	(14,314)
Actuarial gain on scheme assets					
Amount (£'000)	(3,152)	2,752	907	2,639	2,098
Percentage of Scheme assets	(7.7)%	6.5%	2.4%	7.8%	7.0%
Total amount recognised in SOCI					
Amount (£'000)	(15,362)	(6,416)	(1,606)	(4,983)	(4,952)
Percentage of present value of scheme liabilities	20.0%	10.7%	3.4%	11.2%	11.2%

The expected return on assets is determined with regard to various factors impacting each class of asset. The bond return is based on the prevailing return available on bonds. The return on equities, property and other assets is based on a number of factors including the income yield at the measurement date, the long term growth prospects for the economy in general, the long term relationship between each asset class and the bond returns and the movement in the market indices since the previous measurement date.

Defined benefit scheme assets do not include any of the University's own financial instruments, or any property occupied by the University.

The estimate for the contribution for the defined benefit scheme for the year 2020/21 is c.£1.3m.

Guaranteed Minimum Pension

Defined benefit pension schemes will be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension provisions. The method of equalisation has increased the University's pension liabilities in respect of the West Yorkshire Pension Fund and the fund actuary calculated an estimated liability of £120k which was recognised during 2018/19 in the Statement of Comprehensive Income & Expenditure as part of the service cost in excess of contributions. Changes to the estimated liability in 2019/20 have been recognised through actuarial gains / losses.

Transitional Protection Arrangements (McCloud)

Following the loss of a court case (the McCloud judgement) which found that transitional protections put in place when two public sector pension schemes were reformed were age discriminatory, the government committed in July 2019 to seeking a remedy across all public sector schemes. The University's pension liabilities in respect of the West Yorkshire Pension Fund have increased due to this although the method of remedy and hence the amount of the increase in liabilities is not yet known. The fund actuary calculated an approximate estimated liability of £766k which was recognised during 2018/19 in the Statement of Comprehensive Income & Expenditure as an exceptional past service cost. Changes to the estimated liability in 2019/20 have been recognised through actuarial gains / losses.

Widower Benefits (Goodwin)

Following a recent Employment Tribunal ruling that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation, the government announced in July 2020 that it believed changes would be required to all public sector schemes with similar arrangements. For the University, this will increase the liability in respect of the West Yorkshire Pension Fund, but no allowance has been made in the accounting figures as it is expected that the impact on the liabilities will be immaterial and there is currently insufficient data available to estimate a cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

21. RELATED PARTY TRANSACTIONS

During the year the University's transactions with Yorkshire Universities, a company limited by guarantee in which the University holds a £1 guarantee were as summarised below:

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Purchases from Yorkshire Universities	9,006	5,810

The above transactions were undertaken on normal trading terms. At 31 July 2020 the amount owed to Yorkshire Universities was £Nil (2019: £Nil). The results of Yorkshire Universities have not been included in the results of the University.

The President of the Leeds Trinity Students' Union (LTSU) is a member of the governing body of the University. During the year the University's transactions with Leeds Trinity Students' Union were as summarised below:

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Subvention paid to LTSU	192,000	192,000
Other payments to LTSU	110,175	30,701
	<u>302,175</u>	<u>222,701</u>

At 31 July 2020 the amount owed to LTSU was £Nil (2019: £137). The results of Leeds Trinity Students' Union have not been included in the results of the University.

The Catholic Bishop of Leeds is a member of the governing body of the University. During the year the University's transactions with the Catholic Diocese of Leeds were as summarised below:

	Year ended 31 July 2020	Year ended 31 July 2019
	£	£
Sponsorship of the diocese junior choir	19,000	30,000

At 31 July 2020 the amount owed to the Diocese of Leeds was £Nil (2019: £Nil). The results of the Diocese of Leeds have not been included in the results of the University.

The Vice Chancellor Professor M House was a governor during the year at two schools which had transactions with the University. They were Bishop Wheeler Catholic Academy Trust (£120 paid) and Notre Dame Sixth Form College (£917 paid).

All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

22. SIGNIFICANT ACCOUNTING ESTIMATES / JUDGEMENTS

There are no significant accounting estimates or judgements to disclose with the exception of the actuarial pension assumptions disclosed in note 20 and the judgements in fixed assets and depreciation referred to in accounting policies point 17.

23. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which would require disclosing.

24. AMOUNTS DISBURSED AS AGENT OF THE NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL)

	31 July 2020 £	31 July 2019 £
Funds received	3,481,200	3,418,000
Disbursed to students	3,455,200	3,151,300
Balance unspent at 31 July	<u>26,000</u>	<u>266,700</u>

These funds are available solely for students, with the University acting only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account. Within the cash flow they appear within the movement on creditors/debtors.

25. ACCESS AND PARTICIPATION

	31 July 2020 £
Access Investment	1,216,925
Financial Support	623,794
Disability Support	154,767
Research and Evaluation	-
	<u>1,995,486</u>

£778,683 of these costs are included in the overall staff costs figure included within these financial statements (note 7).

The University's approved Access and Participation Plan for 2019/20 included a commitment to expenditure of £1,450,000 across the above activities, of which £900,000 was funded by higher fee income and the balance from other sources. The University is committed to widening participation and typically spends more than the commitments in its Access and Participation Plan.

Access and Participation Plans were not in place prior to 1 August 2019 and so no figures exist for the year to 31 July 2019. The University's approved Access and Participation Plan for 2019/20 can be accessed here: <https://www.leadstrinity.ac.uk/media/site-assets/documents/key-documents/pdfs/access-and-participation-plan-2019-20.pdf>