

Norwich University of the Arts

Report and Consolidated Financial Statements
Year ended 31 July 2022

Norwich University of the Arts

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Strategic Review

Year to 31 July 2022

Status and Context

Norwich University of the Arts is a specialist arts university providing a range of creative arts courses at both undergraduate and postgraduate level from its city centre campus in the heart of Norwich.

The University is an independent specialist institution, sharing this status with a number of other Higher Education institutions in England and Scotland that specialise in creative arts subjects.

Our Vision (from the University's Strategy 2022-27)

Ambitious and committed to the extraordinary creativity of our staff and students, over the next five years Norwich University of the Arts will become the place where the debate about the changing social, political, and economic purpose and future of creativity and creative arts education is most passionately engaged. This debate is important because the world is changing fast and facing many critical challenges, with creative practitioners playing an essential role in understanding and interpreting what is happening, and imagining and producing new and better ways of living now and in the future. The debate needs to take a number of critical and creative forms, and inform all that we do; from running the University, to developing our portfolio of courses, the work produced by our staff and our students, and the opportunities we enable for our graduates.

Our Mission (from the University's Strategy 2022-27)

In support of this debate, we will create a culture that supports all our staff in their intellectual, creative and personal growth, mindful that their health and wellbeing is at the core of our project and the delivery of our ambitions.

Students will continue to join an authentic and human-scale creative community, which recognises and celebrates the knowledge and experience they choose to share and bring to their learning and creative practice.

Our community will be caring, challenging and radical, recognising the importance of innovation and risk, and the possibility of failure as a pre-condition for the creation of new work, ideas, ambitions, and futures.

We value hard work, making things, engaging with established and emerging technologies, mutual respect, and having fun.

Our collective experience and commitment will inculcate graduates with a sense of confidence in their education, skills, critical creativity, and their futures as reflective professionals and practitioners in any field.

Students will choose to join the University because they recognise all of this about us, and trust that we will enable them to achieve in their personal and working lives what they can't yet fully imagine.

All of this can only happen in Norwich; its radical history, its inspiring culture and institutions, its enterprising spirit, and its beauty are not the backdrop but the very material of our model of creative education – we must engage with all the city has to offer because learning is experiential and can happen in unexpected ways.

We will make a difference to the future of Norwich and the wider region, working with civil society and industry partners on ambitious development projects, recognising the links between global challenges and local experiences.

At the core of our mission is a belief that diversity in all its forms - national, cultural, socio-economic, political, sexual, physical, neurological, and experiential - is the very heart of creative endeavour, enabling us to debate with one another, see the world differently, and create new possibilities for a more equal and sustainable future.

Finance Strategy

The Finance Strategy sets out the financial aims and objectives required to support the achievement of the overall University strategy, taking into account the current financial position and the fundamental changes occurring in the sector.

The four overarching aims are:

- 1. To ensure continued financial sustainability
- 2. To maintain effective and appropriate governance and internal controls
- 3. To ensure that the University’s financial resources and assets are effectively managed
- 4. To promote efficiency and value-for-money

Progress and future outlook

Progress towards achieving our Finance Strategy aims is monitored against milestones, and we report on progress against these milestones to the Governing Body on a regular basis. Overall, our primary focus will be to ensure continued financial sustainability while investing at sufficient levels to support the key objectives in the University’s Strategy and Operational Plan for the period 2022-27.

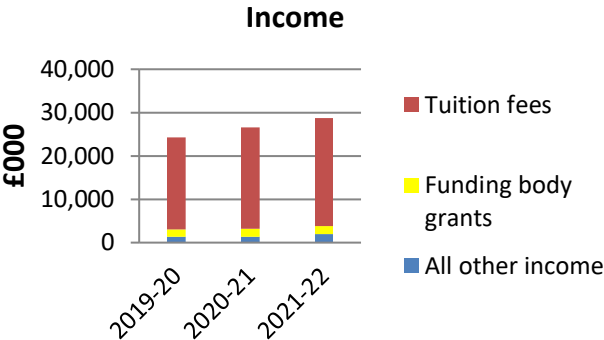
Review of Performance 2021/22

We have achieved a surplus of £5,049k for the year, slightly below the surplus achieved in 2020/21 of £5,434k.

	2022 £'000	2021 £'000
Income	28,714	26,521
Expenditure	(23,640)	(21,087)
Gains / losses	(25)	-
Surplus before tax	5,049	5,434

Income

The principal income categories over the past three years are summarised below:



Income rose by £2.2m in 2021/22.

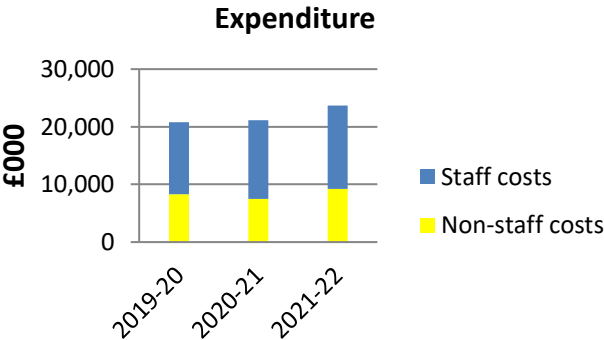
The rise in Tuition fee income of £1.5m reflected a 6% increase in overall student full-time equivalent (FTE), because of a record number of new and continuing students at undergraduate level, while our average fee rates for postgraduate and international students also increased in 2021/22.

The increase in Funding body grant income of £0.2m arose from additional grant income from Research England to support our research and knowledge exchange activities.

'All other income' increased by £0.5m, mainly because our new Duke Street Riverside building increased student accommodation income.

Expenditure

The movements within expenditure over the past three years are summarised below:



Expenditure rose by £2.6m in 2021/22.

The increase in staff costs of £0.9m included additional academic and professional services posts to support our higher student numbers and enlarged campus, a nationally-agreed pay award of 1.5%, incremental grade

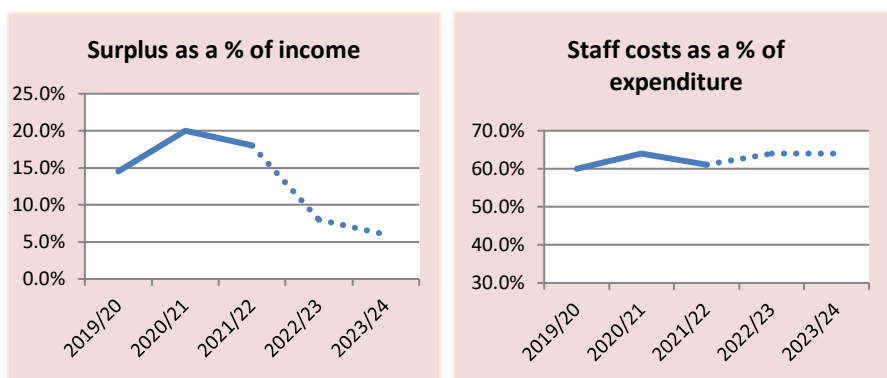
point rises for those staff not at the top of their grade and a higher *non-cash* actuarial staff adjustment for our Local Government Pension Scheme (LGPS) liability than in the previous year.

The increase in non-staff costs of £1.7m included a higher depreciation charge and additional running costs arising from our new Duke St Riverside building opening at the start of the year, a higher *non-cash* actuarial interest adjustment to our Local Government Pension Scheme (LGPS) liability, additional research and knowledge exchange project costs funded by additional Research England grants, the cost of running graduation ceremonies for three cohorts of graduating students (2020, 2021 and 2022), and a number of one-off projects to support our new strategic priorities.

Net assets as at 31 July 2022

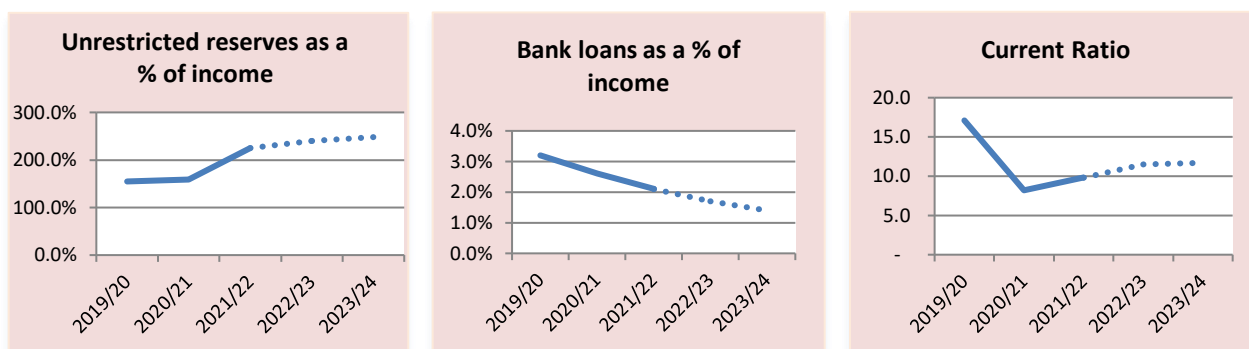
Our net assets increased by £22.2m from £42.3m at 31 July 2021 to £64.5m at 31 July 2022. This reflected surplus of £5.1m and an actuarial gain on our LGPS valuation of £17.2m.

Key Performance Indicators



Our surplus (as a percentage of income) achieved in 2021/22 of 18% was slightly less than the percentage achieved in 2020/21 of 20% for the reasons described above. In later years, we are modelling lower surpluses because expenditure is modelled to rise at a greater rate than income, while remaining above the average for the sector, which in 2020/21 was 4.7%. This reflects our assumptions of some modest growth in student numbers, and that the UK undergraduate fee cap will remain at £9,250 in these later years. Our forecasts also include investment in our longer-term strategic aims, most notably of increased internationalisation and the embedding of critical creative practice, knowledge exchange and research at the centre of what we do.

The percentage of our staff costs as a proportion of our total expenditure was 61% in 2021/22, 3% lower than in 2020/21, because non-staff costs rose by more than staff costs, for the reasons described above. The percentage is modelled to stay around the same level in future years, which would be above the current sector average (for 2020/21) of 54%. However, when comparing ourselves to a more common sector key indicator of staff costs as a percentage of *income*, we were 50% in 2021/22, which was below the sector average for 2020/21 of 52%.



The level of our Unrestricted Reserves as a percentage of our income increased by 65% from 160% to 225% as at the year-end date of 31 July 2022, mainly because of the reduction in our LGPS pension liability and the operating surplus generated for the year. We have forecast increases in the next two years because of our modelled surpluses. All years compare favourably to the sector average (for 2020/21) of 82%.

Bank loans as a percentage of income remain low when compared to the 2020/21 sector average of 38%. We are repaying the current loan of £1.5m over 20 years and are not forecasting a requirement for any further loan financing at present.

In all of the past few years our current ratio has remained consistently above the sector average, which was 1.7 in 2020/21. Our strong ratio reflects the high cash levels accumulated from surpluses generated in the past few years, and which we have modelled for the next two years. The reduction in the ratio at the end of 2020/21 was because we had an unusually high creditors balance at the year-end date, mainly because of a large outstanding payment to the main contractor on a major capital project.

Non-financial indicators

Non-financial indicators	Indicator
Teaching Excellence Framework rating	Gold
Overall satisfaction (National Student Survey)	69%
Student continuation rate (OfS data dashboard)	92%
Student completion rate (OfS data dashboard)	94%
Student progression rate (OfS data dashboard)	66%

NUA was awarded Gold in the Teaching Excellence Framework (TEF) in 2017, with the TEF Panel citing that NUA ‘delivers consistently outstanding teaching, learning and outcomes for its students. The highest quality found in the UK’. Our overall satisfaction score in the 2022 National Student Survey was 69%, which sat just below our benchmark, as set by the Office for Students. In the past year the OfS has set new minimum thresholds for student outcomes. These include the proportion of students who continue on their course (called Continuation), who graduate (called Completion) and who go on to further study or find a professional job (called Progression). The rates that have been published for us (for first-degree full-time undergraduate students) are given above - our rates comfortably exceed the minimum thresholds of 80%, 75% and 60% respectively. In the recently published Complete University Guide 2023, we were in the top two UK creative arts universities and in the Times Good University Guide 2022 were ranked in the top ten for teaching quality

Physical infrastructure and capital developments

Our Estates Strategy sets out our aim to maintain an attractive, cohesive and financially sustainable environment to support the provision of high quality teaching, learning and research. We deliver this through an integrated approach to capital investment, maintenance and space utilisation. The specialist nature of our creative arts courses require a high level of costly resource, with digital technology, in particular, fast changing and requiring considerable investment to remain at professional, industry standards.

Considerable growth in student numbers in the past few years means that in order to maintain a high-quality student experience we have required more space. For this reason, we introduced a new building at the start of 2021/22 that provides a new lecture theatre, teaching rooms and additional student living accommodation. In June 2022 we purchased a Grade II listed building in the heart of our campus which opens up exciting possibilities for the future, as a potential exhibition, library, studio and production space. The building provides the opportunity to create spaces combining teaching, research, exhibition and public access way beyond our existing estate and will become an important centre for both the University and the city.

Treasury management

The University's Treasury Management Policy supports the establishment of appropriate cash resources, investment of surplus funds for best return and the management of investment risk.

Our Consolidated Statement of Financial Position and the related Key Performance Indicators show that we have built up a high level of liquid resources over recent years. We have a strong level of reserves and relatively modest bank borrowing when compared to the rest of the sector. We consider that this level of liquid resources will be required in future to finance capital and strategic projects and to provide some financial security during a period of uncertainty.

We do not anticipate liquidity issues over the next few years, despite the external threats caused by real-terms cuts to university funding. We do not anticipate the need for any further bank borrowing; nevertheless, our cash flows will continue to be closely monitored. It is the University's policy to pay invoices promptly once they have been appropriately authorised - payment runs are scheduled every fortnight in order to achieve this.

Financial Risks

Our approach to risk management is outlined in the Statement of Corporate Governance. Our most significant financial risks relate to government policy and threats to our long-term financial sustainability:

There is a risk that government policy could result in a further drop in *real* income, irrespective of our ability to attract students to the University. This risk can be most clearly seen in the ongoing UK undergraduate fee cap of £9,250, which is unlikely to be increased until 2025/26 at the earliest. Other future policy risks include the government diverting more funding and incentives for young people to pursue technical and vocational training instead of university; encouraging more participation in subjects that the government deems to be of strategic importance to the country (namely Science, Technology, Engineering, Maths and Medicine); and the proposals in the Higher Education Funding Reform consultation published in February 2022 which included a reduction in the fee cap for foundation years, the reintroduction student number controls and the setting minimum entry requirements. The combined effect of such policies could have an impact on both our *per-student* funding and the *number* of students we would be allowed to recruit in future. To mitigate against this risk, we will maintain our focus on ensuring that our course offer continues to be innovative and of high quality, while investing in a significant scaling up of our Home and International recruitment teams.

Secondly, there is a risk that we are not sustainable in the long-term if we fail to generate adequate surpluses to sustain reserves and meet required continued capital investment. With less capital funding available from the government, we must now generate sufficient surpluses to fund capital investment ourselves. Whilst working to sustain our income, the likelihood of further real-terms reductions to tuition fees and government grant funding and other market pressures, means that there is a real risk that staff costs and other elements of our cost base increase by more than our income. We continue to monitor our staffing levels closely; however, some aspects of staffing costs, such as the nationally negotiated pay award and changes to employer pension contribution rates, are largely out of our control.

Employee and Student Involvement

The University places considerable value on the involvement of its employees and on good communication with them. Staff are encouraged to participate in formal and informal consultation at university and course level, often through the membership of formal committees; for example, in the past year, staff have been widely consulted on the content of the University's new Strategy and Operational Plan. In 2019, we commissioned Capita to run a staff survey, which had a 75% response rate. The results recorded that 93% of staff agree that the University was a good place to work, compared to a higher education sector benchmark score of 89%. The results were disseminated to staff, with areas of improvement identified and acted on accordingly. We have committed within our Operational Plan to run another staff survey later in the year.

A staff development budget provides for technical and development training for all staff.

Academic staff are encouraged to acquire professional recognition for their teaching by attaining fellowship status of the Higher Education Academy (HEA). This is done through two routes: more experienced staff are supported in their application to become an Associate Fellow, Fellow or Senior Fellow of the HEA, while those staff who are at an earlier stage of their career are encouraged to study for our in-house Postgraduate Certificate in Higher Education: Arts, Design, Architecture and Media, which when completed also provides them with either Associate Fellowship or Fellowship status of the HEA.

Student involvement is encouraged via membership of student fora and the Student Representatives structure; there are regular meetings held with members of the Senior Management Team. The Students' Union President is a member of Academic Board and of the Governing Body. Students play a key role in the University's Sustainability working group, with the one of the group's sub-teams being chaired by a student.

Health and Safety

We take the health and safety of our students and staff very seriously. The University made extensive changes to its operating procedures in light of COVID-19, with heightened cleaning regimes, safe distancing protocols, the availability of lateral flow testing and personal protective equipment all put in place. There were no incidents requiring RIDDOR reporting during the year. Health and safety risks are mitigated with training and induction for staff and students, risk assessments for all buildings and activities, the provision of guidance on good practice and on-going review at management and senior management levels.

Equality, Diversity & Inclusion

The University is committed to embedding equality, diversity and inclusion in all of its practices, and aims to establish an inclusive culture that celebrates diversity and is based on the values of dignity and respect. The University's Equality, Diversity & Inclusion policy sets out our commitment to an inclusive and supportive environment for students, staff and visitors that is free from discrimination, and a place where all its members are able to participate and have the opportunity to fulfil their potential.

Sustainability

The University has a Sustainability Working Group which is open to all staff and students and is chaired by two members of the Senior Management Team. There are three sub-groups that report to the main working group. These are 'Behaviour shifts, nudges, and communication', 'Curriculum' and 'Energy and procurement'.

In terms of how we embed sustainability within our curriculum, all units of study include Learning Outcomes addressing students' understanding and application of sustainable practice, and a minimum of one project brief per unit explicitly references sustainable challenges and practices to enhance community understanding.

Staff and students are given lots of opportunities to engage with the activities of the working group through regular email updates and access to the University's dedicated sustainability intranet page. Examples of such opportunities include helping with beach cleans, litter picks, and book swap shops. The dedicated sustainability page on our intranet includes lots of useful resources for students and staff, including a Workshop Materials Hub (a starting point to contact the different University workshops to find free recyclable materials that would otherwise go to waste), a Swap shop (a forum for staff and students to exchange free materials for use in their practice), a directory of sustainable shops and cafes in Norwich, answers to some frequently asked questions about topics like energy use and recycling at the University, a message board to share ideas, suggestions, and questions, sustainable travel tips, data about how the University compares to other universities on carbon emissions, waste and water consumption (relative to size) and a tool for individuals to check their own carbon footprint, along with advice on how it could be improved.

The Students' Union has representation on the Sustainability Working Group. The Students' Union President is a member of the University Council, which is the senior committee of the University that oversees strategic decision-making. Sustainability is one of the core values of the [Students' Union strategic plan \(nuasu.co.uk\)](https://nuasu.co.uk)

During the year the University appointed abrdn as our Investment Managers and created a Responsible Investment Policy. Specifically, this policy commits the University to only invest in entities that exhibit best class standards of behaviour and performance in a broad range of environmental, social and governance (ESG) issues, using the approach developed and deployed by abrdn. This approach encourages entities to

adopt high and improving standards of ESG behaviour which the University believes will generate superior long-term financial returns. Reflecting its ethical values, the University does not invest directly in fossil fuel companies or those whose principal business is involved in tobacco, gambling, adult entertainment, cluster bombs or armaments.

Further details in relation to sustainability can be found on the University's website at [Sustainability at NUA - Norwich University of the Arts](#)

Public Benefit Statement

Norwich University of the Arts is a Higher Education Corporation with Exempt Charitable status under the Charities Act 2011. In setting out this Public Benefit Statement and in exercising its powers or duties, the Governing Body has referred to the Charity Commission's guidance on public benefit and particularly to its supplementary public benefit guidance on the advancement of education, through promoting, sustaining and increasing individual and collective knowledge and understanding in the study, skills acquisition and expertise of creative arts subjects.

Charitable Objects

The University is a Higher Education Institution established under Section 121 of the Education Reform Act 1988, with powers to provide higher and further education and to carry out and publish results of research. Under the provisions of this Act, the University is governed by the Norwich University of the Arts Council (the Governing Body) which is responsible for the determination of the educational character and mission of the institution.

The aims and objectives of the University are set out in its Strategy (available on the University's website).

Beneficiaries

The students of the University are the primary beneficiaries and the University is committed to the advancement of their education through the delivery of high quality courses that equip our students with specialist knowledge, skills, attributes and expertise to prepare them for employment in both the creative and non-creative sectors, or as freelance practitioners. Along with students, other beneficiaries include employers and businesses, particularly those within the region and in the creative industries, as well as school children and alumni of the University who are able to attend educational events organised by the University or use its academic facilities; the general public are also able to attend various events at the University such as the exhibitions in our EAST Gallery and our annual end-of-year campus show, called Grad Fest. We now showcase all of our graduate work on a dedicated website, which was updated in 2022 for this year's graduating cohort. This website will be accessible for twelve months, after which time it will be updated to showcase the next graduating cohort's work.

Advancement of Teaching and Research

The University delivered a range of undergraduate and taught postgraduate courses in creative arts subjects during the year. Employability and business skills acquisition are integrated throughout the curriculum. Our design and brand consultancy, Ideas Factory, offers opportunities for students to engage with businesses, charities or other organisations in providing creative solutions for use in the real world. These live projects enable students to gain valuable experience of professional practice before they graduate.

The University also supported postgraduate research degree students during the year. These students undertake a research training programme to develop their generic and subject-based professional skills in areas such as publication, intellectual property and career planning.

Fair access

The University welcomes students from a diverse range of backgrounds and previous educational and professional experiences, with approximately one third of students coming from low income backgrounds, and one quarter disclosing a disability. We encourage applications from all those who wish to develop their creative practice in the context of the University. Applicants are assessed on their potential to succeed on their chosen course based on their portfolio of work and the completion of an online application. Details of the application process and course requirements are published in our prospectus and can be accessed from the University website.

We aim to ensure that no talented student be prevented from applying to the University, or from completing the course while they are with us. This includes the provision of a generous bursary package, a financial support fund which provides grants and emergency loans for those students suffering financial hardship, and

the co-ordination of a number of widening access and student success activities, to enhance the progression and achievements of under-represented groups in Higher Education. These activities are further described in our Access & Participation plan for the period 2020-25, which sets stretching targets for access, retention, attainment and progression over that five year period; this plan has been approved by the Office for Students, and a copy is available on our website.

The University is a member of the Network for East Anglian Collaborative Outreach (NEACO), working with East Anglia's four other Higher Education Institutions and in close partnership with the region's Further Education Colleges and other stakeholders. NEACO is part of the national Network for Collaborative Outreach Programme (NCOP). Its aim is to help young people from East Anglia with little or no experience of university to find out more about higher education, which it does by working with students in years 9-13 who live in areas identified by the government as having low rates of progression to higher education.

Wider Community

A number of senior staff hold positions on the boards of regional and national organisations, particularly those in the creative and cultural sectors.

The design and brand consultancy service, Ideas Factory, has worked with a number of different organisations during the past year, including John Innes Centre and the Associated British Foods (ABF) challenger brands division. The commissions, which we have undertaken across a diverse range of course areas, have been well received by external clients.

The University has supported regional firms in innovating in the field of creative technology, collaborating in a commission for Channel 5. The project has informed new ways of working for our industry partners, October Films and Lexhag VFX. We have also invested in a research study to explore the potential for Norfolk's screen based economy to expand through innovation. This work has been undertaken with the involvement of the New Anglia LEP, Norfolk County Council and Norwich City Council, as well as national industry bodies like BFI. The intention is to grow the opportunity for high quality graduate employment in the regional screen sector, and bring significant inward investment to our economy.

Our facilities hire operation has re-started post pandemic and we have hosted Norwich BID, Norfolk Screen, Norfolk County Council's Film Network event and the Norwich Film Festival.

The Ideas Factory Incubation programme continues to support early stage digital creative enterprise.

The Director of Innovation and Engagement chairs the Creative Industries Sector Group on behalf of the New Anglia Local Enterprise Partnership. This is a partnership between Norfolk & Suffolk for the development of the infrastructure to support the growth in digital creative businesses in the region and provide strategic direction for their development. A collaborative approach to sector-specific skills development has been the chief focus of the group as talent supply remains a key issue for businesses in creative industries. The Director of Innovation and Engagement sits on the New Anglia Innovation Board, New Anglia Cultural Board, Norwich Towns Deal Board and New Anglia Tech Council.

East Gallery at Norwich University of the Arts has a highly regarded reputation for its annual programme of exhibitions and events. It is at the heart of the cultural life of the University and the city, and attracts a wide-ranging audience, hosting an exciting range of exhibitions of national and international standing. We continue to host public engagement events and schools workshops alongside each of our exhibitions, giving opportunities for people of all ages to engage with our programme of high quality contemporary art. The gallery showed exhibitions from Hospital Rooms and Ryan Gander in the past year, both of which were supported by artist talks and seminars for our students and the wider community.

Fundraising

The University keeps in regular contact with its alumni, and will sometimes ask for donations to support the charitable aims of the University. This fundraising activity is undertaken by university staff only, and is not sub-contracted to external fundraising companies. Fundraising staff receive appropriate training and are required to adhere to the highest ethical standards, to ensure that no one is put under undue pressure to donate to the University, or is subject to an unreasonable intrusion of their privacy. The University has not received any complaints about its fundraising activities. Donation income remains at modest levels.

Statement of Corporate Governance

Introduction

This Statement of Corporate Governance relates to the year ending 31 July 2022, and the period up to the date of approval of the financial statements. The statement sets out how the University ensures transparency, adequacy and effectiveness in its corporate governance and risk management arrangements. These arrangements contribute to the requirement for the University to satisfy the Office for Students and Research England's ongoing conditions of registration and terms and conditions of funding.

The University is an independent Higher Education Corporation established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government, the current version of which was approved in July 2021.

The University endeavours to conduct its business in accordance with the seven Principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The University complies with the Higher Education Code of Governance, as issued by the Committee of University Chairs. This compliance includes full disclosure of the Register of Interests of pecuniary, family or other personal interests of members of the Governing Body.

The University has adopted the Higher Education Audit Committees Code of Practice 2021 and the Higher Education Senior Staff Remuneration Code (issued in 2021 by the Committee of University Chairs).

The University is committed to exhibiting best practice and transparency in all aspects of corporate governance. The University keeps its governance arrangements under regular review, including annual internal audit and periodic external reviews of effectiveness. The most recent external review of effectiveness was completed in February 2022, with the reviewer concluding that they were "confident that there was an effective Council operating at NUA".

The following summary is provided to enable readers of the Financial Statements of the Norwich University of the Arts to obtain a better understanding of the governance and legal structure of the institution.

The Governing Body

The Articles of Government require the University to have a Council (referred to as the Governing Body) and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Governing Body determines the University's educational character and mission.

The principal responsibilities of the Governing Body are set out in its Statement of Primary Responsibilities as follows:

1. To determine the mission, educational character and strategic vision of the institution, the long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. 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.
3. 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.
4. To ensure 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. To establish processes to monitor and evaluate the performance and effectiveness of the Governing Body itself.
5. 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.
6. To safeguard the good name and values of the institution.
7. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
8. To appoint a Clerk 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.
9. To be the employing authority for all staff in the institution with direct responsibility for Strategic Management Group appointments and to be responsible for establishing a human resources strategy upon which the University relies to inform HR practice and procedure.
10. To be the principal financial and business authority of the institution, to ensure that proper books of accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
11. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
12. To make such provision as it thinks fit for the general welfare of students, in consultation with Academic Board.
13. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
14. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

The Governing Body has a majority of independent members, chosen in line with strict criteria contained in the legislation. There is also provision for the appointment of co-opted members, who may be members of staff or of the student body. No members of the Governing Body will receive any remuneration for the work which they do for the Council.

Subject to the overall responsibility of the Governing Body, the Academic Board has oversight of the academic affairs of the University and is composed of staff and students of the institution. It is particularly concerned with the maintenance of academic standards, the planning and management of academic policy and resource planning.

The Vice-Chancellor has a general responsibility to the Governing Body for the organisation, direction and management of the University. Under the terms and conditions of funding between the University and the Office for Students, the Head of the institution (the Vice-Chancellor) is its accountable officer, and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

Although the entire Governing Body typically meets four times each academic year, much of its detailed work is initially handled by sub committees, in particular those described below. The minutes of the meetings of these Committees are formally reported to the Governing Body.

The Finance and Resources Committee meets at least three times a year. It provides the non-executive oversight and monitoring of the strategic management of the University's resources, including finance, estates, financial investments and information technology, ensuring that enabling strategies are aligned with the University's corporate and academic plans. It recommends to the Governing Body the University's annual budgets, and monitors performance in relation to the approved budgets. With regard to the management of financial investments, there is a separate sub-committee that meets at least once a year, called the Investment Committee, which makes investment decisions on behalf of the University and monitors the performance of funds managed by the externally-appointed Investment Manager.

The Audit Committee meets at least three times a year, with the University's internal auditors in attendance. In addition, external auditors normally attend at least two of those meetings. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the OfS as they affect the University's business and monitors adherence to the regulatory requirements, ensuring that management controls are effective and sufficient to safeguard public and other funds (ensuring regularity and propriety). Whilst senior executives attend meetings as necessary, they are not members of the Committee. The Committee meets the internal and external auditors on their own for independent discussions.

The Remuneration Committee meets at least once each year. The Committee has authority to approve the remuneration of senior post holders, including pay and other benefits, as well as contractual arrangements. The Vice-Chancellor attends the Committee to present the recommendations for the remuneration of the most senior staff. The Committee considers the remuneration of the Vice-Chancellor in a closed meeting of the independent members with no executive members present. In line with the Committee of University Chairs Remuneration Code, the Council each year receives an Annual Remuneration Report, providing assurance that the Committee has effectively discharged its duties.

The People Committee typically meets three times a year. The purpose of the People Committee is to support the University's strategy by providing a forum to review how the University develops its organisational culture; equality, diversity and inclusion; engagement and the health and wellbeing of both students and staff in line with the University's values.

The Nominations Committee considers nominations for independent and co-opted vacancies in the Governing Body membership in accordance with the Instrument and Articles of Government. The Committee advises the Governing Body on the balance of membership and period of tenure in accordance with the needs of the University. The Committee makes recommendations to the Governing Body on the renewal of membership following the expiry of a term of office and for each variable membership category for the determination of numbers for the forthcoming year.

A significant proportion of the membership of these committees consists of external members of the Governing Body. The Chair is selected from the external members serving on the committees.

As chief executive, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The members of the Strategic Management Group contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor. The University maintains a Register of Interests of members of the Governing Body. During the year, an external consultant acted as Clerk to the Governing Body, and in that capacity provided independent advice on matters of governance to all the Governing Body members.

Internal Control

The University's Governing Body is responsible for maintaining a sound system of internal control which supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the terms and conditions of funding with the OfS and Research England.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. No significant internal control weaknesses or failures arose during the financial year and after the year end up to the point at which the financial statements were signed.

Risk Management

The Governing Body is satisfied that there is an ongoing process for identifying, evaluating and managing the University's significant risks, including business, operational, compliance and financial ones. A risk management policy, approved by the Governing Body, has been in place for the year ended 31 July 2022 and up to the date of approval of the annual accounts. The policy identifies principal risk management responsibilities and establishes a risk management structure through which risks are identified, monitored, managed and mitigated.

This process is regularly reviewed by the Governing Body via the Audit Committee, and accords with the internal control guidance for directors in the UK Corporate Governance Code as deemed appropriate for higher education. The Governing Body has ensured that its meeting calendar and agenda enable risk management and internal control to be considered on a regular basis during the year. Risk management has been fully incorporated into the corporate planning and decision making processes of the University. The Strategic Management Group receives regular reports from area managers setting out key performance and risk indicators, and including progress reports on existing projects.

Review of controls

The University has retained internal auditors who operate to standards defined in the OfS Audit Code of Practice. 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 Governing Body's review of the effectiveness of the system of internal control 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 other reports.

Charitable and Taxation Status

Norwich University of the Arts is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is not liable to Corporation tax on its charitable activities. NUA Business Limited is subject to Corporation tax in the same way as any commercial organisation.

Professional Advisors & Trustees of the Governing Body

Professional Advisors

External Auditors

- KPMG LLP

Internal Auditors

- Scrutton Bland

Bankers

- Lloyds
- Barclays
- Scottish Widows
- abrdn

Solicitors

- Howes Percival
- Leathes Prior
- Mills & Reeve
- Thompsons

Trustees

The trustees who served on the Governing Body from 1 August 2021 to the date that the financial statements were formally approved are provided. The dates for those trustees who did not serve for the entire period are also provided.

- Mrs C Armor
- Ms C Bray
- Ms R Chakraborty
- Professor Lady R Cooper
- Ms A Ferguson
- Mr A Grimbley
- Mr M Jeffries
- Ms S Kennedy (from 01 July 2022 to 30 September 2022)
- Ms N Lanzalaco (to 31 July 2022)
- Mr D Lawford (to 23 September 2021)
- Mr C Lawrence (from 01 October 2021)
- Mr A McMenemy (to 09 September 2021)
- Ms A Mound (to 27 January 2022)
- Ms N Nannar (to 30 September 2021)
- Professor S Ofield-Kerr (Vice-Chancellor)
- Mr K Pink (from 01 October 2021)
- Ms J Simpson (from 01 August 2022)
- Mr J Smith (to 30 September 2022)
- Mr I Watson
- Mr T Wilson
- Mr T Wood
- Ms G Young (from 01 October 2021)

Statement of Governing Body responsibilities in respect of the Annual Report and the Financial Statements

The Governing Body is responsible for preparing the Annual Report, Strategic Review, Statement of Corporate Governance, Public Benefit Statement and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

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

The Governing Body are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are required to:

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

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

The Governing Body are also responsible for ensuring that:

funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Mr M Jeffries, Chair

Date: 18 November 2022

Independent auditor's report to the Governing body of Norwich University of the Arts

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion the financial statements:

give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and

have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Governing Body's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the low volume of tuition which spans the year end cut off period and the size and nature of other income streams.

We did not identify any additional fraud risks.

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

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash where the other side was to an unusual account.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

While the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

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

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

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

Other information

The Governing Body is responsible for the other information, which comprises the Strategic Review, Public Benefit Statement and Statement of Corporate Governance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Governing Body responsibilities

As explained more fully in its statement set out on page 21, the Governing Body is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

income has been applied in accordance with the University's Articles of Government

funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and

the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Governing Body in accordance with paragraph [13(2)] of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Governing Body for our audit work, for this report, or for the opinions we have formed.

Emma Larcombe

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants,
Botanic House,
100 Hills Road,
Cambridge
CB2 1AR

24 November 2022

Consolidated Statement of Comprehensive Income

Year ended 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
INCOME			
Tuition fees and education contracts	1	24,829	23,338
Funding body grants	2	1,988	1,828
Research grants and contracts	3	33	87
Other income	5	1,772	1,163
Investment income	6	72	84
Donations and endowments	7	20	21
Total Income		28,714	26,521
EXPENDITURE			
Staff costs	9	14,435	13,540
Other operating expenses	11	6,950	6,130
Depreciation	13	1,920	1,152
Interest and other finance costs	8	335	265
Total Expenditure		23,640	21,087
Surplus before other gains and losses		5,074	5,434
Profit on disposal of fixed assets		5	-
Loss on investments	14	(30)	-
Surplus before tax		5,049	5,434
Taxation	12	-	-
Surplus for the year		5,049	5,434
Actuarial gain / (loss) in respect of pension schemes	24.2	17,201	(823)
Total Comprehensive income for the year		22,250	4,611
Represented by:			
Unrestricted Comprehensive income for the year		22,250	4,611
		22,250	4,611

The income and expenditure of the Group relates wholly to continuing operations.

The notes on pages 41–67 form part of these financial statements.

University Statement of Comprehensive Income

Year ended 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
INCOME			
Tuition fees and education contracts	1	24,829	23,338
Funding body grants	2	1,988	1,828
Research grants and contracts	3	33	87
Other income	5	1,647	1,144
Investment income	6	72	84
Donations and endowments	7	20	21
Total Income		28,589	26,502
EXPENDITURE			
Staff costs	9	14,435	13,540
Other operating expenses	11	6,833	6,065
Depreciation	13	1,920	1,152
Interest and other finance costs	8	335	265
Total Expenditure		23,523	21,022
Surplus before other gains and losses		5,066	5,480
Profit on disposal of fixed assets		5	-
Loss on investments	14	(30)	-
Surplus before tax		5,041	5,480
Taxation	12	-	-
Surplus for the year		5,041	5,480
Actuarial gain / (loss) in respect of pension schemes	24.2	17,201	(823)
Total Comprehensive income for the year		22,242	4,657
Represented by:			
Unrestricted Comprehensive income for the year		22,242	4,657
		22,242	4,657

The income and expenditure of the University relates wholly to continuing operations.

The notes on pages 41–67 form part of these financial statements.

Consolidated and University Statement of Changes in Reserves

Group	Income and expenditure account		Revaluation	Total £'000
	Endowments £'000	Unrestricted £'000	Reserve £'000	
Balance at 1 August 2020	20	34,116	3,579	37,715
Surplus from the income and expenditure account	-	5,434	-	5,434
Other comprehensive income	-	(823)	-	(823)
Transfers between revaluation reserve and income and expenditure account	-	117	(117)	-
Balance at 1 August 2021	20	38,844	3,462	42,326
Surplus from the income and expenditure account		5,049		5,049
Other comprehensive income		17,201		17,201
Transfers between revaluation reserve and income and expenditure account		117	(117)	-
Total comprehensive income for the year	-	22,367	(117)	22,250
Balance at 31 July 2022	20	61,211	3,345	64,576

University	Income and expenditure account		Revaluation	Total £'000
	Endowments £'000	Unrestricted £'000	Reserve £'000	
Balance at 1 August 2020	20	34,064	3,579	37,663
Surplus from the income and expenditure account	-	5,480	-	5,480
Other comprehensive income	-	(823)	-	(823)
Transfers between revaluation reserve and income and expenditure account	-	117	(117)	-
Balance at 1 August 2021	20	38,838	3,462	42,320
Surplus from the income and expenditure account		5,041		5,041
Other comprehensive income		17,201		17,201
Transfers between revaluation reserve and income and expenditure account		117	(117)	-
Total comprehensive income for the year	-	22,359	(117)	22,242
Balance at 31 July 2022	20	61,197	3,345	64,562

The notes on pages 41–67 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2022 £'000
Non-Current assets			
Investments	14	4,990	-
Fixed assets	13	39,433	36,000
		<u>44,423</u>	<u>36,000</u>
Current assets			
Stocks		55	61
Trade and other receivables	15	708	1,042
Short term investments	16	4,000	-
Cash at bank and in hand	23	24,819	30,599
		<u>29,582</u>	<u>31,702</u>
Creditors: amounts falling due within one year	17	(3,017)	(3,843)
		<u>26,565</u>	<u>27,859</u>
Net current assets			
		26,565	27,859
Total assets less current liabilities			
		70,988	63,859
Creditors: amounts falling due after one year	18	(3,438)	(3,596)
Provisions			
Pension provision	24	(2,880)	(17,838)
Other provisions	19	(94)	(99)
		<u>(2,974)</u>	<u>(17,937)</u>
TOTAL NET ASSETS			
		<u>64,576</u>	<u>42,326</u>
Restricted Reserves			
Income and expenditure reserve - endowments	20	20	20
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		61,211	38,844
Revaluation reserve		3,345	3,462
		<u>64,576</u>	<u>42,326</u>
TOTAL FUNDS			
		<u>64,576</u>	<u>42,326</u>

The Financial Statements on pages 28–67 were approved by the Council on 18 November 2022 and were signed on its behalf by:

M Jeffries

Chair

J Smeeth

Chief Operating Officer

Prof. S Ofield-Kerr

Vice-Chancellor

The notes on pages 41–67 form part of these financial statements.

University Statement of Financial Position as at 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2022 £'000
Non-current assets			
Fixed assets	13	39,433	36,000
Investments	14	4,990	-
Investment in Subsidiary	14	-	-
		44,423	36,000
Current assets			
Stocks		55	61
Trade and other receivables	15	809	1,053
Short term investments	16	4,000	-
Cash at bank and in hand	23	24,695	30,573
		29,559	31,687
Creditors: amounts falling due within one year	17	(3,008)	(3,834)
		26,551	27,853
Net current assets			
		70,974	63,853
Total assets less current liabilities			
Creditors: amounts falling due after one year	18	(3,438)	(3,596)
Provisions			
Pension provision	24	(2,880)	(17,838)
Other provisions	19	(94)	(99)
		64,562	42,320
TOTAL NET ASSETS			
Restricted Reserves			
Income and expenditure reserve - endowments	20	20	20
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		61,197	38,838
Revaluation reserve		3,345	3,462
		64,562	42,320
TOTAL FUNDS			

The Financial Statements on pages 28–67 were approved by the Council on 18 November 2022 and were signed on its behalf by:

M Jeffries

Chair

J Smeeth

Chief Operating Officer

Prof. S Ofield-Kerr

Vice-Chancellor

The notes on pages 41–67 form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 July 2022

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Cash flow from operating activities			
Surplus for the year		5,049	5,434
Adjustments for:			
Depreciation	13	1,920	1,152
Decrease / (increase) in stock		6	(15)
Decrease / (increase) in debtors	15	343	(208)
(Decrease) / increase in creditors	17	(937)	1,684
Decrease restructuring provision	19	(5)	(13)
Net charge on pension scheme		2,243	1,595
Adjustment for investing or financing activities			
Investment income	6	(72)	(84)
Interest payable	8	34	39
Deferred capital grants released to income		(288)	(216)
Net cash flow from operating activities		8,293	9,368
Cash flows from investing activities			
Investment income		63	150
Payments made to acquire fixed assets		(5,342)	(12,852)
Deferred capital grants received/applied		319	197
New deposits		(4,000)	-
New investments		(4,990)	-
Withdrawal of deposits		-	15,030
		(13,950)	2,525
Cash flows from financing activities			
Interest paid		(35)	(43)
Repayments of amounts borrowed		(88)	(82)
		(123)	(125)
(Decrease)/increase in cash and cash equivalents in the year		(5,780)	11,768
Cash and cash equivalents at the beginning of the year	23	30,599	18,831
Cash and cash equivalents at the end of the year	23	24,819	30,599

Statement of Principal Accounting Policies

Going Concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Review. The Strategic Review also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Governing Body consider to be appropriate for the following reasons.

The Governing Body has prepared cash flow forecasts for the period to July 2024 which indicate that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern period)

In reaching this conclusion, the Governing Body has considered the following scenarios:

- A 20% reduction in new students in 2022, compared to 2021.
- An increase of 5 percentage points in the number of students withdrawing in 2022/23
- Inflation of CPI + 2% on non-staff costs in each of the years 2022/23 and 2023/24.
- An 80% rise in energy costs in 2022/23 and 2023/24 (compared to the actual cost in 2021/22)
- A nationally-agreed pay award of 10% in both 2022/23 and 2023/24.

None of these severe but plausible downside scenarios would lead to an inability to meet liabilities as they fall due. In addition, it can be noted that the Group has a year-end cash and investments balance of £33.8M, and has forecast that this will increase to £38.1m by the end of July 2024.

The Governing Body believes the Group and parent University have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Governing Body is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of preparation

These financial statements have been prepared in accordance with the 2019 Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets). The financial statements have been prepared in British Pounds, which is the functional currency of the University.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary company, NUA Business Limited. All financial statements are made up to 31 July 2022. Intra-group transactions and balances are eliminated fully on consolidation.

The consolidated financial statements do not include the results of the University's Students' Union as it is a separate entity over which the University has no significant control or influence.

Recognition of income

Tuition fees represent student fees received and receivable attributable to the current accounting period. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Government revenue grants which include Office for Students and Research England grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

Endowment and Investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred to Restricted Reserves, Income and expenditure reserve - endowments.

Capital grants

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

Donations and Endowments

Unrestricted donations

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

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

- 1 Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution

- 2 Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income
- 3 Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

Pension schemes

Retirement benefits to employees of the University are provided by the Local Government Pension Scheme (LGPS) and the Teachers Pensions Scheme (TPS). Both of these schemes are defined benefit schemes. Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit schemes net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Contributions to both the TPS and LGPS schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by a qualified actuary.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, so the University does not recognise a net defined benefit liability on its Statement of Financial Position for this scheme.

The LGPS is a funded scheme and the University does recognise a net defined benefit liability on its Statement of Financial Position for this scheme. The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary using the projected unit method, the last published valuation having been in March 2019.

Further information on the TPS and LGPS can be found in note 24 to the financial statements.

Fixed assets

a) Land and buildings

All land and buildings owned at 31 July 1998 were revalued at that date by a firm of independent chartered surveyors. Premises on the main Norwich site, inherited from the local education authority, are valued at depreciated replacement cost. Other premises acquired before 31 July 1998 were valued at open market value. Any buildings purchased after that date have been included at cost.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Freehold land is not depreciated. Freehold and leasehold buildings at 31 July 1998 are depreciated in accordance with specific advice given by professional chartered surveyors. The average annual rate of depreciation currently applied to buildings is 3.0%. Enhancement to buildings is depreciated on a straight line basis over estimated life as follows:

Freehold buildings	40 years
Enhancements to buildings (Freehold)	20 years
Enhancements to buildings (Leasehold)	the lesser of 20 years or remaining period of the lease

Any impairment in value caused by a clear consumption of economic benefits are charged to the income and expenditure account as are any other impairments of revalued fixed assets to the extent that they are not covered by surpluses arising on prior valuations.

b) Fixtures, Fittings and Equipment

Fixtures, fittings and equipment costing less than £1,000 per item or group of items are written off to the income and expenditure account in the period of acquisition. Other equipment with an expected life of more than one year is capitalised at cost.

Fixtures, fittings and equipment are depreciated on a straight line basis over their useful economic life as follows:

Cabling/ducting, boilers	15 years
Computer (IT) equipment	3 years
Other fixtures, fittings and equipment	5 years

c) Motor Vehicles

Motor vehicles are capitalised and depreciated on a straight line basis over their useful economic life. This is considered to be 4 years.

d) Assets under the course of construction

Assets in the course of construction are accounted for at cost based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Maintenance of premises

The University has a rolling maintenance programme which is reviewed on an annual basis. The cost of all maintenance is charged to the income and expenditure account as incurred. Expenditure which extends the useful life of an asset or enhances an asset is capitalised.

Employment benefits

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

Investments

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

Current asset investments are carried at the lower of cost and net realisable value.

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Statement of Financial Position at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete or slow-moving items. Consumable items are charged directly to the income and expenditure account.

Foreign currency translation

Monetary assets denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period.

Taxation status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 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 is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed assets as appropriate.

NUA Business Limited is subject to corporation tax and VAT in the same way as any commercial organisation.

Deferred taxation is accounted for at expected tax rates on all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is not discounted.

Provisions

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

Related party transactions

In accordance with the exemption available in section 33.1A, details of intra group transactions are not disclosed where the subsidiary is 100% owned.

Cash and cash equivalents

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

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

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determined whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest published full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts

1. Tuition fees and education contracts

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Undergraduate fees (Home & EU)	22,323	21,550
Undergraduate fees (Overseas)	1,697	1,022
Postgraduate fees (Home & EU)	644	582
Postgraduate fees (Overseas)	165	184
	24,829	23,338

2. Funding Body grants

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Recurrent grant – OfS	925	972
Recurrent grant – Research England	144	144
Other Council grants – OfS and Research England	641	506
Release of OfS Deferred Capital Grants	278	206
	1,988	1,828

3. Research grants and contracts

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Research Charities	7	19
Government (UK and overseas)	26	68
	33	87

4. Grant and Fee income

The source of grant and fee income, included in notes 1 to 3 is as follows:

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Grant income from the OfS	1,844	1,684
Grant income from other bodies	144	144
Fee income for research awards	33	87
Fee income for taught awards	24,829	23,338
	26,850	25,253

5. Other income

Group

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Catering and residence operations	1,145	452
Other grant income	93	83
Other student related income	306	224
Other income	228	404
	1,772	1,163

University

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Catering and residence operations	1,145	452
Other grant income	93	83
Other student related income	306	224
Other income	103	385
	1,647	1,144

6. Investment income

Group and University

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Bank and short term investment income	42	84
Other investment income	30	-
	72	84

7. Donations and endowments

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Unrestricted Donations	20	21

8. Interest and other financial costs

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Net charge on pension scheme (note 24)	301	226
Bank loan interest	34	39
	335	265

9. Staff costs

The average monthly number of persons employed by the Group and the University during the year, expressed as full-time equivalents was:

Group and University

	Year ended 31 July 2022 Number	Year ended 31 July 2021 Number
Academic and Technical staff	159	155
Administrative and Other staff	132	130
	291	285

Staff costs for the above persons:

Group and University

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Wages and salaries	9,467	9,350
Social security costs	919	861
Pension costs (note 24.2)	3,987	3,289
Restructuring costs	62	40
	14,435	13,540

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes the total compensation paid to key management personnel, including pension contributions.

Group and University

	Year ended 31 July 2022 £	Year ended 31 July 2021 £
Key Management Personnel compensation	607,974	784,784

In 2020/21 key management personnel comprised the six posts of the Strategic Management Group. Following a restructure, key management personnel for 2021/22 comprised the four posts of the Senior Leadership Team.

Trustees

Due to the nature of the University's operations and the compositions of the Trustees, some being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee may have an interest. All transactions involving organisations in which a trustee may have an interest are conducted in accordance with the University's Financial Regulations and usual procurement procedures. Details of these transactions can be found in note 26.

Severance payments

The total amount of compensation for loss of office paid and the number of people to whom this was payable:

Group and University

	Year ended 31 July 2022 £000	Number	Year ended 31 July 2021 £000	Number
Loss of office	52	2	-	-

Annualised basic salary of higher paid staff. Those who left or joined part way through the year have only been included if they were paid £100,000 or more during the year.

	Year ended 31 July 2022 Number	Year ended 31 July 2021 Number
£195,000 - £199,999	-	1
£190,000 - £194,999	1	-
£155,000 - £159,999	-	1

10. Higher paid staff

In April 2020 Angela Robson was appointed Acting Vice-Chancellor, when the then Vice-Chancellor, Professor John Last, suffered a recurrence of his cancer and went on sick leave. Professor John Last retired on 31 January 2021 and Angela Robson continued in her role as Acting Vice-Chancellor until the end of April 2021, at which point Professor Simon Ofield-Kerr began his appointment as Vice-Chancellor. The emoluments of the posts of Vice-Chancellor during the year were:

Year ended 31 July 2022

Emoluments of the posts of Vice-Chancellor	Total £
Basic salary	192,500
Discretionary payment	500
Private Health Insurance	657
Relocation Costs	10,595
Sub-total excluding pension contributions	204,252
Pension contributions	45,584
Total emoluments	249,836

Year ended 31 July 2021

Emoluments of the posts of Vice-Chancellor	Professor S Ofield-Kerr (Vice-Chancellor from 1 May 2021) £	A Robson (Acting Vice- Chancellor from 1 August 2020 to 30 April 2021) £	Professor J Last (Vice- Chancellor from 1 August 2020 to 31 January 2021) £	Total £
Basic salary	48,125	123,750	99,507	271,382
Payment in lieu of notice	-	-	33,169	33,169
Discretionary payment	500	500	-	1,000
Private Health Insurance	-	1,000	1,273	2,273
Non- taxable benefits:				
Relocation Costs	6,500	-	-	6,500
Sub-total excluding pension contributions	55,125	125,250	133,949	314,324
Pension contributions	11,396	26,111	-	37,507
Total emoluments	66,521	151,361	133,949	351,831

10. Higher paid staff (continued)

The University recognises the need for highly talented, competent, committed and motivated employees, to deliver its Strategy 2022-27. The University must reward and recognise employees competitively, appropriately and fairly. The University's Remuneration Framework has the following principles:

- 1 Remuneration must be competitive and take account of the commercial pressures of the HE marketplace through relevant benchmarking, where required and necessary, using University and Colleges Employers' Association (UCEA) data.
- 2 Remuneration will be determined fairly and objectively with due consideration of remuneration throughout the University;
- 3 Remuneration will be linked to the imperatives of the Strategic Plan, including rewarding employees who demonstrate enterprise and add strategic value to the organisation;
- 4 Remuneration is viewed as a total remuneration package comprising pay and non-pay benefits;
- 5 Remuneration decisions for senior post holders will be commensurate with the individual's role and level of performance as delivered against their individual annual objectives.

The salary and benefits of senior post holders are determined by taking into account their individual performance against objectives for the relevant review year, any changes in job responsibilities, internal equity and external benchmarking of compensation. Benchmarking data from the annual UCEA Senior Salary Survey are utilised to inform the salary decisions of senior post holders alongside comparison data from the OfS for similar specialist universities. Other benchmarking information for comparable roles outside the higher education sector will be considered as deemed appropriate by the Chair of the Remuneration Committee. The information provided to the Remuneration Committee on an annual basis makes clear, for each senior post holder, what the current salary against benchmark is and the reasons for any difference. Such reasons will include length of service and annual and cumulative performance.

A new Vice-Chancellor was appointed in May 2021 on a salary of £192,500 and continued on this salary for the duration of the 2021/22 financial year.

The head of provider's basic salary was 6.9 times the median pay of staff employed during the year of £27,924, where the median pay was calculated on a full-time equivalent basis for the salaries paid by the University to its staff (2020/21 – 6.4 times*).

The head of provider's total remuneration was 7.6 times the median total remuneration of staff employed during the year of £32,837, where the median total remuneration was calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff (2020/21 – 6.3 times*).

* - the 2020/21 calculations included an individual who was acting up into the role of Vice-Chancellor

11. Analysis of other operating expenditure by activity

Group

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Academic and related expenditure	3,201	2,699
Administration and central services	1,299	1,023
Premises	1,497	1,778
Residences, catering and conferences	449	462
Research grants and contracts	4	52
Other expenses	500	116
Total	6,950	6,130

University

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Academic and related expenditure	3,201	2,699
Administration and central services	1,299	1,023
Premises	1,497	1,778
Residences, catering and conferences	449	462
Research grants and contracts	4	52
Other expenses	383	51
Total	6,833	6,065

Other operating expenses include

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
External auditor's remuneration – University		
Audit	68	47
Other services	7	5
External auditor's remuneration – Subsidiary	7	5
Internal auditor's remuneration – Group and University	27	18
Hire of premises – operating leases	371	371

Access and Participation

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Access Investment	408	291
Financial Support	450	806
Disability Support	405	235
Research and Evaluation	4	33
Total	1,267	1,365

£703,147 of these costs are already included in the overall staff cost figures included in the financial statements, see note 10. A copy of our published access and participation plan for 2021/22 is available here <https://www.nua.ac.uk/about-nua/info-publication-scheme/governance/>

12. Taxation

As stated in note 1, no corporation tax is payable by the University due to its tax status. No corporation tax is payable for the year in respect of NUA Business Ltd.

13. Tangible fixed assets

Group and University

Cost or valuation	Land and buildings Freehold £'000	Land and buildings Long Leasehold £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Assets under the course of construction £'000	Total £'000
At 1 August 2021	26,139	1,398	1,769	13	19,160	48,479
Additions at cost	3,795	-	1,558	-	-	5,353
Transfers	19,160	-	-	-	(19,160)	-
Disposals	-	-	(153)	-	-	(153)
At 31 July 2022	49,094	1,398	3,174	13	-	53,679
Depreciation						
At 1 August 2021	10,131	663	1,672	13	-	12,479
Charge for year	1,495	50	375	-	-	1,920
Eliminated on disposals	-	-	(153)	-	-	(153)
At 31 July 2022	11,626	713	1,894	13	-	14,246
At 31 July 2022	37,468	685	1,280	-	-	39,433
At 1 August 2021	16,008	735	97	-	19,160	36,000

13. Tangible fixed assets (continued)

Cost or valuation is represented by

Group	Freehold £'000	Long Leasehold £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Assets under the course of construction £'000	Total £'000
Cost	43,288	788	3,174	13	-	47,263
Valuation in 1998	5,807	610	-	-	-	6,417
Total	49,095	1,398	3,174	13	-	53,680

If tangible fixed assets had not been revalued they would have been included at the following amounts:

Group	Freehold £'000	Long Leasehold £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost	43,288	788	3,174	13	47,263
Aggregate depreciation based on cost	(8,832)	(591)	(1,893)	(13)	(11,329)
Net book amount based on cost	34,456	197	1,281	-	35,934

All land and buildings owned at 31 July 1998 were revalued at that date by a firm of independent chartered surveyors. Premises on the main Norwich site, inherited from the local education authority, are valued at depreciated replacement cost. Other premises acquired before 31 July 1998 were valued at open market value. Any buildings purchased after that date have been included at cost.

Tangible fixed assets have been acquired with the assistance of capital grants from OfS which are deemed to be financed from Exchequer funds. Were these assets to be sold, the University, under the terms and conditions of funding of the Office for Students, may be required to surrender the balance of these funds from the sales proceeds.

The East and West Garth buildings in Norwich are the long leasehold premises in the 1998 valuation shown above. The University has user rights in perpetuity as long as the buildings are used for educational purposes. The buildings are being depreciated according to recommendations by a firm of independent chartered surveyors.

14. Investments

Investments

	2022	2021
	£'000	£'000
At 1 August 2021	-	-
Additions	5,000	-
Income	30	-
Costs	(10)	-
Fair value adjustments	(30)	-
At 31 July 2022	4,990	-
Represented by:	£'000	£'000
Equities	3,508	-
Bonds	403	-
Cash	1,079	-
	4,990	-

Investment in subsidiary - University

	2022	2021
	£	£
Investment in Subsidiary Company at cost	2	2

The University owns 100% of the issued share capital of 2 £1 ordinary shares of NUA Business Limited, a company registered in England and Wales. The principal business of NUA Business Limited is the provision of educational services and associated facilities, and other related commercial activities. Its result for the year as a profit of £18,059 with net liabilities of £71,259.

15. Trade and other receivables

Group

	2022	2021
	£'000	£'000
Trade and other receivables	92	193
Amounts due from subsidiary	-	-
Other receivables	20	273
Prepayments and accrued income	596	576
Total	708	1,042

University

	2022	2021
	£'000	£'000
Trade and other receivables	92	178
Amounts due from subsidiary	101	26
Other receivables	20	273
Prepayments and accrued income	596	576
Total	809	1,053

All the amounts above fall due within one year (Group and University).

16. Short term investments

Group

	2022	2021
	£'000	£'000
Short term deposits	4,000	-

University

	2022	2021
	£'000	£'000
Short term deposits	4,000	-

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with between one and eleven months maturity at the statement of financial position date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

17. Creditors: amounts falling due within one year

Group

	2022	2021
	£'000	£'000
Bank loan	92	88
Payments received in advance	288	220
Trade payables	582	1,566
Other taxes and social security	1	209
Deferred capital grants	321	224
Other creditors	-	220
Accruals and deferred income	1,733	1,316
Total	3,017	3,843

University

	2022	2021
	£'000	£'000
Bank loan	92	88
Payments received in advance	288	220
Trade payables	582	1,566
Other taxes and social security	1	209
Deferred capital grants	321	224
Other creditors	-	219
Accruals and deferred income	1,724	1,308
	<u>3,008</u>	<u>3,834</u>

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

Group and University

	2022	2021
	£'000	£'000
Bank loan	510	602
Deferred capital grants	<u>2,928</u>	<u>2,994</u>
Balance at 31 July	<u>3,438</u>	<u>3,596</u>

Analysis of the bank loan:

Group

	2022	2021
	£'000	£'000
Falling due within 1 year	92	88
Falling due between 1 and 2 years	97	92
Falling due between 2 and 5 years	326	308
Falling due outside 5 years	<u>87</u>	<u>201</u>
Total	<u>602</u>	<u>689</u>

University

	2022	2021
	£'000	£'000
Falling due within 1 year	92	88
Falling due between 1 and 2 years	97	92
Falling due between 2 and 5 years	326	308
Falling due outside 5 years	<u>87</u>	<u>201</u>
Total	<u>602</u>	<u>689</u>

The unsecured bank loan with Lloyds Bank is repayable in quarterly instalments over 20 years until March 2028, at a fixed rate of 5.33%.

19. Other provisions

Group and University

Enhanced pension provision	£'000
As at 1 August 2021	99
Released in the year	(9)
Utilised during the year	4
At 31 July 2022	<u>94</u>

The restructuring provision relates to an enhanced pension payable to a former Head of the Institution.

20. Income and expenditure Reserve – Endowments

Group and University

	Restricted Permanent £'000	Restricted Expendable £'000	Total £'000
Balance at 1 August 2021 and 31 July 2022	9	11	20

Represented by:	£'000
Nic Hughes Memorial Award	9
Noel Spencer Fund	5
Other	6
Balance at 31 July 2022	<u>20</u>

21. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

Group and University

	Land and Buildings 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
Payable during the year	371	10	381	355
Future minimum lease payments due				
Not later than 1 year	371	8	379	385
Later than 1 year and not later than 5 years	1,483	10	1,493	1,495
Later than 5 years	1,319	-	1,319	1,689
Total	3,173	18	3,191	3,569

22. Capital commitments

At 31 July 2022 the Group had capital commitments of £233,000 relating to the final retention payment on a new building which had now been completed. (2021: £1,926,189).

23. Cash at bank and in hand

Group

	At 1 August 2021 £'000	Cash Flows £'000	At 31 July 2022 £'000
Cash at bank and in hand	30,599	(5,780)	24,819
Total	30,599	(5,780)	24,819

University

	At 1 August 2021 £'000	Cash Flows £'000	At 31 July 2022 £'000
Cash at bank and in hand	30,573	5,878	24,695
Total	30,573	5,878	24,695

24. Pension commitments

The University's employees belong to two principal pension schemes, the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme England and Wales (TPS). Both schemes are defined benefit schemes. NUA Business Limited has no employees.

24.1 Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pensions budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023. A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Scheme changes

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS. A final remedy will be determined once the results of the consultation are established.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

The pension costs paid to TPS in the year amounted to £913,504 (2020: £810,940).

24.2 LGPS

The LGPS is a funded scheme, with the assets held in separate trustee administered funds.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary using the projected unit method, the last published valuation having been in March 2019. The financial assumptions used by the actuary for the purposes of the calculations as required by reporting standard FRS102.28 are as follows.

Assumptions as at	31 July 2022	31 July 2021
	% per annum	% per annum
Rate of increase in salaries	3.4	3.5
Rate of increases in pensions in payment (in line with CPI)	2.7	2.8
Discount rate	3.5	1.6

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% for post-April 2008 service.

The University has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority. The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium increased from 0.2% at 31 December 2018 to 0.4% at 31 December 2019, reflecting an allowance for additional market distortions caused by the RPI referral proposals. For CPI, the University has proposed a long term gap between RPI and CPI of 90 basis points, compared to 100 basis points at the prior year end. The estimated impact of the change in the methodology is approximately a £900k increase in the defined benefit obligation in respect of the LGPS scheme.

24.2 LGPS (continued)

The assumed life expectations on retirement age 65 are:

Current pensioners:

	31 July 2022	31 July 2021
Males	21.7 years	21.9 years
Females	24.1 years	24.3 years

Future pensioners:

	31 July 2022	31 July 2021
Males	22.9 years	23.2 years
Females	26.0 years	26.2 years

The assets and liabilities in the scheme were:

Employer Assets	31 July 2022 £'000	31 July 2021 £'000
Equities	13,861	13,559
Bonds	10,183	9,305
Property	3,394	2,924
Cash	849	798
Total fair value of assets	28,287	26,586

Present value of scheme liabilities	31 July 2022 £'000	31 July 2021 £'000
Funded	(31,086)	(44,326)
Unfunded	(81)	(98)
Deficit in the scheme	(2,880)	(17,838)

	31 July 2022	31 July 2021
Expected rates of return	3.5%	1.6%

The Actuarial Valuation Report states that:

(i) There is a range of actuarial assumptions which are acceptable under the requirements of FRS102.28, particularly in respect of the expected return on equities. The Actuary considers that these assumptions are within the acceptable range and are thus consistent with the requirements of FRS102.28. The assumed returns are net of administration and investment expenses. No allowance has been included in the cost of accruing benefits for expenses.

(ii) The Actuary is satisfied that the rolling forward of previous valuation data to 31 July 2022 does not introduce any material distortion in the results provided that the actual experience of the Fund has been broadly in line with the actuarial assumptions.

24.2 LGPS (continued)

The following amounts were measured in accordance with the requirements of FRS102.28:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Analysis of the amount shown in the Statement of Financial Position		
Scheme assets	28,287	26,586
Scheme liabilities	(31,167)	(44,424)
Deficit in the scheme	(2,880)	(17,838)
Operating charge		
Current service cost	3,077	2,487
Past service (gain)/cost	-	-
Total operating charge	3,077	2,487
Analysis of the amount charged to interest payable		
Interest cost	733	530
Expected return on assets	(432)	(304)
Net charge	301	226
Analysis of Other Comprehensive income		
Gain on assets	377	4,057
Experience (loss)/gain on liabilities	(1,668)	479
Gain/(Loss) on liabilities	18,492	(5,359)
Total	17,201	(823)

Movement in the University's share of the Scheme's deficit during the year

	31 July 2022 £'000	31 July 2021 £'000
Deficit at 1 August	(17,838)	(15,420)
Current service cost	(3,077)	(2,487)
Past service gain	-	-
Employer Contributions	1,129	1,112
Other finance costs	(301)	(226)
Contributions in respect of unfunded benefits	6	6
Actuarial gains/(losses)	17,201	(823)
Deficit at end of year	(2,880)	(17,838)

24.2 LGPS (continued)

Reconciliation of liabilities

	31 July 2022	31 July 2021
	£'000	£'000
Liabilities at start of year	44,424	36,721
Current service cost	3,077	2,487
Past service cost	-	-
Interest cost	733	530
Contributions by members	325	323
Actuarial (gains)/losses	(16,824)	4,880
Estimated unfunded benefits paid	(6)	(6)
Estimated benefits paid	(562)	(511)
Liabilities at end of year	31,167	44,424

Reconciliation of assets

	31 July 2022	31 July 2021
	£'000	£'000
Assets at start of year	26,586	21,301
Expected return on assets	432	304
Contributions by members	325	323
Contributions by the employer	1,129	1,112
Contributions in respect of unfunded benefits	6	6
Actuarial gains	377	4,057
Estimated unfunded benefits paid	(6)	(6)
Estimated benefits paid	(562)	(511)
Assets at end of year	28,287	26,586

History of Experience gains and losses

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	19,598	(1,302)	(3,412)	2,552	(1,940)
% of assets at end of the year	69.3%	(4.9)%	(16.0)%	12.7%	(10.8)%

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Experience gains and losses on scheme liabilities	(1,668)	(479)	(1,016)	(8)	(1)
% of liabilities at end of the year	(5.4%)	(1.1)%	(2.8)%	(0.0)%	(0.0)%

24.2 LGPS (continued)

Sensitivity Analysis

Change in assumptions at year ended 31 July 2022	Approximate % increase to Employer liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	2%	695
1 year increase in member life expectancy	4%	1,184
0.1% increase in the Salary Increase Rate	0%	60
0.1% increase in the Pension Increase Rate	2%	639

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

The pension cost of £1,129,348 (2021: £1,109,308) is assessed in accordance with the advice of an independent qualified actuary, and is based on a current contribution rate of 21.1% and a deficit contribution rate of £94,000 per annum. Such actuarial advice indicates that the employer contributions for the year ended 31 July 2023 are expected to be around £1,134,000.

The total pension cost for the University in the year was:

	2022	2021
	£'000	£'000
Contributions to TPS	915	811
Contributions to LGPS	1,130	1,109
LGPS FRS102.28 charge to the Income & Expenditure account	1,942	1,369
Total pension cost (Note 9)	3,987	3,289

25. Contingent liabilities

Nomination agreement

The University has entered into an arrangement with MPS Property GP Limited for the supply of additional student accommodation at a building in Norwich city centre, which has 228 beds. The building is owned by MPS Property GP Limited and managed by Derwent Facilities Management Limited. The University has a nominations agreement in place such that it guarantees a minimum payment to the owners each year, with a payment only being due in the event that this guaranteed minimum amount is not fully covered by rental income receipts. The University sets the rental amounts each year and therefore in normal operating conditions, it is unlikely that such a shortfall would arise. The guaranteed minimum payment in the financial year ending 31 July 2022 was £1,590,470.

26. Related party transactions

Subsidiary undertaking

Company	Principal Activity	Status
NUA Business Limited	Education services and other related commercial activities	100% owned

Connected Charitable Institutions

There are no connected charitable institutions requiring disclosure.

Transactions with related parties

The following transactions took place during the year:

Related Party	Relationship	Description of transactions	Income	Expenditure
NUA Students' Union	Ms N Lanzalaco is the Students' Union President and a governor of the University	Recharge of costs and annual grant	-	£93,844
PriceWaterhouse Coopers (PWC)	Mr A Grimby is a partner at PWC and a governor of the University	Corporation tax fees in the group	-	£14,200
R G Carter Limited	Mr M Jeffries is a non-executive director of R G Carter Holdings Limited and a governor of the University	Construction services	-	£2,072,237

The following balances were outstanding at the year-end:

Related Party	Relationship	Description of balances	Debtor	Creditor
R G Carter Limited	Mr M Jeffries is a non-executive director of R G Carter Holdings Limited and a governor of the University	Construction services	-	£233,000
PriceWaterhouse Cooper (PWC)	Mr A Grimbly is a partner at PWC and a governor of the University	Corporation tax fees in the group	-	£22,400

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