



LONDON  
METROPOLITAN  
UNIVERSITY

# Annual Report and Accounts

for the year ended 31 July 2023



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## from the Vice-Chancellor



**This has been a significant year for London Met potentially the most significant as we have been able to motor ahead with our strategy without the complications and restraints placed on us by the pandemic.**

As you read this annual report, you will witness the remarkable strides we have taken, and the milestones we have achieved together as a community.

Achieving a Silver rating in the 2023 Teaching Excellence Framework, complemented by a standout Gold for Student Experience, is a clear sign that we have adopted the right strategy. The recent National Student Survey brought more good news. Analysis by the Times Higher Education placed us 15th place ranking in the country for overall student satisfaction. It is encouraging to see our efforts reflected with such positive feedback, and it fuels our drive to innovate further in the upcoming academic year. When I arrived at London Met in 2018 it was clear that we needed to strengthen our financial foundations. It was with immense pride that I shared our return to a surplus last year, a significant milestone achieved three years ahead of our target. Our surplus has grown again and is enabling us to make responsible investments into resources and projects that enhance the experience of our students. Those students have grown in number to over 13,000 and once again the campus is filled with thousands of overseas students.

The wellbeing and satisfaction of our staff remains a key focus. A recent HR pulse survey showed just how far we have come, revealing that 65% of our staff now endorse London Met as a workplace of choice. This is a leap from the 31% in 2017. Our People Strategy, unveiled this July, is set to introduce more positive changes, ensuring we continue we keep staff at the heart of what we are trying to achieve.

We have also launched new estates and digital strategies during the last year with a plan to spend £180m over the next 7 years, we are going to do that without borrowing any money because of the effort made to restore stability to our finances. In this report, we've aimed to chronicle the progress we've collectively made. I am filled with optimism for what the future holds for London Met. While we celebrate our achievements, we remain continue to build on our plans for the challenges and opportunities that lie ahead. Thank you, to every one of our staff, for being an integral part of this remarkable journey.

**Professor Lynn Dobbs**  
Vice-Chancellor & Chief Executive

## from the Chair of Governors



**Over the last year, I have had the privilege of witnessing the university's journey as Chair of London Metropolitan University's Board of Governors. It feels as though this has been a significant year for us, even as the landscape of higher education faces very profound challenges.**

The achievements highlighted in this report are a testament to the dedication of our staff and paint a picture of resilience and unwavering commitment to excellence. The recognition in the Teaching Excellence Framework and our rank in the National Student Survey, just two examples, are clear indicators of our upward trajectory.

A notable highlight this year has been the continued success of The Real London campaign. It has been heartening to see how well it has resonated with our community, capturing the essence of what makes London Met unique. The campaign not only underscores our commitment to reflecting the true spirit of London but also reinforces our dedication to providing an authentic, inclusive, and transformative educational experience.

However, as we celebrate our successes, we must also acknowledge the broader challenges facing higher education. The geopolitical landscape is shifting. The Ukraine war shows no signs of ending, and dynamics with countries like China are evolving. These global events, while seemingly distant, have direct implications for universities, especially in terms of the safety and welfare of our staff and students and international student enrolment and partnerships.

The last year has been very tough for many across the country. Rising inflation has created a cost of living crisis that has been felt in a profound way by our students, staff, and communities. Wider economic recovery has been slower than many hoped, and with the looming prospect of a General Election, uncertainty lies ahead.

Yet, in the face of these challenges, London Met stands strong. Our financial performance, as outlined in this report, is a testament to our robust strategies and the trust our community places in us. We are not just weathering the storm; we are charting a course that ensures our growth is sustainable and our momentum continues to build.

I am confident in our direction. With Lynn's leadership, the dedication of our staff, and the support of our community, I know we will continue to create waves across the sector and provide the best possible experience for our students.

Thank you for your continued commitment to our shared vision.

**Tijs Broeke**  
Chair of the Board of Governors

# London Met key milestones

87% full time students



13,435 students on campus



81% mature (first degree only) students

Ranked 15th in NSS performance by Times Higher Education

Bronze Stonewall Award

More than 2,000 members of the public supported by our Pro Bono Clinics

117 distinct nationalities represented on campus

Achieved Silver in the Teaching Excellence Framework with a standout gold for student experience



# Starting with our people



**Our goals**

- To build capacity and capability amongst all staff
- To drive confidence, ambition and pride across our institution
- To promote wellbeing and inclusion

In 2022/23 we:

**We have introduced and updated numerous people-based policies this year in support of our staff and students. Some of the most notable include:**

- The introduction of a Hybrid Working Policy to formally capture our approach to hybrid working and provide a framework to further support managers and staff
- The introduction of a Starting Salary Policy to support recruiting managers to make fair and consistent starting salary decisions according to defined principles
- An update of our Personal Relationships at Work Guidelines to take account of Office for Students (OfS) proposals and to make explicit, in line with other sector-leading policies, that relationships between students and staff, where there is a supervisory element, are prohibited
- An enhanced Flexible Working Policy so our staff can now request flexible working regardless of length of service
- Enhanced neonatal leave provision
- We are reviewing our family friendly policies including all types of parental leave with a view to positioning ourselves as a leading employer in this space
- The introduction of menopause guidance to encourage and facilitate an environment in which colleagues can openly and comfortably have conversations about the menopause and access the support they need at work
- The implementation of full the recommendations from the Universities and Colleges Employers Association that saw pay rises implemented mid-year and on time for August 2023. Alongside the pay award the Board agreed to two in-year one-off payments of £1,000 each to help staff with the cost of living



During 2023/24:

**We will build on the work we have undertaken in 2022/23 but we will also place particular emphasis on:**

- The introduction and implementation of a new people and finance system as part of our Digital First Strategy which will enhance applicant and employee self-service, with work already underway
- A project focused on reducing casualisation with particular consideration of our Associate Lecturers
- A 14% increase in people resource (£9.6m) – 150 new posts in the new budget year (80 in our academic schools and 70 in our professional service departments), targeting areas of historic underinvestment
- Continued work on our Charter Mark work – notably this year we have risen 53 places in this year’s Workplace Equality Index and been awarded a Bronze award for our work to create a more inclusive workplace by Stonewall





## Focusing on student success



**Our students are the fabric of our University. We are committed to improving every aspect of their university experience and we will work together to ensure our whole institution is built for student success, especially those who already face barriers.**

### Our goals

- To engage all students as partners
- To create a world-class academic offer that meets the evolving needs of our highly diverse student body
- To strengthen the infrastructure that helps all of our students to succeed

### In 2022/23 we:

- Continued the improvement of our courses through a streamlined dynamic enhancement process informed by Power BI course and module dashboards
- Continued to close gaps in outcomes across student demographics and extended the Education for Social Justice Framework
- Validated new courses across Built Environment and Nursing, gaining professional accreditation and Office for Students investment in high-quality learning resources
- Secured the awards of National Teaching Fellow for two longstanding colleagues, raising the profile of the University for its excellent teaching and learning
- Securing further improvements in the National Student Survey, placing the University in 15th place in analysis conducted by Times Higher Education spanning 175 universities, with particular strengths across assessment and feedback
- Achieved Silver in the four-year Teaching Excellence Framework (TEF), following an excellent submission from the University and the Students' Union that rated our student support as Gold standard.
- Enhancing the quality of our classrooms including through lecture capture tools

### During 2023/24:

**We will build on the work we have undertaken in 2022/23 but we will also place particular emphasis on:**

- Implementing a new Student Success Strategy
- Driving forward improvements to the Office for Students, B3 metrics, reinforcing our commitment to student outcomes
- Evaluating the impact of our Education for Social Justice Framework on student success
- Launching a new employer partnership scheme for improving graduate outcomes especially in relation to gaps in employability
- 'Back office' improvements that impact on students including timetabling and automatic marks entry
- Reducing the need for reassessment and streamlining processes linked to student administration
- Ensuring the quality of the student experience and student outcomes with collaborative partners
- Further developing the work of the Centre for Equity and Inclusion and equity, diversity and inclusion plans across the University, including progressing our Race Equity Strategy
- Enhancing our postgraduate student experience, recognising the increase in international students





# Giving back to our city



**We are one of London’s vital civic institutions, united with other key organisations in our localities and the wider capital in driving opportunity and prosperity for all**

**Our goals**

- To embrace the strategic priorities of our London partners and the concerns of our local communities to support the city’s economy and address the social issues it faces.
- To provide opportunities for our staff and students to give back to our city and contribute to its success.
- To provide the capital with values-driven graduates who will support London’s transformation in line with our mission.

During 2022/23 we:

- Set up a new local five-year NIHR Health Determinants Research Collaborations programme in partnership with Tower Hamlets, Queen Mary University of London and University of East London – this has been funded with £5 million
- Became a founding member of the Islington Anchor Institution Network – alongside organisations including Arsenal Football Club, City University and Islington Council
- Have had approximately 450 students involved in the University clinics (Injury and Rehabilitation Clinic, working with the local NHS, London Met Pro Bono Legal Advice Clinic, focusing on housing, employment and consumer law, our Projects Office Clinic, providing art, architecture and design projects for the community, our Small Business Clinic and our Charities and Social Enterprise Clinic, working with local councils and the employment team)
- Held a community “Learn to Dream” event for 1,500 residents in partnership with Arsenal Football Club and Lavazza coffee including public health and education outreach, student businesses, pop up clinics and more including our support for small to medium sized businesses (SMEs) through our pop up SME Clinic and by using small local businesses for food –this also involved co-producing murals with the community at both main sites
- Worked with Islington Council, local community groups, and consultant partners on the ‘Highbury Fields Play Street’ pilot rewilding project as part of the council’s Greener Together initiative.

During 2023/24:

**We will build on the work we have undertaken in 2022/23 but we will also place particular emphasis on:**

- Strengthening and deepening our relationships with existing partners
- Working with the NHS on their industrial placement pilot for London and then the UK
- Opening a new applied research centre focusing on the challenges London faces and real world impact, working with public institutions, community groups and third sector organisations. Enabling informed and empowered public institutions, community groups and third sector organisations that are able to challenge social injustices and inequalities
- Growing the number of students involved in clinics, Empowering London modules and volunteering in the local community
- Providing volunteer days at scale for our staff and students across London at large events





## Growing our research and impact

### Our goals

- To establish an improved infrastructure to support high-quality and high-impact research
- To grow the volume of world-leading and internationally excellent research that we undertake
- To improve the visibility of our research and the impact it has on some of the biggest challenges facing society today

### During 2022/23 we:

- Were successful in a bid for two Knowledge Transfer Partnerships (KTPs)
- Increased overall satisfaction to 85% (+1%) in our Postgraduate Research Survey
- Continued to increase the research base of the University with the number of staff with research hours increased to 247 (head count) with the total hours for research increasing from 47,205 to 48,455 – an increase of 3%

### During 2023/24:

- Have our major focus on the Research Excellence Framework (REF) and seeking to firm up units, FTEs of staff to be included, and the development of real, embedded, Units of Assessments culture and we will aim to add a further five percent to the total of staff with workloads for research
- We will bid for at least two more KTPs with the aim to have, at all times, five running concurrently
- We will at least maintain our current of bidding to UKRI and other funders
- We will aim to at least maintain our current Postgraduate Research Experience Survey score, but to increase the number of students participating to 30%.
- We will launch our new business support offer, which will large involved providing tailored support for individuals/groups of students and academic staff who wish to launch a business
- We will innovate by developing our first research centre-based master's programme (in Security and Risk Education) in a joint initiative between our School of Human Sciences, and School of Social Sciences and Professions., and with an emphasis on international and online delivery





# Managed Growth and Diversification



**Our students are the fabric of our University. We are committed to improving every aspect of their university experience and we will work together to ensure our whole institution is built for student success, especially those who already face barriers.**

### Our goals

- To provide an attractive and highly distinctive course portfolio
- To broaden the reach of our recruitment strategies locally, nationally and internationally
- To make our education more accessible to a greater number of prospective students

### During 2022/23 we:

- reviewed our portfolio and added programmes that deliver growth opportunities for the University and graduate outcomes for our students – Physiotherapy, Nursing and the Built Environment programmes
- returned to being a major recruiter of overseas students with an international population of 3,000 students on campus
- expanded our collaborative partnership network and now have (13,500) as many students off campus as on campus
- relaunched and consolidated the Real London – that is gaining significant traction with our audiences and stakeholders

### During 2023/24 we will:

- continue to expand our portfolio to add programmes that are a good strategic fit, have realistic establishment costs, significant growth potential, either domestically, internationally or both, and good outcomes for our students
- continue to grow our international community with the aim of recruiting students from a broad mix of geographies, to programmes across all of our schools and subject areas and across all levels of our programmes
- achieve this international diversification by placing recruitment, admissions and compliance operations in those countries that are sending students, ensuring that we deliver both on a good applicant experience but also maintain our high levels of compliance
- expand our HBCU effort to lead the UK sector in learning from and engaging with HBCUs embedding, the programme to ensure it has long term sustainability
- Expand on our established partnerships overseas to establish overseas campus', working with private partners in both existing and new markets for UK TNE





# Vibrant campuses and cutting-edge facilities

**Our students are the fabric of our University. We are committed to improving every aspect of their university experience and we will work together to ensure our whole institution is built for student success, especially those who already face barriers.**

### Our goals

- To maintain and renovate our estate, IT and digital infrastructure to support our strategic priorities
- To ensure that we provide high-quality learning resources and facilities to support student success
- To continue taking steps to reduce our carbon footprint and demonstrate leadership on environmental sustainability

### During 2022/23 we:

- Approved a new digital strategy that will ensure that every course will have digital learning at its core with personalised learning via multi location and multi device access will be standard.
- Continued the roll out of the upgrade of our teaching space with a total of 300 rooms that have had both their physical look and feel improved with decoration and new furniture and the installation of Classroom capture to enable flexibility in our delivery
- Approved a new Estates strategy that will see the University invest £180m in the estate over the next 7 years with sustainability at its heart to ensure that the University is carbon net zero by 2030.
- With the support of a £5.8m capital grant from the Office for Students, we invested £16m in a state of the art facility to support the September 2023 launch of the our new Nursing programmes
- Kept data evidenced decision making at the core of our operations with the continued roll-out of Microsoft Power BI to all areas of the University. Giving staff access to data on clear, interrogatable dashboards.
- Transferred all students and staff onto the Microsoft 365 ecosystem moving away from Goglemail and Box

### During 2023/24 we will:

- Start the process of withdrawing from Calcutta House, so the building can be returned to the Corporation of London, relocating the School of Art Architecture and Design into Goulston Street, Hoxton and the Holloway campus
- Create state of the art teaching space in the former Accelerator building in Hoxton
- Continue the enabling works for the first stage of the Estates Strategy that will see work begin on a new entrance to the Holloway Road site
- Bring online both the new human resources system and finance system that form part of the University's People and Finance Systems Programme and begin the roll out of the electronic attendance monitoring system and onboard PURE for research management





Selected highlights and achievements throughout the year.

# Major stories



### **London Metropolitan University launches first People Strategy**

- The strategy will ensure that London Met staff can thrive to enable them to develop in their own careers and provide the best possible experience for the University's students.
- London Metropolitan University has launched its first ever 'People Strategy', an overarching plan focused on making a significant positive impact on the experiences of staff.
- The strategy, which will run through to 2030, outlines five priority areas designed to enable and empower London Met Staff to reach their potential within a safe and inclusive environment. The focus of these areas will be to support mental and physical wellbeing, while fostering an environment that encourages confidence, ambition, and pride across the institution.

### **London Met's clinics are helping organisations and people across the capital make a real difference**

- Coordinated by the London Met Lab: Empowering London, the University's five free or low-cost clinics, which are operated by student and staff volunteers, offer legal advice; sports injury assessment and rehabilitation; support with art, architecture and design community projects, as well as advice for small businesses, charities and social enterprises.
- For more than a year, London Met's Charities and Social Enterprise Clinic has been supporting ParaPride, a London-based empowerment charity that advocates for the visibility, education and awareness of LGBTQ+ disabled people.

### **London Met's queer safe space opens its doors**

- The colours of the rainbow flag show the diversity of the LGBTQIA+ community and the broad, beautiful spectrum of gender and human sexuality. So it was no surprise that London Met's first queer safe space, which opened to huge fanfare last week, has been dubbed The Rainbow Room.
- Officially opening its doors for the first time on 23 February, the Rainbow Room is the brainchild of Donna Jones, Head of Social work, who came up with the idea three years ago as 'a safe and inclusive space where LGBTQIA+ students can be'.

### **London Met rises up Stonewall Workplace Equality Index**

- The University has also received a Stonewall Bronze Award as a leading LGBTQIA+ inclusive employer.
- London Met has climbed 53 places, to 162nd, in this year's Workplace Equality Index and has been awarded a Bronze award for its work to create a more inclusive workplace, UK-based LGBTQIA+ charity Stonewall announced today.



# Additional wins



### London Met announces ambitious Digital First Strategy

- London Met is proud to launch its new Digital First Strategy, which aims to ensure learning, teaching, research, professional services and infrastructure at the University operate under excellent digital environments.
- Student success is a key part of the Strategy, with students empowered to build their own digital learning environments which are personalised, flexible and easy to use to meet their needs.
- It also includes a commitment to support any student who faces digital poverty, and to build the confidence and capabilities of students in working in a digital scholarly environment. All students will be able to access accurate information about their progress to understand how to improve their learning outcomes.

### London Met awarded £5.8 million to support creation of nursing courses

- University given maximum award from the Office for Students to create courses that address critical nursing shortages in London.
- The award will enable the University to refurbish areas of its Holloway Campus to create a modern, flexible, and sustainable learning space for its nursing students. Investment in technical infrastructure will allow students learning at work and on placements to participate in synchronous learning and teaching through lecture capture.



### London Met donates laptops for students in Ukraine

- Empowering learning and resilience: London Met continues to supply vital technical and wellbeing support services to its twinned university partnership.
- London Metropolitan University has donated 100 Chromebooks to our Ukrainian partner, National University of Poltava Polytechnic (NUPP), in a show of solidarity amidst the ongoing crisis in the region.

### London Met researcher helps to launch Taskforce on Inequality in Islington Final Report

- London Met researcher and course leader Torange Khonsari, also member of the Islington Inequality Taskforce, has helped to launch the "Taskforce on Inequality in Islington Final Report" with her expertise. This report sheds light on the circle of inequality in which daily pressure from deprivation damages well-being, leading to low self-confidence, physical and mental ill-health, a loss of agency and of influence. These factors exacerbate deprivation as individuals face higher barriers to securing decent work, consideration from those in positions of power, and control over their future. The report included what practical steps the council can take to tackle these challenges and make lasting changes in the borough.

### New mural unveiled as part of London Met's collaboration with Arsenal FC and Lavazza

- The eye-catching mural, titled 'Learn to Dream', which was painted by artist Gabriel Pitcher and arts collective Wood Street Walls. The two-wall design is inspired by young people in the local community and represents London Met, Lavazza, and Arsenal's shared goal of supporting and encouraging North Londoners in their ambitions. As a visual representation of this commitment, the mural seeks to leave a permanent mark and to foster a forward-thinking environment.

### Top tier ranking for London Met in latest Uswitch Green University Report

- London Met has been rated as a Gold Tier University, after scoring positively in the Uswitch's annual report which seeks to see which universities are leading the way in terms of green initiatives and renewable energy.
- The University performed well across all the report criteria and can be considered a leader in sustainability. Several university schemes accounted for the great result, including the renewable installations on campus, electric vehicles, and the green energy tariff placed on the electricity usage.

### Silver in SOMOs

- London Met was a finalist and took home a Silver Award in the 'University of the Year' award at the sixth annual UK Social Mobility Awards.
- The UK Social Mobility Awards were set up to recognise organisations that are prioritising social mobility, for example through recruitment processes and progression programmes, outreach within the local community, or by developing innovative ways to create change.

### London Met academics among the most cited in the world

- Five researchers from the University feature in the top 2% most impactful academics globally, according to data from Elsevier and Stanford University.



# Real London

Like the wider London community, our students, staff and graduates come from all kinds of backgrounds – some from around the corner, others from around the globe. Each and every one of them belongs here and uniquely contributes to our community and the city around them.

**They are The Real London.**

This campaign has elevated London Met's students, grads and staff by telling their stories first hand and blending their experiences of university and life in the capital. Over the last year, more interviews with real Londoners have taken place to bring their stories to life.

**This is The Real London.**



**Chrystalle Margallo**

London Met Graduate Chrystalle moved to the UK from the Philippines when she was around seven years old.

She received two unconditional offers from London Met and was thrilled – “I could make my family proud. And I could finally achieve my dreams.”

London Met clearly had a strong online community. That's what she was looking for – she grew up in a community that wasn't diverse at all.



**Margarita Damai**

Margarita always dreamed of becoming a doctor. When she finished secondary education in Albania, she received offers from three universities to study medicine, but her parents wanted what was best for her. They decided to move to a place where the education, economy and lifestyle would be better, so in 2020 they relocated to the UK.

She researched universities that would accept her onto a science-related degree. It was the end of August – she called London Met, and the people on the clearing line supported her throughout as she didn't know anything about A Levels or transfer points.

She told us: “London Met takes chances on people”. The University gave her opportunity to discover herself, develop, and start achieving her dreams.

Athena is a passionate advocate of London's extraordinary spirit. Born in east Dulwich, her heart has been forever captivated by the charm of the city that nurtured her dreams. Bound by a shared vision of social justice, she celebrates the power of a London Met education, transforming lives and igniting futures. Her drive to give back to her city, her University, and her community fuels her passion. She liked the idea of working for a place that was about making futures. That's when she applied, and she thinks it's 'the best thing I ever did. I just love it here.'

**Athena Barrett**



One of eight children and the first in his family to go to university, Aaron Patel was determined that his background wouldn't define him.

Inspired to succeed through his love of football, he found something special in London Met – and it's not altogether dissimilar from an international football tournament.

**Aaron Patel**



**Diini Muse**



London Met was a fresh start for Diini. He grew up in Tottenham – his family came over from Somalia during the civil war in the nineties.

His entire family were happy and proud that he got into university.

Many of his friends were going to university, but originally he didn't have any intentions. London Met stood out because he visited the campus on a school trip when he was 14. He felt the atmosphere of the University and how diverse it was, which 'sparked something'.





## School of the Built Environment

Collaborating with leading businesses, practitioners and professional bodies within the property and construction sectors, London Met is has developed undergraduate and postgraduate courses that prepare our students for successful careers in construction project management, building surveying and real estate.

*“This is a unique opportunity for a new school to offer courses which prioritise our students’ individual learner experience and their future career within the property and construction industry.”* – Sean Flynn, Head of the School of the Built Environment

The courses which have been in development throughout the previous academic year, and launched in September 2023. Sean has been busy meeting with key industry stakeholders – taking interviews and facilitating site tours. Industry bodies are interested in Sean’s work and the course at London Met, and are interested in discussing the skills needs for the building and construction sector.

The Built Environment course allows students to:

- Gain invaluable experience, familiarising them with industry standard project planning and management software
- Become industry-ready, by allowing them to work on real world and live construction projects

London Met’s School of the Built Environment holds academic partnership with, and accreditation by, the Chartered Association of Building Engineers.

It’s an exciting offering from the university, which aligns to our mission of providing courses which will benefit our society and community long term. Practical and highly technical courses such as these equip students with the knowledge and experience required to thrive in the world of work.

## State of the art facilities for the School of Human Sciences

In a few short months, the former library space on the top floor has been renovated into a thoughtful and practical training location for the first cohort of student nurses.

Dietitians, physiotherapists and sports therapists have access to use the space independently to nursing, as well as in an interprofessional capacity. The space is available for all pre-registration health care courses.

The project is part of a £180 million plan to create vibrant campuses with cutting-edge facilities. As part of this investment, rooms have been constructed to mimic hospital and community clinical environments in some parts of the building, to create authentic clinical teaching and simulation environments. Additionally, an immersive Virtual Reality interactive learning space has been developed, which allows students to immerse themselves in 360° films used to simulate real-world scenarios, such as dealing with road traffic accidents.

The course has been designed to address the UK’s increasing need for high-skilled, qualified nurses from diverse socio-economic backgrounds. London in particular is in need of community integration – many nurses train in the City, but are unable to stay local due to accommodation costs. This has been taken into consideration, as local students with roots in London make up a large part of the intake. Many are mature students who bring life, work and family experience to the course, which will create an enriching learning environment for all.





# Trade union facility time reporting

2022-23 trade union facility time reporting  
Facility time is defined as the provision of paid or unpaid time off from an employee's normal role to undertake trade union (TU) duties and activities as a TU representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties. We recognise three trade unions: UCU, UNISON and GMB.

Nine employees (6.3 FTE) were relevant union officials during the period 1 April 2022 to 31 March 2023.

The proportion spent by union officials on facility time was:

- 0% of working hours: 1 representative
  - 1 to 50% of working hours: 4 representatives
  - 51 to 99% of working hours: 3 representatives
  - 0% of working hours: 1 representative
- 886 hours were paid in facility time.

The percentage of the total pay bill spent on facility time was 0.10%.

No hours were spent on paid trade union activities.





# Strategic Report

## Operating and financial review

The University's operating performance remained strong in the year to 31 July 2023. We have delivered an operating performance surplus excluding pension adjustments of £8.4m (2021/22: £7.2m) and we ended the year with £101.7m (2021/22: £88.8m) of cash and liquid investments in the bank. This was well ahead of our strategic plan projections and leaves us progressing well towards our aim of being financially sustainable.

### Operating surplus

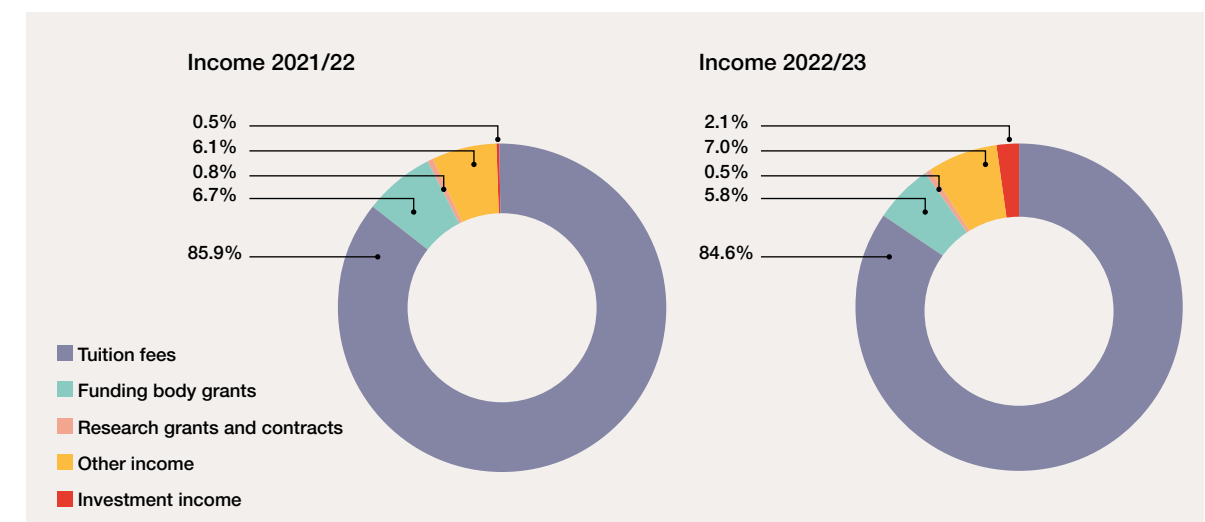
	2021-22 £'000	2022-23 £'000
Total income	122,546	152,333
Total staff costs (excluding pension adjustments)	59,186	67,482
Total non staff costs (excluding pension adjustments)	56,172	76,417
<b>Operating performance surplus</b>	<b>7,188</b>	<b>8,434</b>

### Income

Total income for 2022/23 was £152.3m, an increase of £29.8m (24.3%) on 2021/22. This change was driven mainly by an increase in tuition fees income resulting from better student recruitment and retention, particularly in the spring semester of 2023.

	2021-22 £'000	2022-23 £'000
Tuition fees	105,254	128,790
Funding body grants	8,216	8,877
Research grants and contracts	936	754
Other income including donations	7,582	10,680
Investment income	558	3,232
<b>Total income</b>	<b>122,546</b>	<b>152,333</b>

Income is predominantly generated from tuition fees in 2022/23, with 84.5% of income from this source, compared to 85.9% in 2021/22.

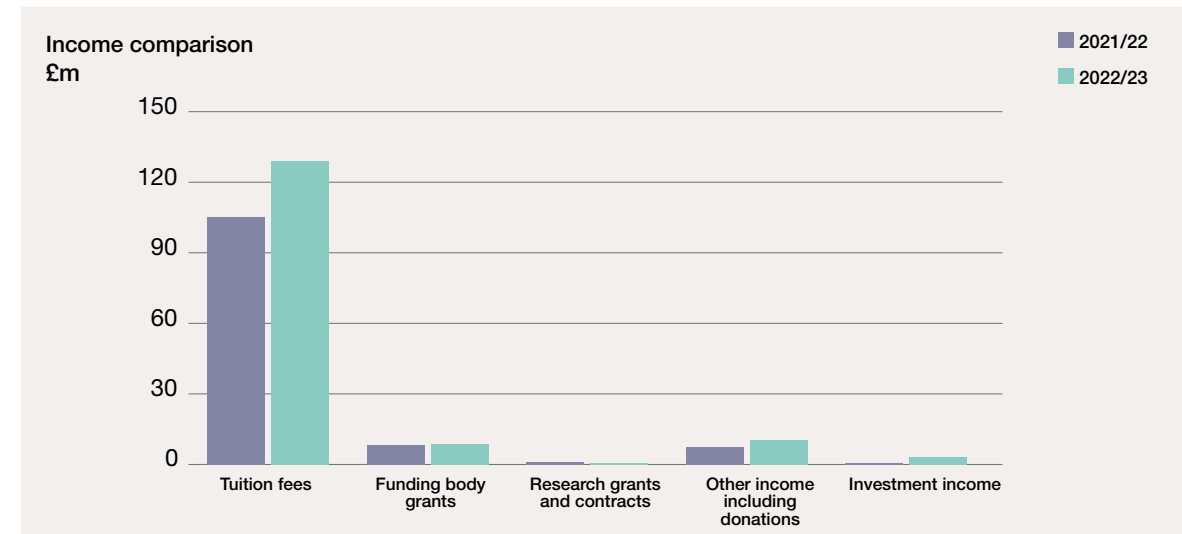




Tuition fee income increased in the year by 22.4% to £128.8m (2021/22: £105.3m) through growth in student numbers on site and with partners in the UK.

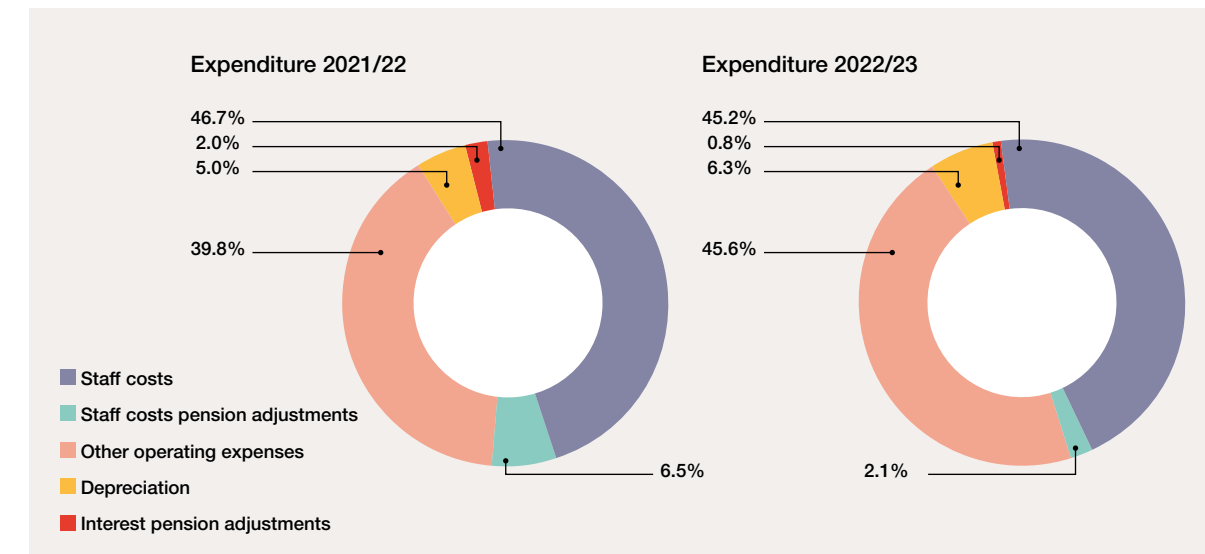
Funding body grants increased by 8% to £8.9m (2021/22: £8.2m).

Research income reduced slightly in year and other income grew by £3m as a result of post pandemic increases in rental income, trading income and academic partnerships. Investment income grew by £2.7m as a result of strong cash management and increase returns from market investments



Depreciation increased by 47.4% to £9.2m in 2022/23 from £6.3m in 2021/22, reflecting the increased capital spend due to the delivery of the digital and estates strategies. Depreciation is 6.3% (2021/22: 5.0%) of total expenditure.

The total staff pension and interest pension adjustments fell from £10.7m to £4.3m and now represent 3.0% of expenditure compared to 8.5% last year.



## Expenditure

Total expenditure for 2022/23 was £147.4m, an increase of £21.9m (17.4%) from the previous year.

	2021-22 £'000	2022-23 £'000
Staff costs (including staff restructuring costs)	58,664	66,706
Staff costs pension adjustments	8,212	3,169
Other operating expenses	49,913	67,189
Depreciation	6,259	9,228
Interest pension adjustments	2,463	1,144
<b>Total expenditure</b>	<b>125,511</b>	<b>147,436</b>

Staff costs increased from £58.7m last year to £66.7m which represents an increase of 13.7%. In 2022/23 total staff costs represented 45.2% (2021/22: 46.7%) of expenditure.

Other operating expenses increased to £67m (2021/22: £49.9m) an increase of 34.6%. This was a combination of increased student recruitment costs and franchise fees which is directly related to the increase in tuition fees generated. Other operating expenses makes up 45.6% (2021/22: 39.8%) of total expenditure.



## Balance sheet

The balance sheet shows a total net assets figure of £260.4m at 31 July 2023 compared to £212.2m at the end of last year, 31 July 2022. This is driven by the actuarial gain of £43.3m which resulted in a pension surplus of £5.6m.

	2021-22 £'000	2022-23 £'000
<b>Non-current assets</b>		
Intangible assets	–	508
Tangible assets	174,064	176,605
Investments	64	64
	174,128	177,177
<b>Current assets</b>		
Stock	59	54
Trade and other receivables	25,575	29,068
Investments	59,034	70,233
Cash and cash equivalents	29,787	31,428
Total current assets	114,455	130,783
Less: Creditors: Amounts falling due within one year	(38,258)	(51,748)
Net current assets	76,197	79,035
Non current assets		
Pension Surplus	–	5,608
<b>Total assets less current liabilities</b>	250,325	261,820
<b>Provisions</b>		
Pension provisions	(35,393)	(1,270)
Other provisions	(2,721)	(174)
<b>Total net assets</b>	212,211	260,376
<b>Restricted reserves</b>		
Income and expenditure reserve–endowment reserve	251	260
Income and expenditure reserve–restricted reserve	320	326
<b>Unrestricted reserves</b>		
Income and expenditure reserve–unrestricted reserve	151,018	199,168
Revaluation reserve	60,622	60,622
<b>Total reserves</b>	212,211	260,376

Tangible and intangible assets were valued at £177.1m (2021/22: £174.1m). During the year £130.8m was spent on tangible and intangible asset additions.

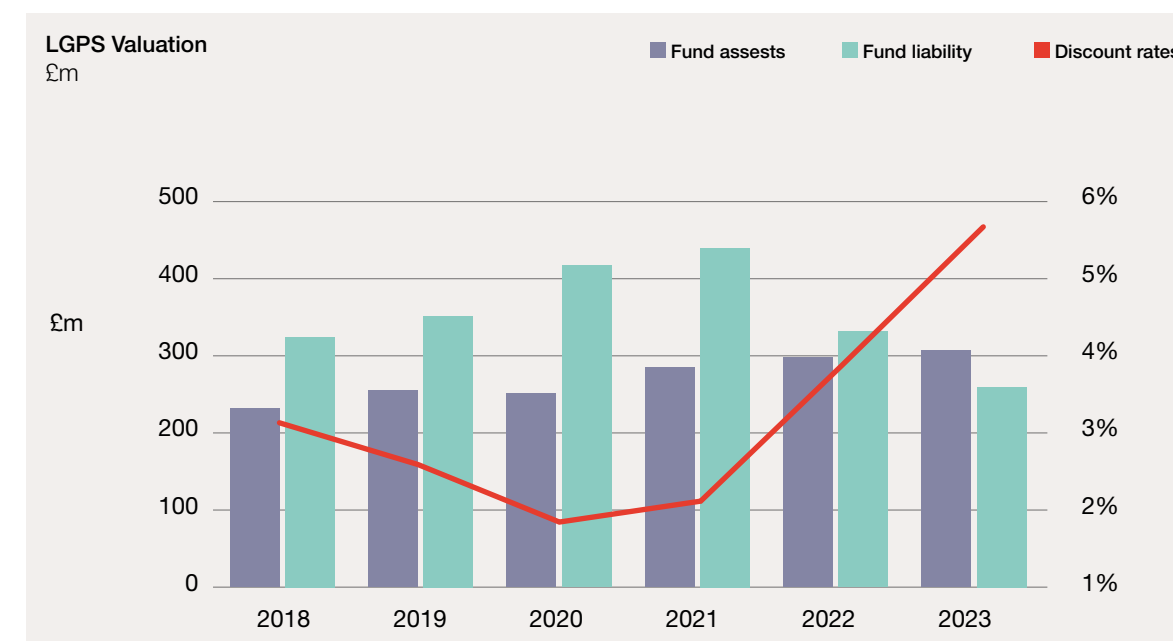
The University's working capital management has remained robust. Total current assets ended the year at £130.8m (2021/22: £114.4m) an increase of £16.3m. Debtors increased by £3.5m, cash and cash equivalents increased by £1.6m and investment balances increased by £11.2m as a result of the underlying trading performance.

Creditors falling due within one year increased by £13.5m, from £38.2m in 2021/22 to £51.7m in 2022/23 mainly as a result of increased levels of deferred income as the University has grown its income. Total assets less current liabilities was £261.8m (2021/22: £250.3m) an increase of £11.5m with £5.6m of that increase attributed to the LPFA pension surplus.

Pension provisions reduced by £34.1m from £35.4m to £1.3m, a decrease of 96.3% which is due to the latest pension valuation resulting in actuarial gains of £43.3m.

## LPFA Pension

The fund assets at 31st July 2023 was £306.8m (2022: £297.9m) which was mainly due to an increase in the return on assets with fund liabilities reduced to £283.6m (2022: £331.9m). Actuarial gains reduced from £130.4m at 31 July 2022 to £43.3m at 31 July 2023 and this resulted in an overall pension surplus of £5.6m.



## Treasury management

Treasury management plays a critical role by ensuring that the University has the cash it needs at all times to operate smoothly. As a key component of the University's financial control, the treasury management function monitors the timing and amounts of cash inflows and outflows, in particular monitoring and tracking those activities that result in significant cash movements.

Day-to-day cash and short-term investments are managed through rolling annual cash flow forecasts which are reviewed every month. Annual capital cash flow budgets are updated every year in line with the strategic planning and annual budget setting cycles, so that potential future borrowing requirements can be identified and negotiated well in advance of need. Currently the University has an unused £1m overdraft facility in place to provide flexibility for its working capital needs.

The University carefully manages its long-term and short-term cash requirements. In the short term, the University earns interest on working capital fluctuations via placing funds on money market deposit. The University also invests in longer term investments in order to maximise the interest receivable.

All investments are governed by the University Treasury Management and Ethical Investment Policy that is reviewed annually and has been updated in 2023 to place stricter conditions on investing. The policy ensures that each counterparty meets the minimum credit rating requirement set by the University, as well as restricting the amount deposited with counterparties in any single country and restricting the percentage deposit with any single counterparty.

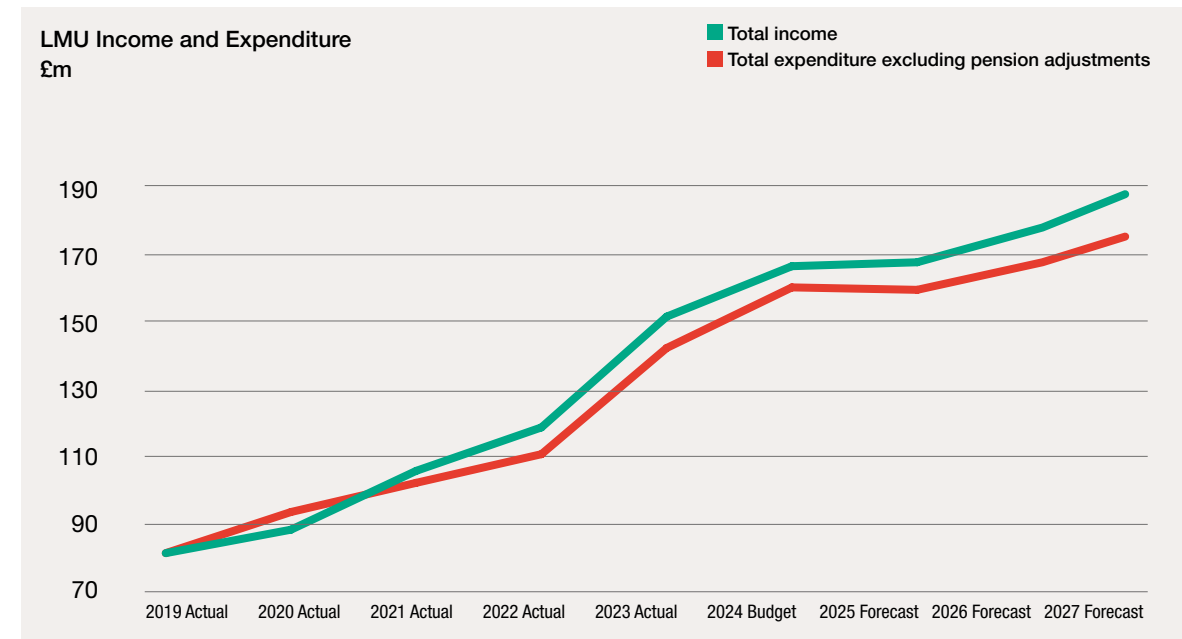
The University's foreign currency earnings represent a small proportion of its income and the overall exposure to exchange rate fluctuations is small.

Average daily cash and short-term investment balances in 2022-23 was £101.7m (2021-22: £88.8m). Interest earned on the balances was £3.2m (2021-22: £0.6m) giving an average return for the year of 3.2% (2021-22: 0.6%).



## Future developments

The University agreed a new Strategy–2019/20–2024/25 in October 2019. This plan is underpinned by a drive towards financial sustainability. A key target is to increase operating performance surplus year on year over the life of the strategy. The University is on target to achieve this with total income exceeding total expenditure excluding pension adjustments consistently for the last 3 years.



In March 2022, the governing body approved a new estates strategy, coupled with the digital first strategy and ongoing capital maintenance amounting to an investment of £180m over the next ten years. This spend will be targeted at improving the University infrastructure to enhance the student experience and drive student success. The University's planned cash balances reflect the increased spend in capital expenditure.



## Key Performance indicators

	Actual 2020-21	Actual 2021-22	Actual Forecast 2022-23	Forecast 2023-24	Planned 2024-25	Planned 2025-26	Planned 2026-27
Operating performance surplus as a % of turnover	2.9%	5.9%	5.5%	3.5%	1.2%	0.9%	2.0%
Net cashflow from operations as a % of turnover	15.6%	15.8%	14.4%	5.4%	2.8%	6.2%	10.3%
Staff Costs as a % turnover	55.3%	54.6%	45.9%	47.8%	47.7%	47.1%	46.7%
Cash Balance at year end (£m)	74	88.8	101.7	79.8	49.2	20.3	15.3
Capital expenditure (£m)	4.4	5.2	12.3	41.7	44.1	39	25.6

## Risks and uncertainties

The University has in place an embedded risk management strategy and policy which has been approved by senior management and the Audit and Risk Committee. This is also subject to review by the University's internal auditors. The key risks, priorities and mitigating factors within the risk register are regularly considered and updated. The risk register is a standing item on the agenda of the University Executive Board and the Audit and Risk Committee.

The principal risks to the achievement of the University's strategy and uncertainties include:

- Regulatory environment
- Government policy
- Cyber security
- Financial viability
- Staff satisfaction
- Developing physical resources
- Legislative compliance

## Section 172 Statement

The members of the University Board of Governors are Trustees of the University and directors of the Company. In line with their duties under s172 of the Companies Act 2006, directors act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As part of the decision-making process, matters that are of strategic importance to the Company, the Board and its Committees consider the potential impact of decisions on relevant stakeholder. Whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

**Tijs Broeke**  
Chair of the Board of Governors

Date: 23 November 2023

**Professor Lynn Dobbs**  
Vice-Chancellor and Chief Executive

Date: 23 November 2023



## Members of the Board of Governors

The members of the Board of Governors of London Metropolitan University as at 31 July 2023 are listed below. Unless otherwise stated, all members served throughout the year.

	Date of Appointment
Rohin Aggarwal (FRC)	
Baron Anyangwe (ARC)	
Tijs Broeke ([Chair], PRC, FRC, GC)	
Rosemary Benson (SG, FRC,EMP)	
Lynn Dobbs (AB [Chair], FRC, GC, EMP)	
Urmi Dutta- Roy (FRC [Chair], PRC)	
Margaret Farragher (GC [Chair])	
Renarta Guy (ARC, PRC)	
Rishi Trikha, (AG, AB, GC, ARC, EMP)	
Shefaly Yogendra (ARC [Chair])	
Muniya Barua (FRC)	
Usman Khan (PRC [Chair], GC)	
Linda Patterson (PRC)	
Valerie Leipheimer (ARC)	
Petra Wend	19 April 2023
Andrea Stark	19 April 2023
Awesome Olasope (GC)	26 June 2023
Tammika Chambers (AB)	16 January 2023

### Independent co-opted committee members

Allan Boardman (ARC)	
Rosemary Lemon (PRC)	
Tracey Rob Perera (ARC)	6 October 2022

### Student Committee members

Bianca Jurcut (ARC)	
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### KEY:

(AB)	Member of the Academic Board
(AC)	Member of Audit Committee
(EMP)	University Employee
(FRC)	Member of Finance and Resources Committee
(GC)	Member of Governance Committee
(RC)	Member of Remuneration Committee
(ST)	Student Governor
(AG)	Academic Governor
(SG)	Staff Governor

### Changes in membership during the year and after the year-end

The Board approved the appointment of Tracey Rob Perera as a coopted member of the Audit and Risk Committee commencing 6 October 2022.

Anders Krohn resigned as a director effective from 25 November 2022.

Tricia Croasdell resigned as a director effective from 23 March 2023.

The Board approved the appointment of Tammika Chambers serving as a Student Governor in accordance with her term of office, commencing 16 January 2023.

Denise Morrison served as a Student Governor in accordance with their term of office throughout the year, ending 25th May 2023.

The Board confirmed the appointment of Awesome Olasope as the Student Governor in accordance with their term of office as President of the Students' Union, commencing 26 June 2023.

The Board approved the appointment of Petra Wend and Andrea Stark as Independent Governors for an initial Term of three years, commencing 19 April 2023.

The Board approved the appointment of Munesh Mahtani as an Independent Governors for an initial term of three years, commencing on 1 August 2023.

Shefaly Yogendra, Margaret Farragher, Renarta Guy and Rohin Aggarwal's terms as Independent Governors ended 31 July 2022.

The Board confirmed the appointment of Muniya Barua as Senior Independent Governor on 29th June 2023 for an initial term of three years.

### The Board confirmed the following appointments commencing 1 August 2023:

- i) The appointment of Munesh Mahtani as a member of the Governance Committee for an initial term of three years, commencing 1 August 2023;
- ii) The appointment of Linda Patterson as a member of the Governance Committee for an initial term of three years, commencing 1 August 2023;
- iii) The appointment of Tijs Broeke (Independent Governor and Chair of the Board of Governors) as interim Chair of the Governance Committee commencing 1 August 2023 for a term of one year;
- iv) The appointment of Andrea Stark as a member of the Audit and Risk Committee and Chair of the Remuneration Committee for an initial term of three years commencing 1 August 2023;
- v) Staff Governor, Rosie Benson as a member of the Audit and Risk Committee;
- vi) The appointment of Usman Khan as the Chair of the Audit and Risk Committee for an initial term of three years, commencing 1 August 2023, and;
- vii) The appointment of Petra Wend as a member of the People, Finance and Remuneration Committee and Independent Governor Academic Quality for an initial terms of three years, commencing 1 August 2023.



## Principal advisers

Bankers	Barclays Bank Plc Holloway and Kingsland Business Centre London E8 2JK
External Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Insurer	Arthur J. Gallagher Station Square One Gloucester Street Swindon SN1 1GW  Zurich Municipal Southwood Crescent Farnborough Hampshire GU14 0NJ
Property Advisers	Avison Young LLP 65 Gresham Street London EC2V 7NQ
Solicitors	JG Poole & Co LLP E-Space South 26 St Thomas Place Ely Cambridgeshire CB7 4EX  Veale Wasbrough Vizards LLP 24 King William Street London EC4R 9AT

## Statement of responsibilities of the Board of Governors

The Education Reform Act 1988 vested the custody and control of all assets and affairs in the Board of Governors of the University.

Under the University's revised Articles of Association approved in March 2023 (which took effect on 23rd March 2023), the Board of Governors is responsible for "determining the educational character and mission of the University, for stewardship of its resources and for oversight of its activities" (Article 11.1).

The Financial Statements have been prepared in compliance with the Companies Act 2006 and the Office for Students' Account direction.

The Financial Statements should give a true and fair view of the state of affairs of the University, and of the income and expenditure, cash flows and recognised gains and losses for that period.

In causing the financial statements to be prepared, the Board has to ensure that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards and statements of recommended practice are followed, and that any material departures are disclosed and explained in the financial statements, and
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation.

To assist the members of the Board of Governors in discharging its ultimate responsibility, the University's People, Finance and Resources Committee and, where appropriate, the Audit and Risk Committee, are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University. This also enables the Board of Governors to ensure that the financial statements comply with the Companies Act, the Accounts Direction issued by the OfS and the Statement of Recommended Practice: Accounting for Further and Higher Education. The People, Finance and Resources Committee and the Audit and Risk Committee also have delegated responsibilities for ensuring that the assets of the University are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Board of Governors are responsible for ensuring that funds from the Department for Education, the OfS and other funding bodies are used only for the purposes they have been given and in accordance with the OfS' Terms and Conditions of Funding and the grant

funding agreement with the Department for Education and any other conditions which funding bodies may prescribe from time-to-time. Members of the Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the Board are responsible for promoting the economic, efficient and effective management of the University's resources and expenditure, so that the benefits derived from the application of public funds provided by the OfS are not put at risk.

The Board of Governors is responsible for preparing the Director's Report, Strategic Report 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.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the 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 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 University or to cease operations, or have no realistic alternative but to do so.



## Statement of responsibilities of the Board of Governors

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 University and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the 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 Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement is intended to help readers understand the corporate governance procedures that are in place at the University. It covers the period from 1 August 2022 to the date of approval of the audited financial statements.

### The moral and ethical environment

The University's mission and values are defined in the University's Strategic Plan 2019/20–2024/25. The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Through appropriate due diligence processes, the University ensures that Governors are fit and proper persons.

In accordance with these principles the University maintains a publicly accessible register of governors' interests and declared charity trusteeships. Provisions relating to the declaration of interests are specified in the University's Articles and in the Board Regulations approved by the Board. All governors are asked to declare their interests on appointment and at least annually thereafter, and to inform the University of any changes to their declaration. Members are asked to declare any interests they may have in business on the agenda at the beginning of each meeting of the Board and its sub-committees.

## Statement of corporate governance

The Board has regard to the voluntary Higher Education Code of Governance issued by the Committee of University Chairs (CUC). The revised Higher Education Code of Governance (the 'CUC Code') was published in September 2020. The Board's Governance Committee received the revised CUC Code at its October 2020 meeting.

The Board's Governance Committee carried out its annual mapping of the University's compliance with the CUC Code in May 2023, this exercise was used to inform further development of the University's governance arrangements. The University also adopted the CUC Higher Education Senior Staff Remuneration Code (June 2018) and the CUC Higher Education Audit Committee Code of Practice (May 2020).

The University complies with the OfS Regulatory Framework. Any enquiries about the governance of the University should be addressed to the University Secretary

As the University is a charity, the Board has also had regard to the Charity Commission's guidance on public benefit.

In 2022/23 the University commissioned an independent review of its governance effectiveness by Advance HE. It concluded that from their 'review of governance documents, meetings with governors, and observation of meetings it appears that core regulatory compliance at LMU is sound'. The reports recommendations were considered and approved at the Board's June 2023 meeting, the implementation of actions will be overseen by the Governance Committee.

### How the University is governed

The University is a company limited by guarantee and an exempt charity defined by the Charities Act 2011 (with the OfS acting on behalf of the Charity Commission as the principal regulator for English higher education institutions), which means that the governors are simultaneously company directors and charity trustees. Its governing document is the Memorandum and Articles of Association. The current Articles were approved and adopted by the Board of Governors on 23rd March 2023 to take immediate effect.

The Board consists of staff, student and independent (non-executive) members, and is structured so that the independent members form an absolute majority.

Independent Governors are not staff or students and are chosen for their expertise in areas relevant to the work of the University. The Board of Governors appoints Independent Governors following recommendations by the Governance Committee. The roles of Chair and Chief Executive (Vice-Chancellor) are separated. The Articles stipulate that neither staff nor student members of the Board are eligible to serve as Chair of the Board. There is thus a clear division of responsibility. The Vice-Chancellor is a member of the Board of Governors Ex-officio. Newly appointed Governors receive induction briefings and training on the University, the role of the Board of Governors and on the wider higher education context. Through appropriate due diligence processes, the University ensure that's Governors are fit and proper persons on an ongoing basis.

The Board is responsible for the ongoing strategic direction of the University, its financial solvency, approval of major developments, and the receipt of regular reports from the Senior Leadership Team (the University's Executive) on the day-to-day operations of the University and its subsidiary companies. Under the Articles of Association a number of matters are reserved to the Board. The Board has approved the following key governance documents, which are regularly reviewed:

- A Statement of Primary Responsibilities, defining the Board's principal responsibilities under the University's Articles of Association;
- A Scheme of Delegation, which defines how responsibilities are delegated to the Board's Committees and to the Vice-Chancellor and other members of the Executive;

Board Regulations, which set out in detail how matters which the University's Articles envisage being governed by Regulations will operate and how matters set out in the Articles will operate on a day to day basis. The Board Regulations provide an overarching framework for other University Regulations,

- including the Academic Regulations (approved by the Academic Board under delegated authority), the Financial Regulations and the Scheme of Delegation, and
- Financial Regulations, which provide the framework within which the University's financial policies, procedures and systems of control operate.



## Statement of corporate governance

The Board has established an Academic Board which is responsible under delegated authority from the Board of Governors for maintaining and enhancing the academic performance of the University in teaching, examining and research, and for advising the Board of Governors on matters relating to the educational character and mission of the University. The Academic Board's terms of reference are approved by the Board of Governors

The Senior Leadership Team (SLT) is formally designated as the University's Executive by the Scheme of Delegation, and is responsible for advising the Vice-Chancellor on the exercise of the functions and responsibilities delegated by the Board to the Vice-Chancellor as the University's chief executive. The SLT is assisted by the Senior Management Team (SMT), reporting to the SLT, which brings together the senior academic and professional services management of the University to ensure a common understanding and engagement over the implementation of the University's Strategic Plan and the strategies and plans approved by the Board to ensure the sustainability of the University.

London Metropolitan University's Students' Union is a company limited by guarantee with charitable status. While the Students' Union is an independent organisation with considerable responsibility for and autonomy in its own affairs, the University's Board of Governors is responsible under the Education Act 1994 for general oversight. The University values its students and to that end the University's Articles of Association provide for up to 2 Student Governors (who shall be the President of the Students' Union acting ex-officio and the Deputy President or a sabbatical officer appointed by the Students' Union Executive Committee).

The Vice Chancellor, as chief executive, has a general responsibility to the Board of Governors for the organisation, direction and management of the University. The Vice Chancellor is responsible for the development of the strategic plan, and is the University's accountable officer under the Office for Students' Regulatory Framework.

In accordance with the Articles of Association the University Secretary is appointed to act as Secretary to the Board of Governors and its committees and also acts as Company Secretary. In that capacity, the University Secretary provides independent advice to Governors on governance matters.

### Governance during the year

In the year to 31 July 2023 the Board met five times, which included one Strategy session held in January 2023.

The Board's sub-committees are:

- Audit and Risk Committee (met four times in 2022/23, plus 2 deep dive sessions)
- Finance and Resources Committee (met four times in 2023/23)
- Governance Committee (met three times in 2022/23)
- People and Remuneration Committee (met four times in 2022/23)

Additionally the Audit and Risk Committee and People, Finance and Resources Committee met jointly to consider the University's Financial Statements in November 2023.

The Board of Governors approved a proposal to amend its committee structure, changing People and Remuneration Committee and Finance and Resources Committee to People, Finance and Resources Committee on 23 June 2023.

These committees are formally constituted with appropriate terms of reference approved by the Board of Governors, which are regularly reviewed. The Scheme of Delegation defines the responsibilities delegated to committees by the Board. The Board of Governors receives a report of each committee meeting, which is presented to the Board by the chair of the committee.

The membership of each of the above committees consists of a majority of independent governors and co-opted members, and the chair is always an independent governor.

The People and Remuneration Committee was chaired by Usman Khan in 2022/23. The People and Remuneration Committee is responsible for the remuneration benefits and terms and conditions of the Vice Chancellor and other Senior Staff as defined by the Board Regulations, the performance and personal development objectives of the Vice Chancellor and Senior staff, returns relating to senior staff remuneration as required by the OfS and other regulatory bodies. In 2022/23 they had responsibility in relation to pay and conditions of employment for all University Staff and is responsible for recommending and providing oversight of matters relating to the University's People Strategy and policies. The University has formally adopted The Higher Education Senior Staff Remuneration Code, published by the CUC in June 2018.

The Audit and Risk Committee, chaired by Shefaly Yogendra 2022/23, plays a key part of the University's system of internal control. The Committee reviews the work of the internal and external auditors and considers their reports, together with recommendations for the improvement of the systems of internal control in conjunction with management responses and implementation plans. It reviews the University's annual financial statements and the appropriateness of its accounting policies. It also provides oversight of the risk management process on the Board's behalf and satisfies itself that suitable arrangements are in place to ensure the sustainability of the University and to promote economy, efficiency and effectiveness. It also satisfies itself that arrangements are in place to ensure appropriate and accurate data returns are made to regulatory bodies and external stakeholders. The committee receives and considers reports from the Office for Students insofar as they affect the University's business and monitors adherence to regulatory requirements, including health and safety (a health and safety report is provided to each meeting of the Audit and Risk Committee; operational matters relating to the implementation of the Health and Safety Strategy are considered by the Health and Safety Committee, which is an executive committee). Members of the Senior Leadership Team attend Audit and Risk Committee meetings as necessary, but are not members of it. The Chair of the Board is not a member and does not attend its meetings. No members of the Audit and Risk Committee are also members of the Finance and Resources Committee. The Committee has adopted terms of reference which reflect the CUC's higher Education Audit Committee Code of Practice.

Members of the executive team attend Audit and Risk Committee meetings as necessary, but are not members of it. The Chair of the Board is not a member and does not attend its meetings.

The Finance and Resources Committee, chaired by Urmi Dutta-Roy in 2022/23, reviews and recommends to the Board of Governors the University's annual capital and revenue budgets and the financial forecasts submitted to the Office for Students. Its role includes inter alia reviewing the University's financial regulations and its draft financial statements, monitoring financial performance, and considering estates matters.

The Governance Committee, chaired by Margaret Farragher in 2022/23, is responsible for making recommendations to the Board about filling vacancies in Board and Committee membership and about the award of honorary degrees. It has a remit to consider any governance matters. The Committee reviews the effectiveness of the University's governance as an ongoing process, including an annual assessment of the University's compliance with the Higher Education Code of Governance, and the annual consideration of effectiveness questionnaires completed by governors and committee members.

The committee regularly reviews the diversity of the Board and its committees, and takes diversity into account when making recommendations to the Board regarding appointments in line with the target adopted by the Board of Governors in March 2020 that to reflect the London adult population, 55% of our Board and associated committees will be from a Black or minoritised background by 2025.

In addition to the above, the Academic Board is also a sub-committee of the Board of Governors. Its membership is drawn from staff and students. The Academic Board is responsible for overseeing the teaching and research of the University and is responsible for the academic quality and standards of the University and the admission and regulation of students. The Board of Governors receives and tests assurance from the Academic Board that academic governance, including the standard of university awards and student academic experience and student outcomes, are adequate and effective.



## Statement of corporate governance

### Internal control

The Board of Governors is responsible for ensuring a sound system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to the University.

Internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.

Our Internal Auditors assist the University in maintaining effective controls by evaluating the effectiveness, efficiency of controls and promoting continuous improvement.

Our external auditors ensure that the University's internal controls, processes, guidelines and policies are adequate, effective and are in compliance with governmental requirements, industry standards and company policies.

The system of internal control is informed by a continuous process to identify, evaluate and manage the University's significant risks, linked to the achievement of institutional objectives. This process covers business, operational and compliance as well as financial risk, and has been in place for the year ended 31 July 2023 and up to the date of approving these financial statements.

The effectiveness of the system of internal control is assessed in the following ways:

- The Board receives regular progress reports on Risk Management and confirms there is a clear policy and plan of risk management, which has been communicated to the Schools and Professional Service Departments (PSDs). The University's Risk Management Policy and Process was reviewed and approved in May 2023.
- The Corporate Risk Register is updated throughout the year and identifies the main risk owners and risk-mitigating actions. Risks are scored by likelihood and impact and are ranked accordingly. Risk registers are also maintained for each School and major PSD. The University has a 'Risk Champions' group of staff involved in maintaining local risk registers which meets quarterly. A report of the Risk Champions group is submitted to the Audit and Risk Committee and to the Senior Leadership Team;
- The Board and Audit and Risk Committee have been regularly updated regarding the review of the Corporate Risk Register throughout 2022/23;

- The Senior Leadership Team reviews the Corporate Risk Register on a quarterly basis over the course of the year. The Chief Operating Officer is the member of the Senior Leadership Team with lead responsibility for risk management;
- The Audit and Risk Committee oversees the arrangements for risk management and at each meeting receives a report on the Corporate Risk Register as well as a report on the risk management processes in place in Schools and PSDs. Members of the Board receive a report of each meeting of the Audit and Risk Committee;
- Each year the Audit and Risk Committee approves a programme of specific internal audits for the following year. The programme of internal audit is based around a structured assessment of system risks within the University's operations and is reviewed in-year to ensure that emerging issues are addressed;
- The Audit and Risk Committee receives reports from the internal auditors at each meeting. These reports provide an independent opinion of the adequacy and effectiveness of the University's arrangements for risk management and the internal control systems, together with appropriate recommendations. The internal auditors also report as a matter of course on the progress made in implementing recommendations from previous reports;
- The Audit and Risk Committee, in its annual report to the Board of Governors, provides an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance;
- The University's external auditors undertook a risk management benchmarking exercise intended to support the Audit and Risk Committee in challenging whether the focus of the corporate risk register was right for the University via a number of questions.
- In 2022/23 Audit and Risk Committee continued its deep-dive process for undertaking end to end reviews of risks within the University's Corporate Risk Register which was first established in 2020/21.
- The Chief Operating Officer and the University Secretary attend meetings of the Audit and Risk Committee and have direct and independent access to members of that Committee, as do the internal and external auditors. The Audit Committee held two 'members only' sessions with the internal and external auditors throughout 2022/23.

The Board, through the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control operating in 2022/23 and up to the date of approval of the financial statements.

There were no significant internal control issues during the year.

The financial statements on pages 52 to 80 were approved by the Board of Governors of London Metropolitan University on 23 November 2023, and signed on its behalf by:

### Tijs Broeke

Chair of the Board of Governors



### Professor Lynn Dobbs

Vice-Chancellor and Chief Executive





## Directors' report

**The Board of Governors (the Board), as the directors of London Metropolitan University, presents the University's annual report and audited financial statements for the year ended 31 July 2023.**

### **Basis of preparation of the financial statements**

The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education. The University has applied the Accounts Direction for periods beginning on or after 1 August 2019 as published on 25 October 2019.

After examining the financial forecasts of the University, the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2027. For the purpose of their going concern review, the Board has focused on the period to 30 November 2024.

As at 31 July 2023, the University held cash and liquid investments totalling £101.7m, which provide the basis for investment in the plan. The cash flow forecast for 2023/24 shows cash and liquid investments of £79.8m at 31 July 2024, after funding £41.7m of capital investment. The forecast cash and liquid investments balance at 31 July 2025 is £49.2m, after funding £44.1m of capital investment in 2024/25. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2023/24 in June 2023 which forecast an operating performance surplus of £5.7m, in line with the University strategy for 2020–2025. In 2024/25, the University will continue to generate positive operating cash flows ensuring that to fund capital expenditure of £44.1m with the aim of enhancing student experience.

Based upon its review of the financial forecasts, the Board is satisfied that these financial statements are properly prepared on a going concern basis. The Board considers that the use of the going concern basis is appropriate because, at the date of approval of the financial statements, it is not aware of any material uncertainties related to events or conditions that might cast significant doubt as at the date of approval of the financial statements about the ability of the University to continue as a going concern..

### **Constitution**

London Metropolitan University is a company limited by guarantee with no share capital, with up to 15 members limited in liability to the sum of £1 each.

In the event of winding up, each member of the University and any person who ceased to be a member within one year of the date of the winding up is liable to contribute a sum not exceeding £1.

### **Donations**

The University makes no political donations but makes grants and charitable donations.

### **Auditors**

A resolution to re-appoint KPMG LLP as auditors will be proposed at the next Annual General Meeting.

### **Creditor payment policy**

The University is committed to the prompt payment of its suppliers' bills. The University aims to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within 45 days of receipt of goods and services or the presentation of a valid invoice.

**Students**—LMU promotes its success in relation to our student population taking pride in providing a distinctive place for learning that offers them the best possible student transformational experience whilst getting to know our students one by one. The University considers it extremely important that effective ways are found to hear the whole students' voice in order to respond to their concerns and build a supportive learning community. A well-functioning Students' Union is a vital part of to this endeavour and the University ensures that students are represented in all its major decision-making bodies.

**Employees**—Established systems, frameworks and processes are in place to support and protect the wellbeing of our colleagues, to ensure they are recognised and rewarded for their work, to listen to and address their concerns and to provide clear paths to career progression, personal development and training. We have promoted our wellbeing support resources for both physical and mental health and have been particularly strong in providing a virtual resource for colleagues during the pandemic. Online resilience training has also been provided. Equity and inclusion is a key part of the University's people strategy focusing on:

- Health and wellbeing.
- Inclusive culture, behaviour, and values.
- Attracting talent.
- Enabling talent and excellent performance.
- Reward and recognition

**Suppliers**—Procurement within the University is carried out in accordance with legal requirements, the University Financial Regulations and Procurement Policy. A carefully managed University that works efficiently and effectively delivering value-for money is central to the University's strategic plan and our procurement activity supports that goal. LMU recognises that in order to achieve its ambitious strategic objectives, we need our suppliers to be on board. When engaging suppliers, we utilise a number of routes to market including third party collaborative framework agreements, such as from the London Universities Purchasing Consortium (LUPC), together with other consortia as well as awarding our own contracts through competitive tender and quotation activity. We also work closely with our Estates suppliers to look at energy saving projects and initiatives.

### **Approval of financial statements by the Board**

The financial statements on pages 52 to 80 were approved by the Board of Governors of London Metropolitan University on 23 November 2023, and signed on its behalf by:

### **Tijs Broeke**

Chair of the Board of Governors



### **Professor Lynn Dobbs**

Vice-Chancellor and Chief Executive



Date: 23 November 2023

# Independent auditor's report to the Board of Governors of London Metropolitan University

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of London Metropolitan University ("the University") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet and Cash Flow Statement and related notes, including the 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 2023, 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;
- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Going concern

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

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

### Our conclusions based on this work:

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

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

### Fraud and breaches of laws and regulations – ability to detect

#### Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Audit and Risk Committee, internal audit as to the University'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 minutes of the meetings of the Board of Governors, Audit and Risk Committee, and People and Remuneration Committee; and
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards and taking into account possible pressures to meet to improve financial performance, we perform procedures to address the risk of management override of controls, in particular the risk that University 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 due to nature of the revenue received during the year, which for the University's primary revenue streams is straightforward in nature and requires little judgment in determining its recognition. We therefore assessed

that there was limited opportunity for the University to manipulate the income that was reported.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of design and implementation of University-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 unusual account combinations and other unusual journal characteristics;
- Identifying whether there were any significant unusual transactions; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### 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 and through discussion with the directors and other management (as required by auditing standards), 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.

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pensions legislation and higher education financial reporting related regulation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the University's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and certain aspects of

company legislation recognising the financial nature of the University's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### 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 Board of Governors is responsible for the other information, which comprises the Strategic Report, Statement of responsibilities of the Board, Statement of corporate governance, and Director's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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;
- in our opinion the information given in the Strategic Report, Statement of responsibilities of the Board of Governors, Statement of corporate governance, and Director's Report, for the financial year, is consistent with the financial statements; and



## Independent auditor's report to the Board of Governors of London Metropolitan University (contd.)

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### Board of Governors responsibilities

As explained more fully in its statement set out on page [X], the Board of Governors (the members of which are the Directors of the University for the purposes of company law) 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](http://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;
- 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.

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 25 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 7 to the financial statements, has been materially misstated.

We have nothing to report in these respects.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government and section 124 of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



### Fleur Nieboer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

28 November 2023

## Statement of comprehensive income and expenditure

		2022-23 £'000	2021-22 £'000
	Notes		
<b>Tuition fees</b>	1	<b>128,790</b>	105,254
Funding body grants	2	<b>8,877</b>	8,216
Research grants and contracts	3	<b>754</b>	936
Other income	4	<b>10,659</b>	7,565
Investment income	5	<b>3,232</b>	558
<b>Total income before donations and endowments</b>		<b>152,312</b>	122,529
Donations and endowments	6	<b>21</b>	17
<b>Total income</b>		<b>152,333</b>	122,546
<b>Expenditure</b>			
Staff costs	8	<b>66,288</b>	58,550
Staff costs-movement on pension provisions	8	<b>3,169</b>	8,212
Staff restructuring costs	8	<b>418</b>	114
Other operating expenses	9	<b>67,189</b>	49,913
Depreciation	11	<b>9,228</b>	6,259
Interest – pension adjustments	10	<b>1,144</b>	2,463
<b>Total expenditure</b>		<b>147,436</b>	125,511
<b>Surplus/deficit before other gains and losses</b>		<b>4,897</b>	(2,965)
<b>Surplus/deficit for the year</b>		<b>4,897</b>	(2,965)
Actuarial gain in respect of pension scheme	20	<b>43,268</b>	130,446
<b>Total comprehensive income/expenditure for the year</b>		<b>48,165</b>	127,481
Represented by income/expenditure:			
<b>Endowment comprehensive income for the year</b>	18	<b>9</b>	2
Restricted comprehensive income/expenditure for the year	19	<b>6</b>	(8)
Unrestricted comprehensive expenditure for the year		<b>48,150</b>	127,487
		<b>48,165</b>	127,481
<b>Reconciliation of total comprehensive income /expenditure to the operating performance</b>		<b>2022-23 £'000</b>	<b>2021-22 £'000</b>
Total comprehensive income		<b>48,165</b>	127,481
Actuarial gain in respect of pension scheme	20	<b>(43,268)</b>	(130,446)
Pension Interest	10	<b>1,144</b>	2,463
Notional costs and staff adjustments relating to pension fund surplus	8 & 20	<b>2,393</b>	7,690
<b>Operating performance surplus</b>		<b>8,434</b>	7,188

All items of income and expenditure relate to continuing activities.  
The accompanying notes form an integral part of the financial statements

## Statement of changes in reserves

	INCOME AND EXPENDITURE RESERVES			Revaluation	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
<b>Balance at 1 August 2021</b>	<b>249</b>	<b>328</b>	<b>23,531</b>	<b>60,622</b>	<b>84,730</b>
– Surplus/(deficit) for the year	2	–	(2,967)	–	(2,965)
– Other comprehensive income	–	–	130,446	–	130,446
– Release of restricted funds spent in year	–	(8)	8	–	–
<b>Total comprehensive income for the year</b>	<b>2</b>	<b>(8)</b>	<b>127,487</b>	<b>–</b>	<b>127,481</b>
<b>Balance at 1 August 2022</b>	<b>251</b>	<b>320</b>	<b>151,018</b>	<b>60,622</b>	<b>212,211</b>
– Surplus/(deficit) for the year	9	10	4,878	–	4,897
– Other comprehensive income	–	–	43,268	–	43,268
– Release of restricted funds spent in year	–	(4)	4	–	–
<b>Total comprehensive income for the year</b>	<b>9</b>	<b>6</b>	<b>48,150</b>	<b>–</b>	<b>48,165</b>
<b>Balance at 31 July 2023</b>	<b>260</b>	<b>326</b>	<b>199,168</b>	<b>60,622</b>	<b>260,376</b>



## Balance Sheet

	Notes	2022-23 £'000	2021-22 £'000
<b>Non-current assets</b>			
Intangible assets	11	508	–
Tangible assets	11	176,605	174,064
Investments	12	64	64
		<b>177,177</b>	174,128
<b>Current assets</b>			
Stock	13	54	59
Trade and other receivables	14	29,068	25,575
Investments	15	70,233	59,034
Cash and cash equivalents		31,428	29,787
<b>Total current assets</b>		<b>130,783</b>	114,455
Less: Creditors: Amounts falling due within one year	16	(51,748)	(38,258)
<b>Net current assets</b>		<b>79,035</b>	76,197
<b>Non current assets</b>			
Pension Surplus	20	5,608	–
<b>Total assets less current liabilities</b>		<b>261,820</b>	250,325
<b>Provisions</b>			
Pension provisions	17	(1,270)	(35,393)
Other provisions	17	(174)	(2,721)
<b>Total net assets</b>		<b>260,376</b>	212,211
<b>Restricted reserves</b>			
Income and expenditure reserve–endowment reserve	18	260	251
Income and expenditure reserve–restricted reserve	19	326	320
<b>Unrestricted reserves</b>			
Income and expenditure reserve–unrestricted reserve		199,168	151,018
Revaluation reserve		60,622	60,622
<b>Total reserves</b>		<b>260,376</b>	212,211

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 52 to 80 were approved by the Board of Governors of London Metropolitan University on 23 November 2023, and were signed on its behalf by:

Tijs Broeke



Chair of the Board of Governors

Professor Lynn Dobbs



Vice-Chancellor and Chief Executive

## Cash flow statement

	Notes	2022-23 £'000	2021-22 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		4,897	(2,965)
<b>Adjustment for non-cash items</b>			
Depreciation	11	9,228	6,259
Gain on investments	5	(158)	(15)
Exchange rate loss/(gain)		29	(24)
(Increase)/decrease in stock	13	5	(2)
(Increase) in debtors	14	(3,493)	(7,301)
Increase in creditors	16	13,611	11,749
(Decrease)/increase in pension provision	17	2,401	7,689
(Decrease)/increase in other provisions	17	(2,547)	2,170
		–	–
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(3,065)	(541)
Interest payable	10	1,144	2,463
Endowment income		(9)	(2)
Capital grant income		(161)	(67)
<b>Net cash inflow from operating activities</b>		<b>21,883</b>	19,413
<b>Cash flows from investing activities</b>			
Capital grant receipts		161	67
Investment income		3,074	542
Payments made to acquire fixed assets		(12,277)	(5,204)
(Increase) in current asset investments		(11,199)	(6,027)
		(20,241)	(10,622)
<b>Increase in cash and cash equivalents in the year</b>		<b>1,641</b>	8,791
Cash and cash equivalents and the beginning of the year		29,787	20,996
Cash and cash equivalents and the end of the year		31,428	29,787

The accompanying notes form an integral part of the financial statements.

## Accounting Policies

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

### (A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard FRS 102. They have also been prepared in accordance with the carried over powers and duties of the previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research act 2017 during the transition period to 31 July 2019, the Royal Charter, the Account Direction Issued by the Office for Students, the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared under the historical cost convention (modified by the revaluation of fixed assets).

The University has applied the provisions of Section 11 for basic financial instruments of FRS 102 in full.

The University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction for periods beginning on or after 1 August 2019 as published on 25 October 2019.

### Going concern

After examining the financial forecasts of the University, the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2026. For the purpose of their going concern review, the Board has focused on the period to 30 November 2024.

As at 31 July 2023, the University held cash and liquid investments totalling £101.7m, which provide the basis for investment in the plan. The cash flow forecast for 2023/24 shows cash and liquid investments of £66.9m at 31 July 2024, after funding £41.7m of capital investment. The forecast cash and liquid investments balance

at 31 July 2025 is £67.2m, after funding £13.7m of capital investment in 2024/25. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2023/24 in June 2023 which forecast an operating performance surplus of £5.7m, in line with the University strategy for 2020–2025. In 2024/25, the University will continue to generate positive operating cash flows ensuring that to fund capital expenditure of £13.7m with the aim of enhancing student experience.

Based upon its review of the financial forecasts, the Board is satisfied that these financial statements are properly prepared on a going concern basis. The Board considers that the use of the going concern basis is appropriate because, at the date of approval of the financial statements, it is not aware of any material uncertainties related to events or conditions that might cast significant doubt as at the date of approval of the financial statements about the ability of the University to continue as a going concern.

### (B) BASIS OF CONSOLIDATION

The financial statements do not include the income and expenditure of London Metropolitan University Students' Union. The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions.

### (C) INCOME RECOGNITION

Income recognition is determined by the nature of the transaction, income source and whether or not the transaction has commercial substance.

Where a transaction has commercial substance it is accounted for as a revenue transaction. Income is recognised in line with the provision of the associated goods or services, with reference to the terms of the contract.

### Tuition Fees

Fee income is credited to the statement of comprehensive income & expenditure using a time-apportionment method over the period of the course; it is stated gross of bursaries, scholarships, fee waivers and provisions for doubtful debts, all of which are included in other operating expenses. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Short course fees are accounted for as for service contracts below.

### Franchise Income

Franchise income is credited to the statement of comprehensive income & expenditure using a time-apportionment method over the period of the course; it is stated gross fee waivers and provisions for doubtful debts, all of which are included in other operating expenses. Where the amount of the franchise income is reduced by a discount for prompt payment, income receivable is shown net of the discount.

### Sale of goods and services

Income from the sale of goods or services is credited to the Statement of comprehensive income when the goods or services are supplied to customers.

Where services are being supplied, but are not complete at the end of the period, income is recognised with reference to the stage of completion of provision of the service.

### Investment Income

Investment income is credited to the Statement of comprehensive income and expenditure on a receivable basis.

### Agency Income

The University acts as an agent in the collection and payment of training bursaries from the National College for Teaching and Leadership (NCTL). Payments received from the NCTL and subsequent disbursements to students are excluded from the income and expenditure of the University.

### Performance model

Income is recognised within the Statement of Comprehensive Income when a grant is receivable and performance related conditions specified in the agreement have been met. In the absence of performance conditions income is recognised in full as soon as it becomes receivable.

Performance conditions are defined as follows: "A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to the resources conditional on that performance".

Resources received in advance of completion of performance conditions are recognised on the balance sheet as deferred income and released to the Statement of Comprehensive Income as conditions are met. Where grants are received in arrears, accrued revenue or receivable assets are recognised in line with income recognition.

### Government grants

Both revenue and capital government grants are accounted for under the performance model.

Funding council block grants relating to a single academic year are recognised in full in the period to which the grant relates.

### Non-government grants and donations

Grant and donation income received from a non-governmental source is accounted for under the performance model. Income is recognised as donation income, with the exception of funding for the purposes of research which is recognised as income from 'Research grants and contracts'.

### (i) Non –government grants and donation income with performance conditions;

Donations with restrictions—a donation is considered to have a restriction when the gift agreement contains "a requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition". Income with restrictions, but no performance conditions, is recognised within the Statement of comprehensive income when the grant is receivable and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

### (ii) Donations without restrictions

Income with neither restrictions nor performance conditions is recognised within the Statement of comprehensive income when the grant is receivable and recorded within unrestricted reserves.

### Capital grants

Grants, both government and non-government, for the purpose of purchasing, constructing and altering and improving specific assets are recognised as income upon the asset being brought into use, or in line with phase completion of construction or alteration and improvement projects. Grants where the University has discretion over the asset purchased/built/alterd are recognised in full as income when the grant becomes receivable.

Grant income is only recognised across the useful life of the asset to the extent that the grant specifically funds the operation/maintenance of the asset.

### Research Income

Income recognition for research funding is dependent upon the source of the funding and the nature of the transaction.



## Accounting Policies

Where funding is from a government body, expenditure on the grant purpose is presumed to be the performance condition unless specifically disallowed under the funding agreement. Funding from charities and industry is accounted for as non-government grant income unless it is demonstrable that a revenue transaction has taken place with near equal value being exchanged.

### (D) ENDOWMENTS

Endowments are a class of donation where the donor requires the original gift to be invested, with the return to be spent against the donor's charitable aims. The donor can specify that the capital be maintained in perpetuity (permanent endowment) or can be spent (expendable endowment).

Endowments are classified as 'Non-exchange transactions' and are accounted for under the performance model. The original endowment gift is recognised as 'Donation and endowment income' when receivable.

### Restricted permanent endowments

Restricted permanent endowments arise when the donor has indicated the original gift be maintained in perpetuity, with investment income spent on restricted purposes as defined by the donor.

Upon initial income recognition permanent endowments are recorded as endowment capital within endowment reserves.

### Restricted expendable endowments

These arise when the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

Restricted expendable endowments upon initial income recognition are recognised within expendable endowment reserves.

Investment income is recognised within the Statement of comprehensive income as accrued and recorded as accumulated income within expendable endowment reserves.

Accumulated income is released to unrestricted reserves as a reserve transfer in line with spend against the restricted purposes of each endowment.

### (E) TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised

as a charity by HM Revenue and Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### (F) TANGIBLE AND INTANGIBLE ASSETS

Property, plant and equipment is stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

#### Land and buildings

The University's freehold land and buildings were revalued to fair value on 1 August 2014, the date of transition to FRS 102, and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold buildings—55 years, or their remaining expected economic life, if shorter;
- Major alterations and building improvements—20 years, or their remaining expected economic useful life, if shorter.
- Minor refurbishments and building improvements—10 years, or their remaining expected economic useful life, if shorter.

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

### Equipment and furniture

Unless part of a capital project, furniture and equipment, including computers and software, costing less than £10,000 per individual item or group of items is recognised as expenditure in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

- Computer equipment, software, other equipment and furniture—5 years;
- Boiler system—25 years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

### Intangible assets

Intangible assets are stated at cost and amortised over its expected useful life as follows:

- Software—5 years

### Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, whether through the economic benefits of use or through disposal.

### Repairs and maintenance

Expenditure to ensure that a fixed asset maintains its previously recognised standard of performance is recognised as expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

### Heritage assets

A heritage asset is an asset with historic or artistic qualities that is held and maintained principally for its contribution to knowledge and culture. The University has a number of these assets in the form of furniture, books, pamphlets, periodicals and visual materials. These assets are not capitalised as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

### (G) LEASES

#### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased assets 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. Future commitments under operating leases are disclosed in note 22.

Any lease premiums or incentives are spread over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

### (H) STOCK

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### (I) RETIREMENT BENEFITS

The principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Universities Superannuation Scheme (USS) for academic staff, and the London Pensions Fund Authority (LPFA) scheme for non-academic staff.

The schemes are statutory, contributory, defined benefit and are contracted out of the State Second Pension. The LPFA scheme and the funds of the USS are valued every three years. The funds of the TPS normally are valued every five years. In the intervening years, actuaries review the progress of the schemes.

The University is able to identify its share of the underlying assets and liabilities of the LPFA scheme and thus account for it as a defined benefit scheme. The TPS and USS are multi-employer schemes for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of these schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

The amount charged to the Statement of comprehensive income represents the contributions payable to the schemes in respect of the accounting period, excluding any extra costs incurred relating to clearing scheme deficits already provided for. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. The associated expense is recognised in the Statement of Comprehensive Income.

### (J) EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders service to the University. A liability is recognised at each balance sheet

## Accounting Policies

date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of comprehensive income.

### (K) INVESTMENTS

Investments in subsidiary and associated undertakings are carried at cost less impairment in the University's balance sheet. Current asset investments are held at fair value with movements recognised in the surplus or deficit.

### (L) 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. These include term deposits and other instruments held as part of the University's treasury management activities.

### (M) PROVISIONS AND CONTINGENT LIABILITIES

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

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

Provisions for staff-related restructuring costs are recognised when the University has confirmed redundancy to the members of staff concerned.

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes.

### (N) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling and are shown in the balance sheet at the rate of exchange ruling at the year-end date. The resulting exchange differences are taken to the Statement of comprehensive income in the year in which they arise.

### (O) RESERVES

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

### (P) SIGNIFICANT ESTIMATES AND JUDGEMENTS

The University considers the following areas to be significant areas of estimates or judgements which could have a significant impact on the financial statements.

The University's financial statements contain a number of estimates including the balances in respect of depreciation (see Note 11) and where relevant impairment. In addition, within debtors, an estimate of the proportion of each category of debt likely to be recovered is recorded (see Note 14). In terms of judgement the University will determine whether leases entered into by the University are operating or finance leases (see Note 22).

The University however considers the following areas to be a significant area of estimation and judgement which could as a result of estimation uncertainty or the nature of the judgement made have as significant or material impact on the financial statements:

#### Tangible fixed assets

A full valuation of the University's land and buildings was prepared as at 1 August 2014 by an independent, professionally qualified valuer which provided the fair value as at the transition date to FRS102. As with all property valuations there is an inevitable degree of judgement as their value can ultimately only be tested in the market itself. Further information on the basis of the valuation and the impact on the financial statements can be found in Note 11.

### Defined benefit pension scheme

The University contributes to the London Pensions Fund Authority (LPFA) Fund which is a defined benefit scheme, and for which a provision is recorded within the balance sheet. The recognised liability is based on the valuation provided by a professionally qualified independent actuary which is based on a number of assumptions. These include the future cash flows of the Fund, the discount rate used (which is based on average AA rated UK Corporate Bond rates that reflect the duration of our liability), mortality rates, the pensionable salary growth going forward and proposed price inflation (which is based on the Retail Price Index).

Further details can be found in Note 20. The net interest expense is based on interest rates of AA rated corporate bonds and the deficit position.



## Notes to the accounts

	2022-23	2021-22
	£'000	£'000
<b>1. Tuition fees</b>		
Full-time students:		
Home and EU	93,972	91,852
Overseas	29,478	7,871
Part-time students	5,340	5,531
	<b>128,790</b>	<b>105,254</b>

### 2. Funding body grants

#### Recurrent grants

Office for Students (OfS)–from 1 April 2018	5,358	5,000
Research England (RE)–from 1 April 2018	1,605	1,410
National College for Teaching and Leadership	–	4

#### Specific grants–OfS

Knowledge exchange funding	687	813
Capital grants	161	67
Inherited pension liability reimbursement	885	907
Other	181	15
	<b>8,877</b>	<b>8,216</b>

### 3. Research grants and contracts

Research councils	38	12
UK based charities	63	22
European Union	29	96
Other	624	806
	<b>754</b>	<b>936</b>

### 4. Other income

Consultancy	187	49
Trading income	1,550	581
Sale of materials and other departmental income	310	274
Rental income and hire of facilities	1,275	752
Income from academic partnerships	7,044	5,709
Other income	293	200
	<b>10,659</b>	<b>7,565</b>

### 5. Investment income

Investment income on endowments	9	2
Investment income on restricted reserves	10	–
Gain on investments	158	15
Other investment income	3,055	541
	<b>3,232</b>	<b>558</b>

### 6. Donations and endowments

Donations with restrictions	–	–
Unrestricted donations	21	17
	<b>21</b>	<b>17</b>

### 7. Total grant and fee income

Grant Income from the OfS	6,585	5,988
Grant Income from Other Bodies	2,292	2,228
Fee income for taught awards (exclusive of VAT)	127,467	103,882
Fee income from non-qualifying courses (exclusive of VAT)	1,323	1,373
	<b>137,667</b>	<b>113,471</b>

Total grant and fee income is summary of income received for tuition fee, from the OfS, Research England and the Department of Education as shown in note 1 and 2. This is not additional income.

### 8. Staff costs

	2022-23	2021-22
	£'000	£'000
Costs:		
Academic staff	36,858	33,924
Other staff	32,599	32,838
	<b>69,457</b>	<b>66,762</b>
Comprising:		
Social security costs	5,644	4,731
Pension Contributions	9,035	8,110
HMRC apprenticeship levy	240	209
Movement in LPFA provision	3,398	7,310
Movement in USS provision	(229)	902
	<b>69,457</b>	<b>66,762</b>
Staff restructuring costs	418	114
	<b>69,875</b>	<b>66,876</b>

The number of full-time equivalent staff included in staff restructuring costs was 12.9 (2021/22:16)

#### Vice-Chancellor and Chief Executive Emoluments

Salary	264	253
Pension contributions	63	60
	<b>327</b>	<b>313</b>

The emoluments shown were approved by the University's Remuneration Committee. The Committee, advised by the Director of Human Resources, takes into account the pay ratio of senior pay to median pay, sector benchmark pay and market advice from our executive search partners with the aim of maintaining senior pay at sector median rates.

#### Pay ratios

The ratio of the Vice-Chancellor and Chief Executive's pay to the median pay of staff, where the median pay is calculated on a full-time equivalent basis is as follows:

	No.	No.
<b>Basic salary</b>	<b>6.6</b>	6.8
Total remuneration	<b>7.0</b>	7.3

In calculating the pay ratios the University has included substantive staff, hourly paid lecturers and casual staff but has not included agency staff as their pay information was not readily obtainable from external agencies.

## Notes to the accounts

### 8. Staff costs (continued)

#### Higher paid post-holders' emoluments

The number of other higher-paid staff (excluding the Vice-Chancellor and Chief Executive) who received remuneration (excluding pension contributions) in the following ranges was:

	2022-23		2021-22	
	Headcount	Fte.	Headcount	Fte
£100,001 to £105,000	1	1.0	1	1.0
£110,001 to £115,000	4	4.0	3	3.0
£115,001 to £120,000	5	5.0	1	0.2
£130,001 to £135,000	3	3.0	0	0.0
£135,001 to £140,000	0	0.0	2	2.0
£140,001 to £145,000	1	1.0	0	0.0
£145,001 to £150,000	1	1.0	1	1.0
£150,001 to £155,000	0	0.0	1	1.0
£155,001 to £160,000	1	0.3	0	0.0
£160,001 to £165,000	1	1.0	2	1.4
£165,001 to £170,000	2	2.0	0	0.0
£175,001 to £180,000	0	0.0	1	0.3
£200,001 to £205,000	0	0.0	1	1.0
£210,001 to £215,000	1	1.0	0	0.0
£250,001 to £255,000	0	0.0	1	1.0
£260,001 to £265,000	1	1.0	0	0.0
	<b>21</b>	<b>20.3</b>	14	11.9

The average number of full-time equivalent employees during the year was:	2022-23	2021-22
Academic staff	497	470
Other staff	526	512
	<b>1,023</b>	982

Compensation of loss of office to higher paid post holders		
Compensation recorded within staff costs	110	–

The 2022-23 figure relates to payments in lieu of notice paid to one employee earning emoluments in excess of £100,000. There was no compensation paid to higher paid post holders in 2021–22.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University considers the Board of Governors and the Senior Leadership Team as its key management personnel. Key management personnel consist of 27 people (2021/22: 27), including the Vice-Chancellor and Chief Executive. Of the 27 personnel, 12 (2021/22: 14) were remunerated as employees of the University. The remaining 15 (2021/22: 13) are independent governors and are not remunerated.

Salaries	1,596	1,526
Pension contributions	297	301
	<b>1,893</b>	1,827

During the year £2,167 (2021–22: £1,665) was paid in respect of governors' expenses. Seven governors received expenses during the year. (2020–21: 3). One governor was paid £20,000 (2021-22: nil) as remuneration in the year.

### 9. Analysis of total expenditure by activity

	Staff Costs	Other operating expenses	Depreciation	Interest payable	2022-23	2021-22
Academic departments	36,641	2,985	465	–	40,091	34,539
Academic services	11,415	9,160	239	–	20,814	18,352
Administration and central services	17,426	41,502	658	–	59,586	45,622
Premises	3,536	12,948	7,849	–	24,333	21,630
Research grants and contracts	857	594	17	–	1,468	2,905
Other expenditure	–	–	–	1,144	1,144	2,463
	<b>69,875</b>	<b>67,189</b>	<b>9,228</b>	<b>1,144</b>	<b>147,436</b>	125,511

Analysis of total expenditure by activity	2022-23	2021-22
	£'000	£'000

#### Other operating expenses includes:

Operating lease rentals		
- land and buildings	1,034	5,029
- other	227	149

#### External auditor's remuneration:(Excluding VAT)

- audit of these financial statements	100	81
- other audit	15	13
- other audit services	–	–

Internal auditor's remuneration	168	160
Students' Union grant	641	637

#### Other expenditure includes:

Restructuring		
- Staff costs	418	114
- Non-staff costs	–	–
Notional interest and staff adjustments relating to pension fund surplus	9,842	10,152
Compensation for loss of office for higher paid staff	110	–

### 10. Interest and other finance costs

Interest on net defined benefit pension liability	1,096	2,458
Interest on USS pension deficit funding	48	5
	<b>1,144</b>	2,463



## Notes to the accounts

### 11. Tangible and intangible assets

	Land and buildings						Total
	Freehold	Under construction	Alterations and improvements	Long leasehold	Intangible assets under construction	Equipment and furniture	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 August 2022	144,887	1,955	64,815	1,175	–	47,788	260,620
Additions	–	5,853	1,731	–	508	4,185	12,277
Disposals	–	–	–	–	–	(1,120)	(1,120)
Transfers	–	(1,915)	351	–	–	1,564	–
<b>At 31 July 2023</b>	<b>144,887</b>	<b>5,893</b>	<b>66,897</b>	<b>1,175</b>	<b>508</b>	<b>52,417</b>	<b>271,777</b>
<b>Depreciation</b>							
At 1 August 2022	14,200	–	27,775	458	–	44,123	86,556
Charge for year	1,997	–	5,551	19	–	1,661	9,228
Eliminated on disposal	–	–	–	–	–	(1,120)	(1,120)
Impairment reduction	–	–	–	–	–	–	–
<b>At 31 July 2023</b>	<b>16,197</b>	<b>–</b>	<b>33,326</b>	<b>477</b>	<b>–</b>	<b>44,664</b>	<b>94,664</b>
<b>Net book value at 31 July 2023</b>	<b>128,690</b>	<b>5,893</b>	<b>33,572</b>	<b>698</b>	<b>508</b>	<b>7,753</b>	<b>177,113</b>
<b>Net book value at 31 July 2022</b>	<b>130,687</b>	<b>1,955</b>	<b>37,040</b>	<b>717</b>	<b>–</b>	<b>3,665</b>	<b>174,064</b>
<b>Cost of land included in above</b>	<b>35,050</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>35,050</b>

The most recent valuation of the University's freehold properties was prepared by Cushman & Wakefield as at 1 August 2014 (the date of transition to FRS 102). At the date of transition to FRS 102, the University chose to perform a one-off valuation of its freehold properties and freeze that value as 'deemed cost'. The University will continue to adopt the historical cost accounting convention.

From the 1st of August 2019 the threshold for capitalising furniture, equipment including computers and software increased from £6,000 to £10,000 per individual item (or group of items). In addition, the useful life of major capital improvements and refurbishments has reduced from 30 years to 20 years and minor capital improvements reduced from 30 years to 10 years. These amendments were made to streamline the assets captured on the fixed assets register as part of the recommendations from the 18/19 audit and reflect actual useful lives of fixed assets.

The University owns a number of heritage assets, described below, which are not included in the University's balance sheet as reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

The TUC Library Collection, established in 1922, was transferred to the University of North London in 1996. The holdings include reference and historical works on the trades union movement, union publications from the UK and overseas, documents relating to working conditions and industrial relations in various industries and countries, and material collected from the various campaigns and policy areas in which the TUC has been involved since its foundation in 1868.

The Irish History Archive consists of materials donated in a number of different media over the last twenty years, the most significant of which is the Paul Hill Prison Letters (1974-89). The original collections were inherited by the University from the Irish in Britain History Group in 1989 and have been substantially augmented.

The Frederick Parker Collection is made up of a study collection of British chairs from 1600 to the present day. There are 167 chairs in the Collection of which 140 are on view. Archives include photographs of every Frederick Parker model made between 1872 and 1939, some on glass plates, the complete range of their reference books, and many drawings of proposed items for specific customers.

### 12. Non-current investments

	Other non-current investments
	£'000
At 1 August 2022	64
Change in market value	–
<b>At 31 July 2023</b>	<b>64</b>

#### Other non-current investments

CVCP Properties plc was set up by the Committee of Vice-Chancellors and Principals (now known as Universities UK) to buy and manage their headquarters building. The University has a small (less than 20%) shareholding in the company.

	2022-23	2021-22
	£'000	£'000
<b>13. Stock</b>		
Raw materials	54	59
Goods purchased for resale	–	–
	<b>54</b>	<b>59</b>

### 14. Trade and other receivables

Amounts falling due within one year:		
Trade receivables	22,753	21,684
Due from OfS	302	468
Loans to staff and students	9	9
Other debtors	62	109
Prepayments and accrued income	5,942	3,305
	<b>29,068</b>	<b>25,575</b>

### 15. Current investments

Short term deposits	70,233	59,034
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Deposits with less than three months maturity at the balance sheet date are held with banks and building societies operating in the London market and licensed by the Financial Services Authority. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

### 16. Creditors—amounts falling due within one year

Trade payables	(6,190)	(6,357)
Social security and other taxation payable	(2,986)	(2,453)
Other payables	(58)	(61)
Accruals	(9,723)	(7,563)
Deferred income	(32,791)	(21,824)
	<b>51,748</b>	<b>38,258</b>

## Notes to the accounts

### 17. Provisions for liabilities

	LPFA £'000	Pension provisions USS £'000	Total £'000	Other provisions £'000
At 1 August 2022	(33,942)	(1,451)	(35,393)	(2,721)
Utilised in year	33,942	–	33,942	2,547
Additions	–	181	181	–
<b>At 31 July 2023</b>	<b>–</b>	<b>(1,270)</b>	<b>(1,270)</b>	<b>(174)</b>

#### LPFA Defined benefit obligations

Defined benefit obligations relate to liabilities to the London Pension Fund Authority (LPFA) Fund. There was no provision for the LPFA pension as the valuation resulted in a pension surplus which was recognised on the face of the balance sheet as a non-current asset as shown in note 20.

#### USS Obligation

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

#### Other provisions – Legal case

Other provisions is related to a long running legal case which is yet to be resolved in Court and an employment dispute yet to be resolved in an tribunal.

### 18. Endowment reserves

Restricted net assets relating to permanent endowments are as follows:

	2022-23 £'000	2021-22 £'000
<b>Endowment reserves</b>		
Balance at 1 August		
Capital	221	221
Accumulated income	30	28
	<b>251</b>	<b>249</b>
Investment income	9	2
<b>Balance at 31 July</b>	<b>260</b>	<b>251</b>
Represented by:		
Capital	221	221
Accumulated income	39	30
	<b>260</b>	<b>251</b>
<b>Analysis by purpose:</b>		
Lectureships	23	22
Scholarships and bursaries	98	95
Research support	8	8
Prize funds	81	78
General	50	48
	<b>260</b>	<b>251</b>
<b>Analysis by asset:</b>		
Non-current asset investments	260	251

### 19. Restricted reserve

	Restricted Funds £'000	Donations £'000	2023 Total £'000	2022 Total £'000
At 1 August	320	–	320	328
Investment income	10	–	10	–
Expenditure	(4)	–	(4)	(8)
Increase in market value of investments	–	–	–	–
<b>Total restricted comprehensive income for the year</b>	<b>6</b>	<b>–</b>	<b>6</b>	<b>(8)</b>
At 31 July	326	–	326	320
<b>Analysis of restricted funds by purpose:</b>				
Scholarships and bursaries			77	74
Prize funds			66	64
General			183	182
			<b>326</b>	<b>320</b>

### 20. Pension arrangements

The University contributes to three defined benefit pension schemes: the LPFA, the TPS and the USS. TPS and USS are multi-employer schemes and are treated under FRS 102 as defined contribution schemes. The LPFA is accounted for under FRS 102 as a defined benefit scheme.

#### Summary LPFA and Unfunded TPS Pensions assets and liabilities

	2022-23	2021-22
Fairvalue of scheme assets (bid value)	306,786	297,964
Present value of the defined benefit obligation	(254,112)	(326,131)
Impact of assets ceiling	(41,688)	–
<b>Surplus/(deficit) in respect of LGPS funded obligations</b>	<b>10,986</b>	<b>(28,167)</b>
Present value of LGPS unfunded obligation	(990)	(1,140)
Present value of TPS unfunded obligations	(4,388)	(4,635)
Deficit in respect of unfunded obligations	(5,378)	(5,775)
<b>Recognised on the face of the balance sheet</b>	<b>5,608</b>	<b>(33,942)</b>



## Notes to the accounts

### A. The London Pensions Fund Authority (LPFA) fund

The LPFA fund (the Fund) provides members with benefits related to pay and service at rates which are defined under the Local Government Pension Scheme Regulations 1997. To finance these benefits assets are accumulated in the Fund and held separately from the assets of the University.

The University pays contributions to the Fund at rates determined by the Fund's actuaries, based on regular actuarial reviews of the financial position of the Fund.

The University's contribution to the Fund for 2022/23 was £2,757k (2021/22: £3,036k). The University's estimate of the contribution to the Fund for 2023/24 is £2,315k.

The Fund has variable employee contribution rates dependent on the employee's pensionable salary. These rates range from 5.5% to 12.5% of pensionable pay. The fund offers contribution flexibility where members can opt to pay 50% contributions for 50% of the pension benefit.

Rate of salary increases 3.85% per annum  
Rate of pension increases 2.85% per annum.

The actuarial valuation as at 31 March 2022 showed that the market value of the Fund's assets attributable to the University was estimated at approximately £307m and that the actuarial value of those assets represented 84.6% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases.

Latest LGPS valuation date was due on 31/03/2022 and the process to complete the valuation would take 15 months from the due date

A number of pensioners in the Fund are teachers who retired from the Inner London Education Authority prior to the formation of the University. Their pension costs are classed as unfunded inherited liabilities. OfS (previously HEFCE) reimburses the University for the annual charge from the LPFA for these pension costs.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

The university has recognised a partial surplus of £5.6m. This recognition is in line with our understanding that we do not possess an inherent right to a refund of these surplus funds. Our approach to calculating the assets ceiling adheres to the principles outlined in IFRIC 14. For LGPS the University 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 return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the university. The University recognises the liability for its obligations under defined benefit plans net of plan 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 plan assets. The calculation is performed by a qualified actuary using the projected unit method. When the calculation results in an 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. The university has not committed to exit the LGPS fund or the intention to seek a reduction in future contributions. At 31 July 2023 the surplus is £52.7m million of this surplus university is able to recognise partial surplus of £5.6m. The actuary has considered the impact of the asset ceiling on the balance sheet and the restriction on the surplus is £41.7. The actuary has calculated the asset ceiling based on the economic value basis. The economic value available from the surplus has been calculated in line with the requirement of the relevant accounting standards.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

There has been a change in approach in allowing for inflation experience at 31 July 2023 to make allowance for the exceptionally high inflation over the period since September 2021. The DBO at 31 July 2023 includes allowance for emerging inflation experience up to July 2023, which has reduced the DBO at 31 July 2023 by £16.8m (21/22:£25.8m)

### LPFA – FRS 102 statements

A full FRS 102 actuarial valuation was carried out as at 31 July 2023 by the Fund actuary, Barnett Waddingham.

The major assumptions used by the actuary were as follows:

	2023	2022	2021
Rate of increase in salaries	3.85%	3.8%	3.8%
Rate of increase in pensions payment – CPI	2.85%	2.8%	2.8%
Discount rate	5.20%	3.4%	1.6%

Salaries are assumed to increase at 1.05% p.a. above CPI.  
The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

	2023 Years	2022 Years
Retiring Today		
Males	20.8	21.8
Females	23.8	24.3
Future pensioners (retiring in 20 years)		
Males	21.6	22.9
Females	25.0	25.8

### LPFA – FRS 102 statements

#### Fund assets

The estimated asset allocation for London Metropolitan University and the expected rate of return were:

		Fair value as at 31 July 2023		Fair value as at 31 July 2022		Fair Value as at 31 July 2023
	%	£'000	%	£'000	%	£'000
Equities	59.0%	180,175	56.8%	169,087	56%	159,687
LDI/Cashflow matching	n/a	–	n/a	–	n/a	–
Target return portfolio	18.0%	54,662	21.7%	64,688	22%	61,463
Infrastructure	12.0%	38,310	10.5%	31,348	9%	24,941
Commodities	n/a	–	n/a	–	n/a	–
Property	9.0%	29,018	9.8%	29,258	8%	23,738
Cash	2.0%	4,621	1.2%	3,583	5%	14,727
<b>Total</b>	<b>100%</b>	<b>306,786</b>	<b>100%</b>	<b>297,964</b>	<b>100%</b>	<b>284,556</b>

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2023 is estimated to be 2.97% (2022: 6.46%). Based on the above the employer's share of assets of the fund is approximately 4.00%.

## Notes to the accounts

### Net pension liability

The following amounts at 31 July 2023 related to London Metropolitan University is measured in accordance with the requirements of FRS102:

	2022-23	2021-22
	£'000	£'000
Fair value of scheme assets (bid value)	306,786	297,964
Present value of the defined benefit obligation	254,112	326,131
Present value of unfunded obligations	5,378	5,775
Impact of asset ceiling	41,688	–
Total value of obligations	301,178	331,906
<b>(Surplus)/ Deficit in the scheme-net pension liabilities</b>	<b>(5,608)</b>	<b>33,942</b>

The present value of the unfunded liabilities as at 31 July 2023 consists of £990k (2022: £892k) in respect of enhanced LGPS pensions.

Current service cost	6,171	9,876
Past service costs, including curtailments	202	(470)
Total operating charge	6,373	9,406

### Analysis of the amount charged to interest payable

Interest cost	(11,140)	(6,975)
Interest on assets	10,044	4,517
<b>Net charge to interest payable</b>	<b>(1,096)</b>	<b>(2,458)</b>

### Analysis of other comprehensive income

Return on Fund assets in excess of interest	(1,269)	13,730
Other actuarial gains on assets	5,329	–
Change in demographic assumptions	15,501	–
Experience (loss) / gain on defined benefit obligation	(16,839)	(25,813)
Change in financial assumptions	82,234	142,529
Change in effect of asset ceiling	(41,688)	–
Total other comprehensive income	43,268	130,446

	2022-23	2021-22
	£'000	£'000

### Cumulative actuarial loss recognised as other comprehensive income

Cumulative actuarial losses recognised at the start of the year	(36,929)	(179,458)
Cumulative actuarial losses recognised at the end of the year	45,305	(36,929)

### Analysis of movement in deficit

Deficit at beginning of year	(33,942)	(155,142)
Contributions paid by the University	3,901	3,928
Current service costs	(6,171)	(9,876)
Past service costs, including curtailments	(202)	(470)
Other finance charges	(1,096)	(2,458)
Administration expenses	(150)	(370)
Actuarial gains recognised in other comprehensive income	43,268	130,446
<b>Surplus/deficit at end of year</b>	<b>5,608</b>	<b>(33,942)</b>

### Analysis of the movement in the present value of the University's share of the Fund's liabilities

At 1 August	331,906	439,698
Movement in year:		
Current service cost	6,171	9,876
Interest cost	11,140	6,975
Contributions by members	1,407	1,301
Change in demographic assumptions	(15,501)	–
Contributions in respect of unfunded benefits	(926)	(892)
Change in financial assumptions	(82,234)	(142,529)
Experience loss / (gain) on defined benefit obligation	16,839	25,813
Past service costs, including curtailments	202	470
Estimated benefits paid	(9,514)	(8,806)
<b>At 31 July</b>	<b>259,490</b>	<b>331,906</b>

### Analysis of movement in the fair value of the University's share of Fund's assets

At 1 August	297,964	284,556
Movement in year:		
Expected rate of return on Fund assets	8,775	18,247
Administration expenses	(150)	(370)
Other actuarial gains	5,329	–
Contributions by members	1,407	1,301
Contributions by the employer including unfunded benefits	3,901	3,928
Estimated benefits paid including unfunded benefits	(10,440)	(9,698)
<b>At 31 July</b>	<b>306,786</b>	<b>297,964</b>

The total return on fund assets for the year to 31 July 2023 is £8,775,000 (2022 , £18,247,000). LPFA Fund assets do not include any of the University's own financial instruments, or any property occupied by the University.

### B. The Teachers' Pension Scheme (TPS)

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.

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.

As from 1 September 2019, contributions paid by the University and charged to the statement of comprehensive income was at a rate of 23.68% of pensionable salaries.

The University's contribution to the TPS for 2022-23 was £5,656k (2021-22: £4,962k). The University's estimated contribution to the Scheme for 2023-24 is £5,868k.



## Notes to the accounts

The Government Actuary's Department was appointed as Scheme actuary by the Secretary of State to carry out an actuarial valuation of the Scheme as at 31 March 2016. The valuation was published in 5th of March 2019 and has determined a new rate of employer contributions of 23.68% of pensionable pay payable from 1 Sept 2019 (the implementation date) for a four year period from 31 March 2023 (the implementation period). As at 31 March 2020 the aggregate value of scheme liabilities has been estimated at £262bn and the aggregate value of assets at £222.2bn, giving a notional past service deficit of £39.8bn.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

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, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

### C. The Universities Superannuation Scheme (USS)

#### Significant accounting policies

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

#### Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

The total cost charged to the Consolidated Statement of Comprehensive Income is £343k (21/22: £290k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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

The 2022 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £88.9 billion.

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

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

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

#### Mortality base table

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

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

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

	2022	2021
Discount Rate	5.52%	3.31%
Pensionable Salary growth	3.8%	3.0%

### 21. Capital commitments

At 31 July capital commitments were as follows:

	2023 £'000	2022 £'000
Commitments contracted	11,649	1,916
Authorised but not contracted	30,004	14,170
	<b>41,653</b>	<b>16,086</b>

## Notes to the accounts

### 22. Lease obligations

Total rentals payable under operating leases	31 July 2023			31 July 2022
	Buildings £'000	Equipment £'000	Total £'000	Total £'000
Payable during the year	1,034	227	1,261	5,178
Future minimum lease payments due:				
Not later than one year	3,005	–	3,005	4,800
Later than one year and not later than 5 years	5,689	–	5,689	13,887
Later than 5 years	–	–	–	–
<b>Total future lease payments due</b>	<b>8,694</b>	<b>–</b>	<b>8,694</b>	<b>18,687</b>

### 23. Events after the reporting period

There are no events to report after the reporting period

### 24. Department for Education Teacher Training Bursary funds

	2022-223 £'000	2021-22 £'000
Balance unspent at 1 August	114	86
Amounts received	561	1,061
Disbursed to students and administration	(676)	(1,033)
Balance unspent at 31 July	(1)	114

Teacher Training Bursary Funds were paid to universities by the NCTL to provide financial support to students studying for a postgraduate qualification which leads to Qualified Teacher Status. The NCTL was discontinued in April 2018 with disbursement of bursaries and taken over by the Department for Education (DfE).

These grants are available solely for students. The University acts only as paying agent. The grant and related disbursements are therefore excluded from the Statement of comprehensive income and balance sheet of the University.

### 25. Access and Participation Plan Expenditure

	2022-2023 £'000	2021-22 £'000
Access investment	1,674	1,582
Direct financial support (Excluding Disability Costs)	651	708
Direct financial support Disability	180	190
Total Access and participation plan expenditure	2,505	2,480

Of the total costs presented above, £1,446k are already included in the overall staff costs included in the financial accounts, see Note 8. The total costs disclosed excludes success and progression expenditure.

The University's access and participation plan can be found [here](#).

### 26. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (who are drawn from the community, businesses and private organisations) it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which members of the Board may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The Board of Governors considers it appropriate to disclose the following transactions for the period covered by the financial statements:

Rosemary Benson, a Staff Governor is a member of the CIPD which received £3,440 for qualifications license fees.

Rosemary Lemon, a Co Opted Governor is a Fellow of the CIPD which received £3,440 for qualifications license fees and is employed by Hays Specialist Recruitment which received £7,770 for placement fees.

Professor Petra Wend, an Independent Governor is a Professor at Middlesex University which received £26,525 for subscription fees.

Mrs Denise Morrison was a member of the Board of Governors as Students' Union Representative until 25th May 2023. She was replaced by Tammika Chambers (16th January 2023) and Awesom(Damilola) Olasope (26th June 2023). The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions. The Union received a grant payment from the University of £641k (2021/22: £637k), which is calculated annually according to a methodology agreed between the University and the Union. There was an additional £220 paid to the Student Union for the purchase of merchandise. All other transactions between the two parties are conducted on a commercial basis.

### 27. US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, London Metropolitan University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America



Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2022-23	2021-22
<b>Primary Reserve Ratio</b>				
Statement of Financial Position–Net assets without donor restrictions	Unrestricted Reserves	54	259,790	211,640
Statement of Financial Position–Net assets with donor restrictions	Restricted Reserves	54	586	571
Statement of Financial Position–Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	–	–
Statement of Financial Position–Related party receivable and Related party note disclosure*	Unsecured related party receivable	N/A	–	–
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	54	177,113	174,064
Note of the Financial Statements –Statement of Financial Position –Property, Plant and Equipment –pre-implementation*	Property, plant and equipment –pre-implementation (bal)		(177,113)	(174,064)
Note of the Financial Statements –Statement of Financial Position – Property, Plant and Equipment –post-implementation with outstanding debt for original purchase*	N/A	N/A	–	–
Note of the Financial Statements –Statement of Financial Position – Property, Plant and Equipment –post-implementation without outstanding debt for original purchase (19/20 additions + 20/21 additions Note 11)	Property, plant and equipment –post implementation without outstanding debt for original purchase (19/20 additions + 20/21 additions Note 11)	66 (Note 11)	(5,916)	(3,332)
Note of the Financial Statements–Statement of Financial Position–CIP	Under Construction (Note 11)	66 (Note 11)	(6,361)	(1,872)
Statement of Financial Position–Lease right-of-use assets, net**	N/A	N/A	–	–
Note of Financial Statements–Statement of Financial Position–Lease right-of-use asset pre-implementation	N/A	N/A	–	–
Note of Financial Statements–Statement of Financial Position–Lease right-of-use asset post-implementation	N/A	N/A	–	–
Statement of Financial Position–Goodwill	N/A	N/A	–	–
Statement of Financial Position–Post-employment and pension liabilities	Pension Provisions	68 (Note 17)	1,270	35,393
<b>Primary Reserve Ratio</b>				
Statement of Financial Position–Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt–for long term purposes	N/A	–	–
Statement of Financial Position–Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt- for long term purposes pre-implementation–Unsecured Loans (Note 16)	N/A	–	–
Statement of Financial Position–Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt–for long term purposes post-implementation	N/A	–	–
Statement of Financial Position–Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Line of Credit for CIP	N/A	–	–

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2022-23	2021-22
Statement of Financial Position–Lease right-of-use of asset liability**	N/A	N/A	–	–
Statement of Financial Position–Lease right-of-use of asset liability pre-implementation	N/A	N/A	–	–
Statement of Financial Position–Lease right-of-use of asset liability pre-implementation	N/A	N/A	–	–
Statement of Financial Position–Annuities*	N/A	N/A	–	–
Statement of Financial Position–Term Endowments*	Term endowments with donor restrictions (Note 18)	68 (Note 18)	(260)	(251)
Statement of Financial Positions–Life Income Funds*	N/A	N/A	–	–
Statement of Financial Position–Perpetual Funds*	Net assets with donor restrictions: restricted in perpetuity (Note 19)	69 (Note 19)	(326)	(320)
<b>Expendable Net Assets</b>			<b>71,670</b>	<b>67,765</b>
Statement of Activities -, Total Operating Expenses, -(Total from Statement of Activities prior to adjustments)	Total expenses (SOCIE)	52	147,436	125,511
Statement of Activities _ Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss)*-(Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss) (- Note 5 Gain on Investments–Note 19 Increase in MV) + Actuarial Loss in Respect of Pension Scheme (SOCIE)	62 (Note 5) 72 (Note 20) 52	(43,426)	(130,461)
Statement of Activities –(Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)*	Net investment gain (Note 5 Gain on Investments–Note 19 Increase in MV)	62 (Note 5)	158	15
Statement of Activities–Pension-related changes other than periodic pension*	Actuarial Gain in Respect of Pension Scheme (SOCIE)	52	43,268	130,446
<b>Total Expenses and Losses</b>			<b>147,436</b>	<b>125,511</b>
<b>Equity Ratio</b>				
Statement of Financial Position–Net Assets without Donor Restrictions	Unrestricted Reserves	54	277,405	211,640
Statement of Financial Position–Total Net Assets with Donor Restriction	Restricted Reserves	54	586	571
Statement of Financial Position–Goodwill	N/A	N/A	–	–
Statement of Financial Position–Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	–	–
Statement of Financial Position–Related party receivable and Related party note disclosure*	Unsecured related party receivables	N/A	–	–

Line Item / Related Disclosures	Line Item / Related Disclosures	Page	2022-23	2021-22
<b>Modified Net Assets</b>			<b>277,991</b>	<b>212,211</b>
Statement of Financial Position–Total assets	Total assets (Non-Current + Current, Balance Sheet)	54	313,568	288,583
Note of Financial Statements–Statement of Financial Position–Lease right-of-use asset pre-implementation	N/A	N/A	–	–
Statement of Financial Position–Lease right-of-use of asset liability pre-implementation	N/A	N/A	–	–
Statement of Financial Position–Goodwill	N/A	N/A	–	–
Statement of Financial Position–Related party receivable and Related party note disclosure*	Secured and Unsecured related party receivable	N/A	–	–
Statement of Financial Position–Related party receivables and Related party note disclosure*	Unsecured related party receivables	N/A	–	–
<b>Modified Assets</b>			<b>313,568</b>	<b>288,583</b>
<b>Net Income Ratio</b>				
Statement of Activities–Change in Net Assets Without Donor Restrictions	Unrestricted Comprehensive Expenditure for the Year (SOCIE)	53	48,159	127,487
<b>Change in Net Assets Without Donor Restrictions</b>			<b>48,159</b>	<b>127,487</b>
Statement of Activities–(Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenues and Gains (SOCIE) + Release of Restricted Funds (SOCIR)–Investment Income on Endowments and Restricted Reserves (Note 5)–Gain on Investments (Note 5)	52,53,62	152,169	122,536
<b>Total Revenues and Gains</b>			<b>152,169</b>	<b>122,536</b>





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Registered in the United Kingdom  
Registration number 974438

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