Creating the Possible

Annual Report 2021/22

Financial Statements

to 31 July 2022

University of Exeter

Highlights of the year

Ranked 13th in *The Times and Sunday Times Good University Guide 2023* up 8 places

Retaining 15th in the *Guardian University Guide 2023*

Ranked 137th in the world by the Times Higher Education World rankings, up 6 places from last year. Ranked in the range 100-150 by the Academic Ranking of World Universities (up from 151-200 last year) with 11 disciplines in the top-100 (Atmospheric Science, Earth Sciences, Environmental Science and Engineering, Water Resources, Mining and Mineral Engineering, Political Sciences, Sociology, Psychology and Public Administration) and 2 in the top 10 (Geography and Ecology)

Exeter's student satisfaction ranked best in the Russell Group (NSS 2022) improving from 14th last year

Highlights of the year

Exeter MBA ranked 5th

best full-time MBA by The Economist and placed as a top-10 business school for its Finance Masters programme by the Financial Times

Outstanding result in the 2021 Research Excellence Framework (REF), ranked 18th in the UK for research power, up from 21st in 2014

99% of our research judged to be of international quality

and ranked number 1 in the UK for world-leading research in Sports Science, and Theology and Religious Studies

Ranked 42nd in the world

by the Times Higher Education Impact Rankings 2022, up 21 places from last year, in recognition of our commitment to sustainability, improving health and tackling inequality

Highlights of the year

14,300 people graduated in 58 ceremonies

in June and July 2022, representing the classes of 2020, 2021 and 2022

6 researchers welcomed from Ukraine

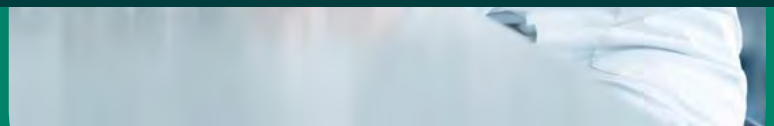
as part of the Risk Fellowship scheme

£136m of research grant

awards including £15m for a Biomedical Research Centre award from the National Institute for Health and Care Research and £10m award to tackle biodiversity loss in collaboration with the National Trust

Strong financial performance,

highest ever level of cash generation (£58m and cash balances representing 155 liquidity days; 17% increase in total income with income from research grants and international tuition fees each exceeding £100m for the first time.



Highlights of the year

Start of construction of **£30m** water research centre, in partnership with South West Water Ltd.

Ranked 48th in the world

by the QS Sustainability Rankings 2023

Business School of the Year 2022

by the Times Higher Education Awards.

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Chair's foreword

I am very pleased to present our Annual Report and Financial Statements, my first since taking on the role of Pro-Chancellor and Chair of Council, in August 2022.

I'm delighted to have joined the University of Exeter, and honoured to be a part of an institution which is so wholeheartedly focussed on its purpose. The University of Exeter is a very high-performing university, which is reflected in the achievements of the last year, many of which are highlighted in this Annual Report. These achievements have come during the first year of our ambitious Strategy 2030, which sets out our purpose, vision, themes and values, and will take us through the rest of this exciting decade.

As this Annual Report makes clear, the University faces both opportunities and challenges within the wider higher education sector, but does so from a position of significant strength. Overall student satisfaction at Exeter was ranked by the latest National Student Survey as the best of any Russell Group university, whilst an outstanding set of results from the Research Excellence Framework 2021 saw 99% of our research rated as of international quality, and placed 12 of our disciplines in the top 10 for world-leading impact in their area.

Unquestionably the critical strength of the University lies in the commitment of its staff and the quality of its leadership team. In my short time here, I have been very impressed with the dedication that colleagues show towards students, each other, and the broader university mission. This is a longstanding attribute of the University, and is one of the key things that attracted me to Exeter. This commitment is what has enabled the University to operate so successfully through the pandemic over the last two-and-a-half years, maintaining research activity with excellence and impact whilst also ensuring students could enjoy the high-quality experience they deserve and expect.

While the pandemic is now behind us, significant new challenges, such as the cost of living crisis, lie ahead. I have no doubt that University colleagues will rise to these new challenges as effectively as they have done to those in the past, and will continue to do everything in their power to support each other, our students, and our wider community, through this challenging time.

Over the last two years, the rising cost of pensions has been a significant area of focus for the governing body, senior leadership, many of our staff, and our trade unions, and the challenge of pensions remains a critical one. In our Financial Statements, paradoxically, we report an outstanding level of financial performance alongside a material increase in the pension deficit for the year.

The former is reflective of our underlying financial strength and resilience while the latter represents a long-term challenge for everyone in the sector though, as explained later in this report, it has little or no impact on the near-term cash position of the University.

I am confident that our staff and leadership team will navigate the challenges of the coming year, from sustainability to inflation, and will develop solutions and provide leadership on global challenges whilst equipping our students to be the future leaders that we need in the world.

This Report is testament to the outstanding stewardship and leadership provided by my predecessor, Sarah Turvill, who stepped down from her role as Chair of Council on 31 July 2022, after a decade of service. The University, and Council, are hugely indebted to Sarah and I look forward to building on her legacy and playing my full part in the University's continuing journey.

Quentin Woodley
Chair of Council

Introduction from the Vice-Chancellor

This has been a year of extraordinary achievement in difficult circumstances. A year during which we finally moved away from lockdowns and restrictions, and opened back up to on-campus, in-person teaching, providing a vibrant student experience whilst also remaining mindful of the need to safeguard the wellbeing of our students and staff.

In October 2021, we launched our ambitious new Strategy 2030, in which we set out our mission to use the power of our education and research to create a sustainable, healthy and socially just future. Our strategy is centred on our priorities for our education and student experience and research and innovation activities, all underpinned by the importance of our people, place, and partnerships.

We are committed to providing a world-class student experience. Colleagues have worked tirelessly and innovatively over the course of the pandemic to ensure our students received the best experience possible. As we come out of the worst of it, we are determined to support students with an exceptional, personalised and immersive experience where they can develop intellectual enquiry, problem-solving skills, entrepreneurship, digital literacy, cultural competence and global citizenship. It is so rewarding to see everyone's efforts reflected in our performance in this year's National Student Survey, which ranks us first in the Russell Group for overall student satisfaction. To emerge from the challenges of the last year in this way reflects the outstanding commitment of all colleagues and students, and I am so proud of what they have achieved.

This summer we were also finally able to recommence our graduation celebrations, bringing 14,300 graduands, along with loved ones, to 58 graduation ceremonies for the classes of 2020, 2021 and 2022. Sharing in their sense of accomplishment and joy was truly a highlight of my first two years as Vice-Chancellor.

Our research and innovation activities are critical to solving the world's biggest challenges, and through fostering a supportive and interdisciplinary research culture, we aim to ensure our researchers are able to thrive and make a difference. In May, we were rewarded with an outstanding performance in the Research Excellence Framework 2021, which showed that more than 99% of our research is of international quality, ranking Exeter 18th in the UK for research power, up from 21st in 2014. Highlighting the real world difference we make, 94% of our research has internationally excellent impact, ranking us 11th in the UK for impact, up from 48th in 2014, the largest gain of any Russell Group university. These results have contributed to a £10m increase in our quality-related research grant for 2022/23, a powerful recognition of the quality and impact of the work of our academic teams.

People are at the heart of our Strategy, and we are committed to empowering colleagues and students to use their voices to challenge, improve and co-create an inclusive and supportive culture. In December we launched a new Wellbeing, Inclusion and Culture Board to focus on areas such as workload, promotion, mental health, equality, inclusion, and gender safety. This year also saw our Business School secure an Athena Swan Bronze Award, joining all our STEMM departments in holding an award, and reflecting their success in achieving greater representation of women. I'm also delighted that last month we secured a Race Equality Charter Bronze Award, recognising our commitment to advancing race equality in our University.

We are a university committed to our place, both globally and regionally. In October, we signed a landmark Civic University Agreement with Exeter city partners to improve opportunity, prosperity, wellbeing and the environment for local communities. To ensure that we continue to enhance our global community and partnershipa, in June we renewed our commitment to the QUEX Institute, a multi-million pound partnership with the University of Queensland. As a truly global institution, we recruit students from more than 150 countries, and are enhancing our global presence through our new office in Kuala Lumpur, alongside existing offices in India and China. This year, we were ranked the 46th most international university in the world according to the Times Higher Education World University rankings, and are also placed in the global top 50 Times Higher Education Impact Rankings, measuring our progress towards meeting the UN's Sustainable Development Goals (SDGs). Our highest ranking, 8th in the world for SDG6 – clean water and sanitation – coincides with the launch of our £30m Centre for Resilience in Environment, Water and Waste, a partnership with South West Water.

This partnership approach is essential if we are to achieve our goals. In February we were awarded a £10m grant in collaboration with the National Trust, from the Natural Environment Research Council, to investigate and tackle biodiversity loss in the UK. The RENEW project places people at the heart of biodiversity recovery, by working with communities, landowners and businesses to reconnect cultural and natural landscapes; manage landscapes through environmental changes; and reconnect people with

landscapes. The programme involves a wide number of partners across sectors, enabling us to co-develop research solutions and work with experts to increase knowledge exchange and drive innovation.

Our Strategy also sets out our ambition to work sustainably, digitally and collaboratively. This is evidenced by our strong financial performance this year and our progress towards becoming Net Zero. This year we launched our new Digital Strategy, with the vision of being the most accessible and connected university destination for any user, and we also appointed our first Chief Digital Officer. Our ambition to work collaboratively has seen the creation of nine new Exeter Research Networks – interdisciplinary, virtual groupings bringing together researchers and external partners to tackle societal challenges.

In order to ensure that we deliver on our Strategy 2030 aims, this year we also completed a major re-organisation of our structures, aligning our academic activities into three faculties, with each faculty leading on one of the pillars of our strategy. This will give more visibility and agency to academic departments, who are at the heart of our success, and I would like to thank all colleagues for helping implement these changes so smoothly and successfully.

I am under no illusion about the future challenges we and the UK higher education sector in general faces. Rising inflation is presenting staff and students with increased and unexpected new costs. We have recently agreed new support measures to help both staff and students deal with this. This is the right thing to do, but it is also in our own interest, to help secure good student outcomes and to enable us to recruit and retain staff. We also face the very real issue of static home undergraduate student fees of £9,250 since 2012, meaning by 2024 the home UG student fee will be worth at best £6,500 in real terms. The magnitude of these challenges is likely to be of manageable proportions in 2022/23 but we must ensure that we work to identify ways to increase efficiency and financial sustainability while maintaining quality. We also wait to see how national and local trade unions are going to respond to their recently acquired industrial action mandate. The magnitude of financial challenges from 2023/24 onwards are likely to escalate so we need to respond to these as a community to ensure sustained resilience.

This Annual Report and Financial Statements gives much more detail on the contribution made by staff and students this year, and how these are reflected in our achievements and impact. Everyone in our community has played a part in this success, and I am very grateful for their commitment and dedication. We now start a new academic year with our structures in place, to begin the next stage of our journey towards delivering our ambitious Strategy 2030.

Professor Lisa Roberts
Vice-Chancellor and Chief Executive

Our Strategy and our Responsibilities

The University's approach to environmental, social and governance matters.

Since the University's foundation in 1955 we have grown to become one of the world's leading research-intensive universities, connected around the world but deeply proud of our place in South West England. Through the largest, most ambitious consultation we have ever attempted, our community came together last year to co-create our vision and ambition for the next decade.

Our strategy builds on the power of our education and research to lead meaningful action against the climate emergency and ecological crisis, to make breakthroughs to transform human health and wellbeing, and to lead progress towards creating a fair, socially just and inclusive society.

In October 2021 we adopted Strategy 2030 defining our purpose and vision, as well as our values, the themes, and ways of working that underpin this.

We deliver our strategy through our outputs, principally our teaching and research activities, underpinned by the way we work, the way we operate and through the policies we put into practise.

Our Purpose

To use the power of our education and research to create a sustainable, healthy and socially just future.

Lead meaningful action against the climate emergency and ecological crisis

Make key breakthroughs to transform human health wellbeing

Lead the progress towards creating a fair, socially just and inclusive society

Below we report on our wider responsibilities through the lens of the United Nations 17 Sustainable Development Goals (UN SDGs).

SUSTAINABLE DEVELOPMENT GOALS

We are ranked 42nd (out of 1,406 institutions) in the world by the Times Higher Education Impact Rankings 2022, which assess impact through the UN SDGs.

We are ranked 48th in the world by the QS Sustainability ranking 2023.

1 NO POVERTY

Ranked 17th in the World[1]

- Research into ways of improving economic inequality to enhance policy outcomes (Business School); research concluding that investing in natural capital is key to the Government's levelling up agenda (Environment and Sustainability Institute); research indicating that creative industries are key to economic prosperity in coastal and rural communities (English); research finding that addressing attitudes to menstruation is necessary to improve well-being in low- and middle-income countries (Geography)
- The University offers a wide range of targeted bursaries and scholarships to support the under-represented, such as Sanctuary Fee Waivers and Bursaries, Care Leavers Fee Waiver, Care Bursaries, Access to Exeter Bursaries, Achievement Scholarships, Hardship Fund scheme, Global Excellence Scholarships, Africa Sustainable Futures Scholarship and Success for All Fund
- A cross-University 'Cost of Living' group has developed a range of initiatives to support staff and students, including a £150 Winter Support Bursary to students on low household incomes, along with a package of support measures such as meal deals, hot food and provision of free sanitary products. In July 2022 we made a payment to all staff of £750 in recognition of their contribution over the year.

2 ZERO HUNGER

Ranked 33rd in the World[1]

- Free BEE-STEWARD tool developed by researchers to assist farmers and policy makers to support sustainable bumblebee populations (Environmental and Sustainability Institute)
- Campus shops participate in the Too Good to Go app, reducing food waste
- Offering affordable meal deals in University catering outlets
- Food Bank collections
- Tracking Food Waste across the University
- Future Food: Sustainable Food Systems for the 21st Century, free MOOC
- Alumnus gift of £30 food delivery vouchers for all Exeter medicine students for second year in a row

Massive Open Online Courses (MOOCs) are free online courses available for anyone to enrol: https://www.futurelearn.com/partners/university-of-exeter

3 GOOD HEALTH AND WELL-BEING

- Research into farmer mental health and resilience (Centre for Rural Policy Research); research into reducing isolation during lockdown (interdisciplinary research across numerous disciplines); interdisciplinary research with healthcare providers, industry and the public
- The Exeter Centre for Excellence for Diabetes Research (EXCEED)
- Investment in student well-being and support for all students
- Provision of staff mental health
- Vibrant sports activities and facilities for staff and students
- Addressing Postnatal Depression via a free MOOC

[1]Times Higher Education Impact Rankings 2022 Ranked out of 1,406 higher education institutions from 106 countries/regions. Institutions overall rank is based on SDG17 (Partnerships for the Goals) and their best 3 SDGs

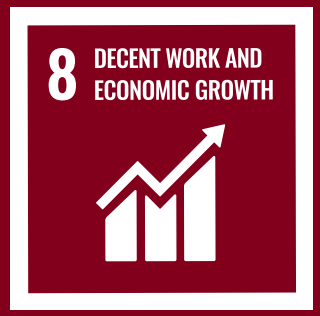
- Education and student experience theme of Strategy 2030
- Ranked number 1 in the Russell group for student satisfaction (NSS 2022)
- Ranked 13th and 15th in the UK, in the Times and Sunday Times and The Guardian league tables respectively
- Exeter's degree apprenticeships rated good by Ofsted (July 2022)
- Exeter Mathematics School partnership with the University and Exeter College
- Provider of 25 free MOOCs
- Creative dialogues with high-profile leaders in the creative industries

- Equality, Diversity and Inclusion Policy, providing a working and learning environment that is free from unfair discrimination
- Sector leading maternity and paternity leave provision
- Gender identity and transitioning policy
- University Owlets day care nursery and childcare vouchers for staff

Ranked 8th in the World[1]

- Centre for Resilience, Environment, Water and Waste, jointly funded with South West Water plc.
- Centre for Water Systems leading on two EU-funded projects WATERLINE and WATERVERSE
- Exeter academics play leading role in shaping digitalisation of European water networks
- Exeter academics contribute to a pan-European initiative to turn wastewater into valuable resource
- Winner-Knowledge Transfer Awards 2022 in the technical excellence category, for a joint project with South West Water
- Women in Climate network between the University and the UK Met Office
- Target to reduce water consumption by 50% by 2030

- Research into Microbial Biofuels with Shell plc
- Established new Centre for Future Clean Mobility in 2022
- 1.25 MW capability from University solar photo-voltaic panels with 1 MW coming on-stream in 2022/23
- Ranked highest in the Russell Group for the amount of renewable energy generated on or off-site at 2.9m kWh (HESA, 2020/21)
- Research Centre for Smart Grids opened in October 2022
- Free MOOCs in Technology Metals for a Green Future, Transforming Energy Systems



- Living Wage employer, since 2013
- Equality, Diversity, and Inclusion Policy
- Dignity and Respect Policy
- Publish reports on the Gender Pay gap
- Fair Employment for All Policy
- Modern Slavery Statements published on website

- Dedicated Innovation, Impact and Business division to promote collaborative research and development with business, improve high-skill training and focus on regional innovation
- Partner in the South West Institute of Technology, providing world-class high-skilled training and education for students and employers
- Largest provider of degree apprenticeships in the Russell Group, targeting the skills gap of business and industry

Ranked 13th in the World[1]

- Research into persistent inequalities impacting on LGBTQ+ lives (English); Routes academic network on migration mobility displacement; research into women's representation in society to redress inequality (History)
- Access and Participation Plan to improve access and retention of students from under-represented groups
- Race Equality Charter Bronze award (2022)
- University level Athena Swan Silver Award
- All Science, Technology, Engineering and Mathematics departments hold Athena Swan Awards at Silver or Bronze level
- Athena Swan Award at Bronze level for The University of Exeter Business School
- Disability Confident employer
- Provost Commission for Innovation in Equality, Diversity and Inclusion
- Free MOOC Understanding Gender Inequality

[1]Times Higher Education Impact Rankings 2022 Ranked out of 1,406 higher education institutions from 106 countries/regions. Institutions overall rank is based on SDG17 (Partnerships for the Goals) and their best 3 SDGs

- Green Flag Award 2022-23 for Streatham and St Luke's campuses
- Provision of e-bike networks across our campuses, in partnership with Co Bikes
- University pays cycle mileage to staff who use bikes to travel on University business
- University academics played a leading role in developing the Devon Carbon Plan, the counties road-map to becoming net zero by 2050
- University is leading on a government funded Safer Streets initiative to tackle anti-social behaviour and violence against women and girls in public places throughout Exeter

Ranked 40th in the World[1]

- Exeter Centre for the Circular Economy researching into solutions, bringing together leaders in industry, developing projects with corporate partners
- Sustainable Food Policy
- Plastic Strategy to reduce single use plastics across campuses
- Waste Management Strategy
- Sustainable Bought Goods and Services Policy

Ranked 24th in the World[1]

- Global Systems Institute and Environmental and Sustainability Institute, researching into global climate issues on a multi-disciplinary basis
- Exeter academics paper voted best paper for 2021 in Environmental Research Letters journal
- MSc in Global Sustainability Solutions
- Free MOOCs in Tipping Points: Climate Change and Society, Climate Change Solutions, Climate Change: The Science
- University declared an environment and climate emergency in 2020, updating its policy statement in 2022
- Appointment of new Director of Sustainability in 2022
- Initial implementation of the University Decarbonisation Plan and Carbon Net Zero Plan underway
- Target to be carbon neutral (net zero) for scope 1, 2 and 3 emissions by 2030
- Published Annual Report on sustainability achievements and progress against plan

- Exeter Marine interdisciplinary research collaborations, researching into ecology and conservation, ecotoxicology and pollution, fisheries and aquaculture, ocean health and wellbeing, ocean systems and technology, evolution and behaviour
- NERC Centre for Doctoral Training in Freshwater Bioscience and Sustainability
- Queens Anniversary prose for world-leading plastics research team
- Professor Tamara Galloway, winner of the Volvo Environment Prize 2022 for her research into plastic pollution

Ranked 20th in the World[1]

- Collaborative South West Partnership form Environment and Economic Prosperity (SWEEP), researching into natural capital assessment tools, natural environment evaluation tools, policy for pollinators
- Land, Environment, Economics and Policy Institute (LEEP), helping government, business and communities develop knowledge and understanding of how land and the environment is managed and used
- Free MOOC on Valuing Nature: Should We Put a Price on Ecosystems?
- Development of comprehensive Sustainability Design Guide, informing future University capital projects

- Joint Freedom of Speech Statement between the University and our two student unions.
- Code of Conduct for staff
- Civic University Agreements with Exeter, Cornwall and Devon and Torbay

Ranked 22th in the World[1]

- Member of the Earth League
- Partnership with Queensland University via the QUEX Institute for Global excellence
- Host of Aqua-360 conference: water for all
- New Future17 module, in collaboration with QS and universities in four continents in Hong Kong, Sao Paulo, Stellenbosch and Auckland, open to all undergraduates and postgraduates as an online module, focusing on real-world sustainable development challenges

[1]Times Higher Education Impact Rankings 2022 Ranked out of 1,406 higher education institutions from 106 countries/regions. Institutions overall rank is based on SDG17 (Partnerships for the Goals) and their best 3 SDGs

Access and Participation

We are committed to enabling social mobility through education, aiming to widen participation, raise attainment, contribute to a strong regional skills base and bridge gaps in retention, progression and success. Our strategy is based on diversity, fair access and inclusivity, taking a whole student lifecycle approach, working in collaboration and partnership, founded on evidence-based practice.

Our Access and Participation Plan submitted to the Office for Students, sets out our plan to achieve our objectives and the detailed targets we are committed to delivering.

Research to support access and participation is led by our Centre for Social Mobility with work this year including the publication of a report examining the barriers to social mobility in the South West and recommending joint interventions by stakeholders within the region. The Centre continued its successful small bids scheme, funding a variety of projects related to inclusive education, decolonising the curriculum and progression.

Fair access

We invested £3.6m in supporting disadvantaged and underrepresented students to enter higher education during 2021/22.

In-school support, in person conferences and teaching enrichment events resumed on campus. Investment in interactive digital platforms and resources underpin the provision of high quality online programmes to support pupils, schools, parents and carers. Our extensive digital outreach programme, Discover University, provided advice, guidance, teaching enrichment sessions, lecture series and student-led Q&As throughout the year as a complementary resource. A new FE/University bridging programme in partnership with Next Steps South West began in September 2022. Work also began on our new Mature Access Pathway as part of our strategy to improve access for those returning to learning. This is part of a broader programme of activity to support mature access including new investment in scholarships.

Our flagship Exeter Scholars scheme, provides places for 1,000 students each year with entry points at Year 10 and 12. Around 430 participants progressed to university places in September with 191 studying at Exeter. The success of Exeter Scholars helped us gain a Silver Award in the UK Social Mobility Awards 2022.

Financial Support

The emerging cost of living challenge combined with the ongoing effects of the pandemic continues to add financial pressure on students. We have worked proactively to address the unprecedented hike in fuel prices by awarding additional payments to those in hardship. We plan to increase bursary and hardship support for next year in anticipation of continued impacts on low-income students. A range of hardship funds and bursaries are disbursed through our Success for All Fund which was created to provide a one-stop-shop for students requiring a variety of financial support. In addition to hardship funds, the University offers a range of other funding including the Access to Exeter Bursary for students from low income households; tuition fee waivers for care leavers; and Sanctuary Scholarships for refugees and asylum seekers. We have also extended our scholarship provision related to widening participation such as for students progressing from Exeter Scholars and a new scheme to attract and help retain mature students. In addition to around £5.9m in financial support specifically for widening participation students, the University spent a further £1.9m on general hardship to support all students.

Disabled student support

The proportion of students disclosing one or more disabilities continues to grow and our Accessibility and Wellbeing Services experienced their eighth successive year of escalating demand for support. More students disclosed pre-existing mental health conditions than ever before. The number of those with complex mental health needs and those declaring neuro-diverse/autistic-spectrum conditions also continued to rise.

Investment in mental health support included the development of our ongoing partnership with NHS Talkworks, a free confidential talking therapy service provided by Devon Partnership NHS Trust; a flagship jointly funded University-NHS University Community Mental Health Team partnership initiative; specialist counselling through Nilaari, a service specifically for Black and Minority Ethnic students; and online self-help tools such as Silver Cloud and Togetherall. Our support for students with disabilities begins before they arrive to make sure they have plans and facilities in place to support them. Through our Disability Advice and Support Team we offer help to students with a disability, long term health condition or learning disability. During the year our expenditure on disabled student support was £1m.

Research and evaluation

Evaluation is a crucial part of the activities we run to widen access to higher education and support students to succeed. Insights gained from evaluation are used to shape our provision by continuously improving programmes to meet the needs of prospective and current students, understanding the impact that our activities have had on the educational journey and informing investment decisions based on an understanding of what works.

Details of expenditure on Access and Participation activities can be found in Note 32 of the Financial Statements.

Ethical Investments

The University's Endowment has a value of £49m, supporting numerous activities across the University, arising from the generous support of alumni and supporters over many years. These investments are managed in line with our Investment Policy, which places at its heart a best in class approach to environmental, social and governance (ESG) matters. Our fund managers were appointed on their investment track record but also on the their approach to ESG and engagement to drive up the ESG characteristics of the companies held in our portfolio. Our fund managers do not adopt a simple ESG screening methodology but take a more sophisticated approach to ensure the portfolio genuinely and authentically reflects our ESG values.

The Investment Policy deliberately minimises the number of explicit exclusions, recognising the limitations of exclusions as blunt instruments to change, and boundary challenges between production, distribution and retailing. The policy explicitly excludes investments in entities whose main business is the production of tobacco and fossil fuel extraction.

Oversight of both investment and ESG activities of our fund managers is exercised by an Investment and Endowment Group, which includes representation from both our Student Unions, as well as co-opted expertise of alumni.

Greenhouse Gas Emissions

In 2019 the University declared an environment and climate emergency, acknowledging the need to mitigate the University's own contribution to the acceleration of climate change, but also to show leadership, recognising Exeter's status as the UKs leading centre for climate and environmental research.

Our target is to achieve net zero carbon emissions across Scope 1, 2 and 3 by 2030. Three years into the strategy we are on trajectory towards meeting our ambitious targets but we are under no illusion that to maintain this trajectory is going to be immensely challenging. It will require significant investment in decarbonising the estate, in improving estate utilisation and will require cultural change in the way we operate, for example how we travel and buy goods and services. Every member of our community has their part to play in ensuring we achieve our net zero targets.

We have developed a 5-step journey towards net-zero:

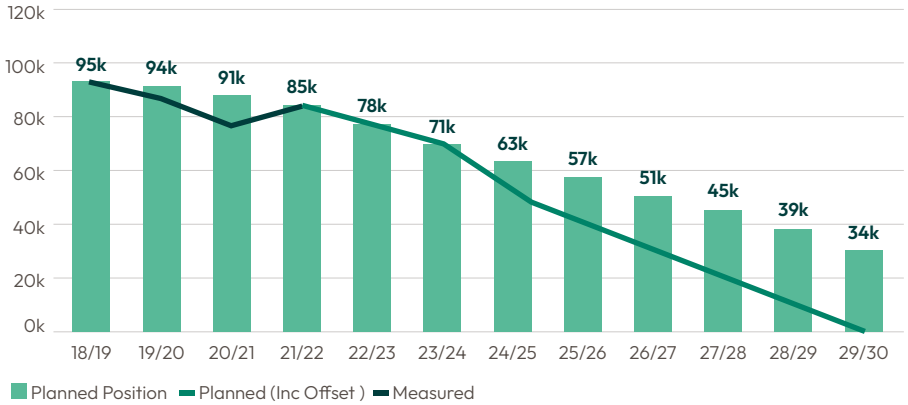
Step 1: Building the Foundations, provided a comprehensive view on the University's Green House Gas emissions.
Completed in 2021
Step 2: Operational Carbon and Environmental Strategy
Commenced in August 2021
Step 3: Whole Life Carbon Accounting
Step 4: Environmental Net Gain
Step 5: Achieving Net Zero

https://www.exeter.ac.uk/about/sustainability/newsandevents/carbonandenvironmentalroadmap/

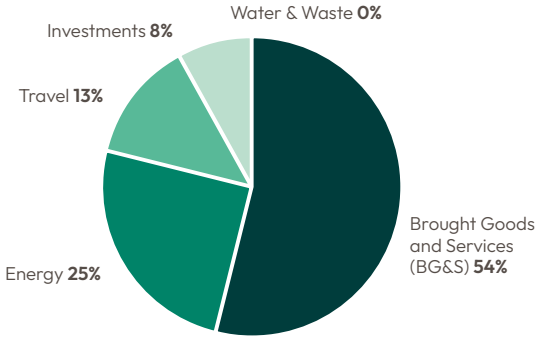
Step 2, operationalising our carbon and environmental strategy, commenced in August 2021, focusing on benchmarking our progress against our plans, embedding climate related Thematic Forums and the development of Faculty and Professional Services action plans.

Environmental data and reporting is critical to manage the challenge we have, determining where resource should be focussed, demonstrating performance to stakeholders and for learning lessons for continued improvement in our approach to carbon reduction and environmental protection. Greenhouse gas (GHG) emissions are measured via a sophisticated data warehouse with quarterly KPI dashboards and departmental scorecards provided to stakeholders. Emissions are categorised into 6 major themes for reporting purposes.

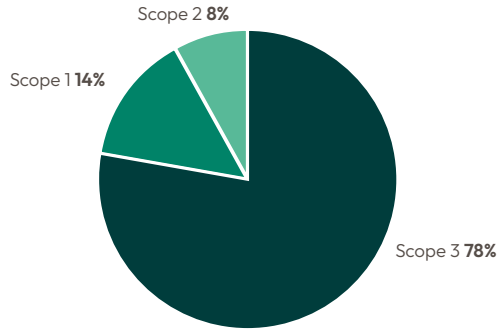
Greenhouse gas emissions target trajectory up to 2030



Carbon emissions profile presented by category and greenhouse gas scope



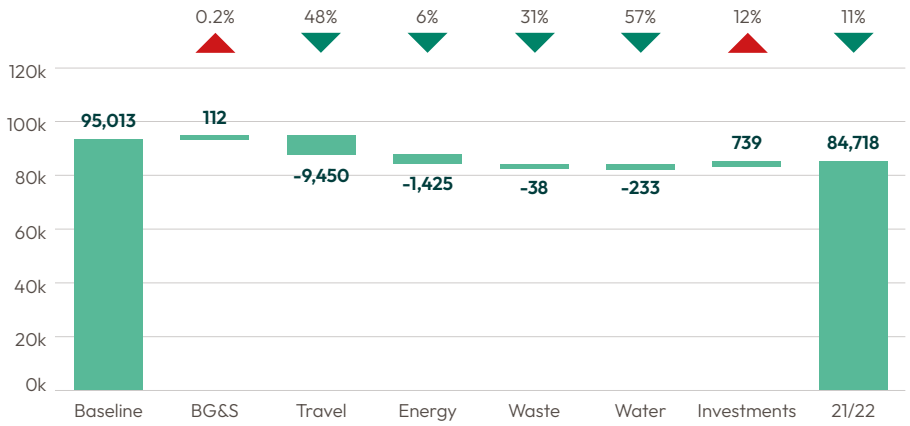
% tCO_2e by theme



% tCO_2e by scope

In 2021/22 we achieved our target 11% reduction against baseline with a decrease in GHG emissions of 10,295 tCO2e since the 2018/19 baseline footprint of 95,013 tCO2e:

Carbon reduction against 2018/19 baseline year presented by category



Some of last year's reduction is due to the ongoing impact of the pandemic. While we returned to on campus, in-person teaching last year, travel remains at lower levels and is principally commuting traffic to and from campus. Business travel has risen sharply compared to the prior year spent largely in lockdown. Space occupancy is lower, reflecting the prevalence of hybrid working for many staff.

More positively, a sustainable bought goods and services (BG&S) policy was implemented during the year and awareness of the environment and climate emergency policy has increased, having a positive impact on behaviours.

The increase in GHG attributable to investments is principally due to the rise in cash balances. Endowments investments reduced their carbon intensity by 57% as a result of the University best in class approach to ESG investment.

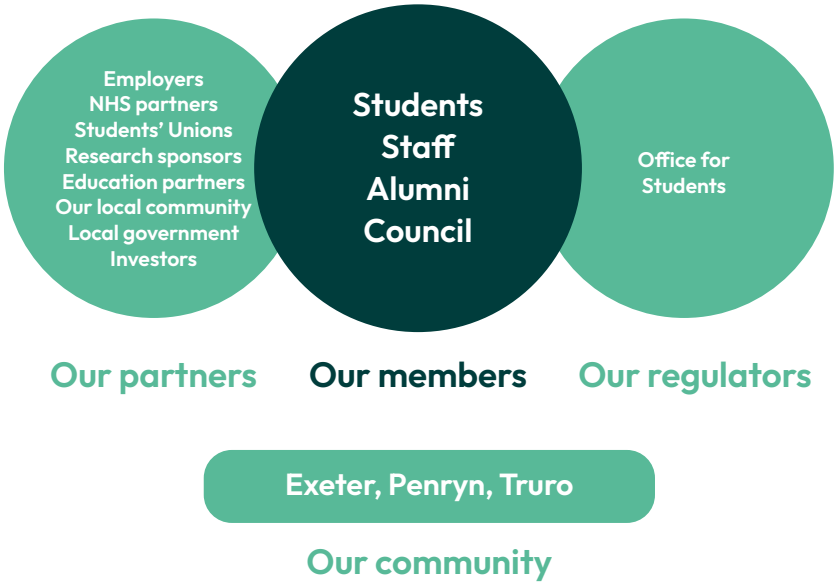
Our Stakeholders

The members of the University community, our students, staff, alumni and members of Council, are the University. Members are also stakeholders but furthermore we serve a number of other stakeholders, those who support us, fund us, work with us, live with us or regulate us.

This Annual Report is principally addressed to our stakeholders, and we thank you all for your support over the year.

As a major employer and as an anchor organisation in the region, we contribute £1.6 billion to UK economic output, supporting 15,500 jobs through our economic activities and student and visitor spending across our campuses in Devon and Cornwall. An independently commissioned report from Oxford Economics powerfully demonstrates our economic contribution to the UK and regional economy.[2]

[2] https://www.exeter.ac.uk/about/economicimpact/



How we create value

This Annual Report describes how we have developed all of our key resources, or inputs, through the focus of Strategy 2030, providing a comprehensive overview of our performance over the year to 31 July 2022.

What follows is our assessment of our performance in 2021-22 in each of these six areas.

To use the power of our **education** and **research** to create a

sustainable, healthy and socially just future.

Inputs		Outputs
Education & Student Experience	Lead meaningful action against the climate emergency and ecological crisis.	Challenge and inspire our community of learners from every background to thrive, develop the skills they need for the future and lead the change the world needs
Research & Innovation		Our dynamic and innovative research culture fosters new discoveries, inspires creativity and brings people together to solve the challenges of today and tomorrow
Place	Make key breakthroughs to transform human health and wellbeing.	We are a global university with regional, national and international impact and relevance
People		We support each other to thrive, be fulfilled and reach our potential. We celebrate diversity, are inclusive, fair and compassionate
Partnerships		We work together to overcome the challenges of the twenty-first century, working with partners, students and alumni
Finance and Physical Resources	Lead the progress towards creating a fair, socially just and inclusive society.	Long-term financial sustainability through rigorous management of our finance and assets, enabling investment in our strategic priorities

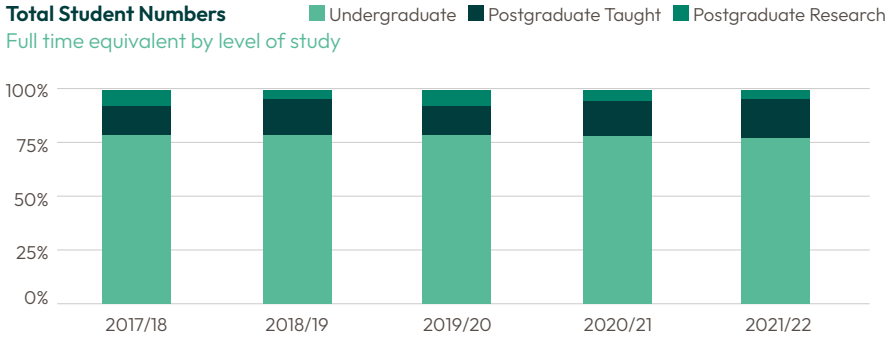
How we performed:
Education and student experience

We are committed to challenging and inspiring our community of learners from every background to thrive, develop the skills they will need for the future, and lead the change the world needs.

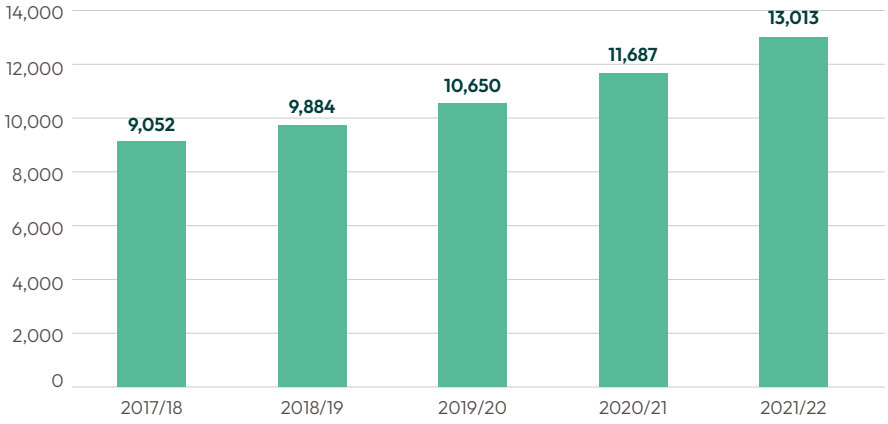
Working in close partnership with our students, valuing and celebrating educators, and ensuring high-quality teaching, learning and student experience, are at the heart of this commitment.

In 2021, 13,013 new students were admitted, 30% of them from outside the UK. Students enrolled in 37 disciplines across campuses in Devon and Cornwall. Of these entrants, 870 were Degree Apprentices, undertaking programmes designed and delivered with our partner employers in a range of sectors including Finance, Engineering, Digital and Healthcare. The total student body rose to 30,479 full-time equivalent students in 2021/22.

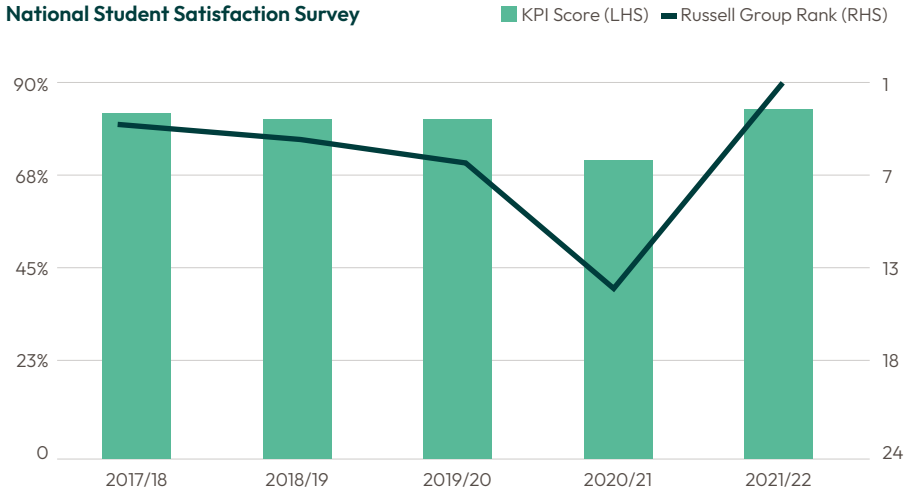
Total Student Numbers
Full time equivalent by level of study



New Student Entrants
Full Time Equivalent



National Student Satisfaction Survey



The year has seen a sustained, holistic focus on supporting students and enabling departments and services to address key priorities, relating to education and student experience. The results of the National Student Survey 2022, released in July, reflected this effort and commitment showing that the 'Overall Satisfaction' score rose to 82.7% (from 76.5%), the highest score in the Russell Group and 13th highest in the sector. Our student satisfaction KPI, applying the Times League Table methodology focused on teaching quality and student experience, increased to 75.4% (from 71.8%), ranking 4th in the Russell Group and 42nd in the sector, its highest in five years.

Other measures demonstrated our continued high performance in delivering the best outcomes for our students. Good Honours degrees (First and Upper-Second Class Honours) were awarded to 90% of our undergraduate students (95% in 2020/21), and on the Guardian-methodology our Graduate Destination Score for graduate level employment 15 months after graduating stands at 83%.

In May 2022, our portfolio of Degree Apprenticeship programmes were rated 'Good' by Ofsted. Two colleagues Professor Nicola King and Kelly Preece, were awarded prestigious Advance HE National Teaching Fellowships in August 2022, recognising their commitment and leadership of innovation, equality and student support in their work.

Enhancing Student Experience

The focus on enhancing the student experience was enabled through a cross institutional approach, supporting departments to respond to emerging challenges and through investment in an online student voice platform and the appointment of new Student Experience Officer roles (see case study below).

Particular emphasis was placed on supporting students through transitions into and throughout the University, especially given the enduring impact and legacy of the Covid-19 pandemic. This work included a wide range of activities delivered in partnership with our Students' Guild and Students' Union under the banner of 'Connect and Discover', creating opportunities for students to connect with peers, benefit from a range of experiences and develop skills. Transitions support was also delivered through online induction programmes using the FutureLearn platform, providing key information and networking opportunities for students before they joined us. Around 5,000 students, (38% of new admissions), accessed these induction programmes.

We co-created a new Student Experience Framework, setting out a shared vision for enabling students to discover, grow and thrive within our university community. The Framework will be launched in 2022/23.

Looking Ahead

We plan to sustain our priority of supporting Success for All, advancing our 2030 Strategy priorities for Education and Student Experience, bringing our Student Experience Framework to life. We have created a new role of Director of Teaching Excellence and Enhancement, to provide leadership in this critically important area.

Directly related to the ethos of Success for All, addressing differential experiences and outcomes among demographic groups within our student body, building on and accelerating progress made to date is a priority for the new year.

Students are facing increasing cost of living pressures. To address this we are working closely with the Students' Guild and Students' Union to develop and implement initiatives to support students, ensuring that they can continue to engage with their studies, complete courses and progress in their careers.

Creating the Possible

Student Experience Officers

New Student Experience Officer (SEO) positions were introduced in priority areas of Law, Politics and History, alongside Graduate Business Partner internship support in other areas. Tasked with designing and delivering a wide range of student experience activities and local action plans with academic leaders and students, the SEOs have become a visible and friendly presence supporting students. A wide range of events have helped with building community including social events, topical lectures, wellbeing weeks and student exhibitions. SEOs have worked with students to understand local needs and developed communications and social media fostering in a more inclusive environment. Furthermore, detailed action plans have been developed to build upon this momentum. Following positive feedback highlighting the value of these roles, and the strong NSS 2022 outturn, the SEO model has been expanded and extended for 2022/23.

Transformative Education Framework

Led by Professor Vrinda Nayak (Associate Dean for Taught Students – Racial Equality and Inclusion), the Transformative Education Framework has been launched as part of our Success for All Programme to advance inclusive education, racial and social justice, and sustainability through education. The Framework provides a tool to inspire collective efforts to transform our students' education, to empower them and, in turn, to transform the world.

4* 47%
World-leading
4* +3* 89%
Internationally excellent and world-leading
4* +3* +2* 99%
International quality, Internationally excellent and world-leading

How we performed:
Research and innovation

Research Excellence Framework (REF2021) Results as published in May 2022

18th by Research power

REF2014 research power ranking: 21st

3.35 Institutional Grade Point Average (GPA)

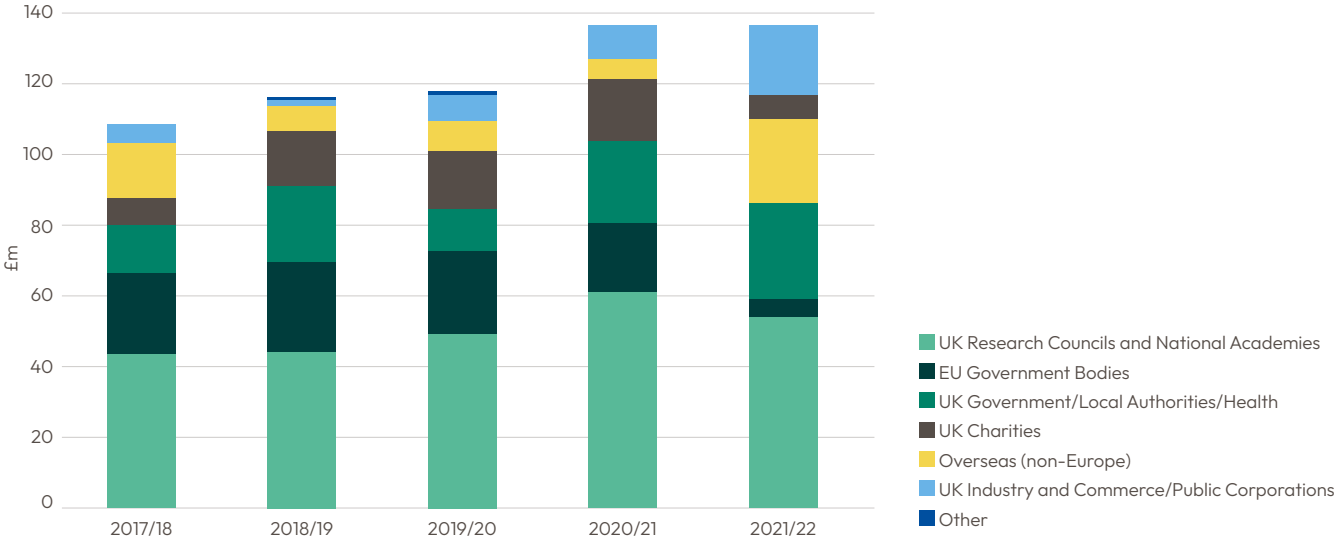
More information found in the bottom left corner

+REF2014 3.08; increase of 0.27.

By Research Power
5 UoAs* in the top 5
9 in the top 10
19 in the top 20

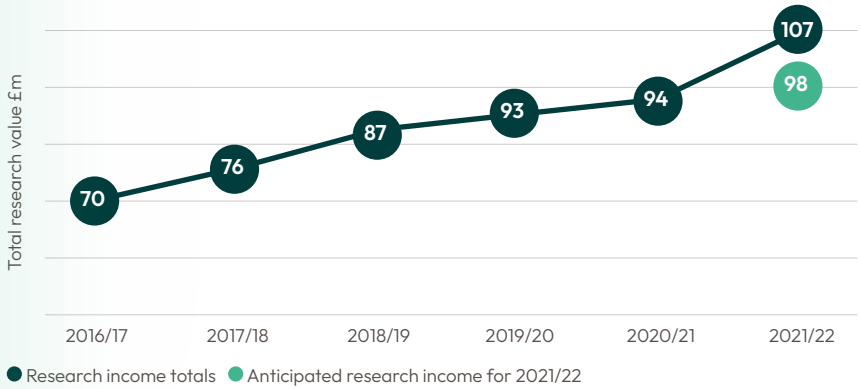
*UoA = Units of Assessment, the discipline-level structure at which REF2021 is assessed

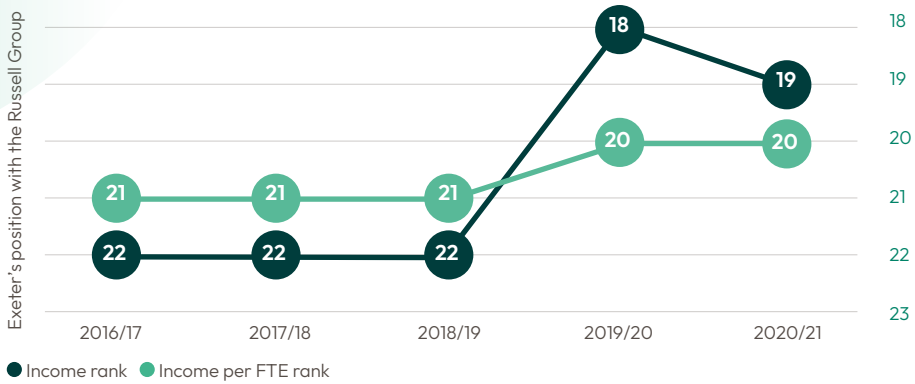
Research awards by sponsor category



+Grade point average (GPA) is a way of simplifying the Unit of Assessment profile for outputs, impacts, environment or the overall quality to a single number. It does not take account of the number of staff submitted. It is calculated by multiplying the percentage in each grade by its rating (4*, 3* etc.), adding them all together and dividing by 100. This results in a figure between 0 and 4.

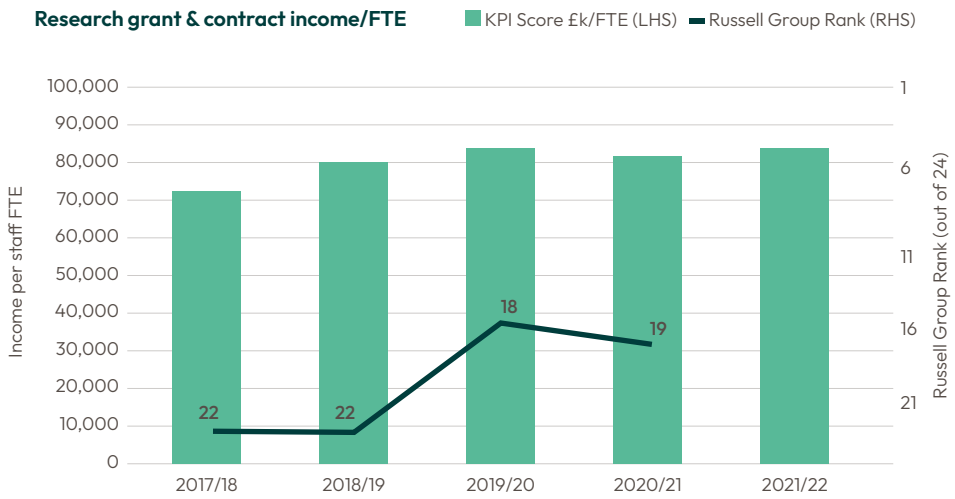
Total award value £m
104
108
115
112
134
136
104
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
Award totals
Planned awards target for 2021/22


Total research value £m
70
76
87
93
94
107
98
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
Research income totals
Anticipated research income for 2021/22


Exeter's position with the Russell Group
21
21
21
20
20
22
22
22
18
19
18
19
20
21
22
23
2016/17
2017/18
2018/19
2019/20
2020/21
Income rank
Income per FTE rank

Our research continues to significantly advance knowledge, understanding and the capacity to respond to local, national and global social, economic and environmental challenges. Despite ongoing disruption and challenge as a result of the Covid pandemic, this year we report:

- exceptional success with external funding awards for research, exceeding the anticipated target for awards by 24% achieving £136m in awards.
- significant recognition through the national Research Excellence Framework for the volume and quality of research across our discipline as published in May 2022.
- one of the highest percentage increases in the allocation of the national quality-related income for 2022/23.



Research Excellent Framework 2021 results and its consequences

The national Research Excellence Framework is a cyclical assessment of research undertaken every 6-7 years across the UK, focusing on research outputs, environment and impact. Our strong REF2021 results are the culmination of successful strategies deployed over the last two decades.

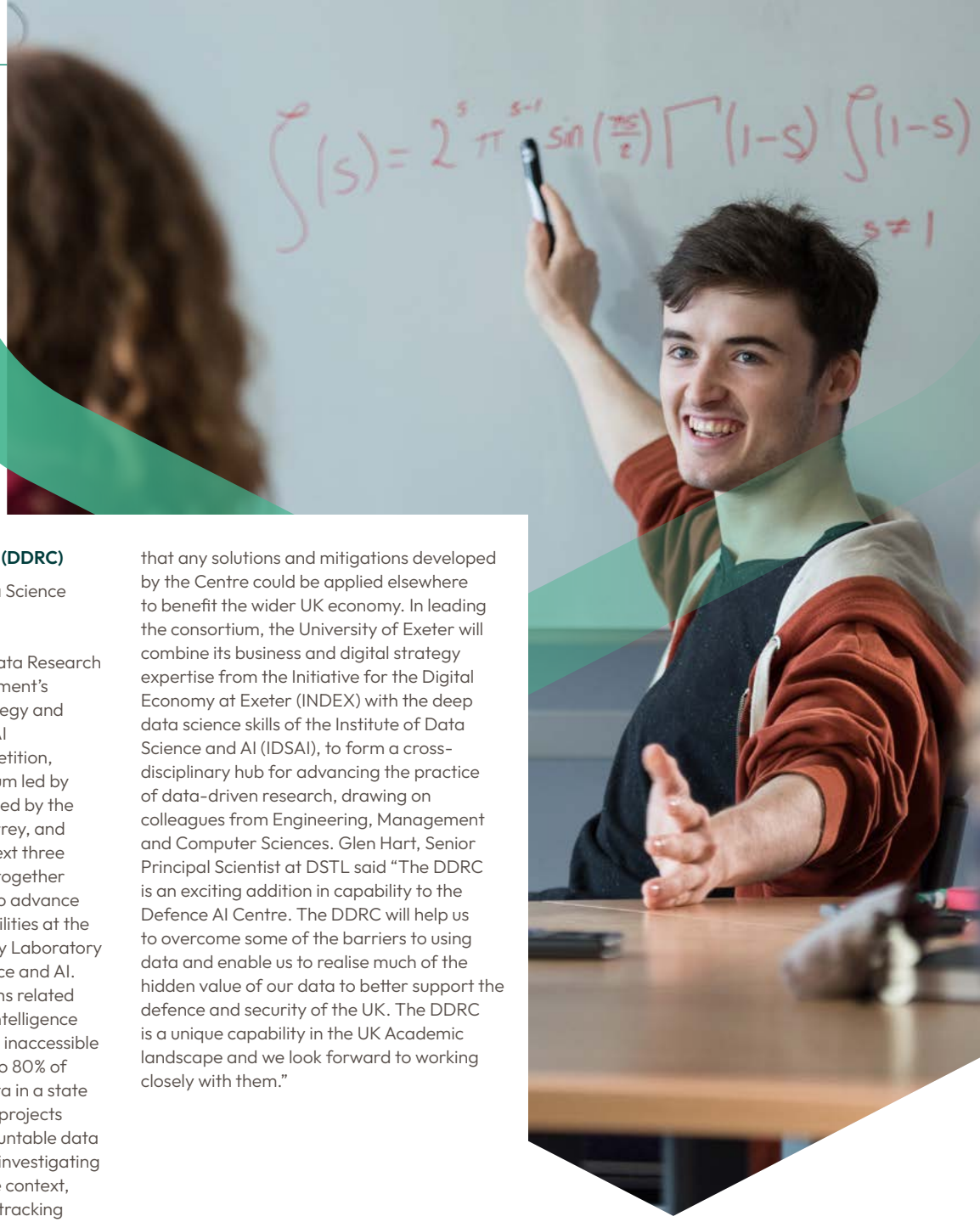
The proportion of research outputs, typically publications, deemed 4*, the highest quality rating achievable, increased from 25% in REF2014 to 42% in REF2021. The quality of research Impact increased from 35% in REF2014 to 60% in REF2021. As a result our 4* impact profile rose to 11th in the UK, up from 66th in REF2014. Sports Science and Theology and Religious Studies are ranked number 1 in the UK, while the Institute of Arab and Islamic Studies is ranked 2nd in its field.

Improvements in excellence have been accompanied by the value of research awards exceeding £100m for 6 consecutive years, despite increasing competition, uncertainty within the research funding landscape and disruption arising from the global pandemic. As research awards convert into current and future income, reflecting their multi-year delivery programmes, there is typically a lag between the value of awards and the value of income. In 2021/22 research income exceeded £100m for the first time, at £107m.

Present and future outlook

The success of REF2021 is matched with a 41% increase in annual Quality-Related Research grant funding (QR) from 2022/23 onwards. Exeter saw the highest increase in grant in the Russell Group and second highest increase in the market share of grant across all UK universities.

A key strand of our Research and Impact Strategy, and that of Strategy 2030, is focusing on further promoting interdisciplinary ways of working across institutes, networks and departments, tackling societal challenges, creating transformational relationships with external partners, and ensuring that research excellence is underpinned by an open, ethical and supportive research culture and environment.



Defence Data Research Centre (DDRC)

Accelerating the Impact of Data Science for the Defence Community

The new £3.8 million Defence Data Research Centre is part of the UK Government's newly released Defence AI Strategy and the newly established Defence AI Centre. Awarded through competition, the DDRC comprises a consortium led by the University of Exeter, supported by the Universities of Liverpool and Surrey, and the Digital Catapult. Over the next three years, the consortium will bring together a strong combination of talent to advance the technical and cultural capabilities at the Defence Science and Technology Laboratory (DSTL) in their use of data science and AI. The Centre will focus on problems related to the use of data for Artificial Intelligence applications, which can often be inaccessible or unusable in its raw state. Up to 80% of time can be spent on getting data in a state where it can be used, and some projects never start at all due to insurmountable data issues. The principal task will be investigating these problems within a defence context, such as logistics support, object tracking and data wrangling (converting data into an intelligible format) with the expectation that any solutions and mitigations developed by the Centre could be applied elsewhere to benefit the wider UK economy. In leading the consortium, the University of Exeter will combine its business and digital strategy expertise from the Initiative for the Digital Economy at Exeter (INDEX) with the deep data science skills of the Institute of Data Science and AI (IDSAI), to form a cross-disciplinary hub for advancing the practice of data-driven research, drawing on colleagues from Engineering, Management and Computer Sciences. Glen Hart, Senior Principal Scientist at DSTL said "The DDRC is an exciting addition in capability to the Defence AI Centre. The DDRC will help us to overcome some of the barriers to using data and enable us to realise much of the hidden value of our data to better support the defence and security of the UK. The DDRC is a unique capability in the UK Academic landscape and we look forward to working closely with them."

Exeter Research Networks:

Identifying areas of critical mass and excellence to showcase and build transformational partnerships.

The Exeter Research Networks initiative supports an innovative and dynamic research culture. It requires mechanisms to support agile collective research groupings which can develop quickly in response to changing imperatives and opportunities both proactively and reactively. Typically, each network brings together over 100 academic staff and postgraduate students with cross-cutting research and innovation interests from across the three faculties. Not only do they each contribute to the institutional strategic aims, they are vital for furthering collegiality and research excellence. As a means for furthering the visibility of our strengths and ambitions they, along with our University Institutes, will be pivotal to enhancing strategic partnerships. The nine Exeter Research Networks are illustrated in the image alongside.[3] A small number of further areas are in development which will be designated over the course of 2022/23.

[3] www.exeter.ac.uk/research/researchnetworks/

Improved diagnosis, treatment and care from Exeter's first Biomedical Research Centre

The £15 million Biomedical Research Centre (BRC) award from the National Institute for Health and Care Research (NIHR) is Exeter's first success from this prestigious and highly competitive funding scheme. The focus of the scheme is to support university-NHS partnerships which focus on development of new treatments, enhancing approaches to better diagnosis and using technology to deliver precision-based approaches to care, so that the right therapies can be identified for different groups of people.

The partnership involves the Royal Devon University Healthcare NHS Foundation Trust, the Royal Cornwall Hospitals NHS Trust, Devon Partnership NHS Trust, Cornwall Partnership NHS Foundation Trust, Somerset NHS Foundation Trust, and the St George's University Hospitals NHS Foundation Trust.

The Exeter Biomedical Research Centre's key themes represent five of our major health-related strengths:
(1) Neurodegeneration;
(2) Rehabilitation;
(3) Diabetes;
(4) Genetic; and
(5) Clinical Mycology.

The BRC award is not only testament to our research strengths but enables us to further build upon our health science ambitions and deliver on our Strategy 2030 intention to transform human health and wellbeing.

BRCs at other universities typically leverage significant additional funding from other organisations to support experimental medicine and early translational research, increase collaborations with companies in the life sciences sector, increase the development of new patents and spin-out companies and increase the generation of intellectual property based income.

How we performed:
Place

We are a global university with regional, national and international impact and relevance. Our research, as affirmed by the Research Excellence Framework (REF2021) exercise, has been shown to be among the best in the world; more than 99% of our research is of international quality, with 89% internationally excellent and 47% world-leading. The University of Exeter is a global campus community with more than 5,000 international students from 140 counties contributing to our thriving campus community. Our worldwide alumni network exceeds 20,000 alumni who are part of volunteer and network groups spanning the globe and we are ranked in the top 150 in the THE and Academic Ranking of World Universities 2023.[4]

A newly published independent economic impact study has revealed that University generates £900m annually towards national gross domestic product (GDP) and has engaged in hundreds of millions of pounds worth of research and development over the past five years.

It also has a profound impact upon the South West, including the generation of Gross Value Added (GVA) equivalent to 9% of Exeter's GDP, supporting around 3% of Devon's workforce as the third largest employer in the county, and the creation of more than £125m in output for the Cornwall economy.

The study, researched and produced by Oxford Economics, is based upon the University's activities during the 2020/21 academic year, and encompasses both the direct impact of its operations, as well as the subsidiary, knock-on effects experienced by the supply chain.

Among the key findings of the report are that the University supported:

- £1.56bn of output, nationally, amounting to £899.8m in GVA, and 15,540 jobs;
- £951.4m of output for the Heart of the South West Local Enterprise Partnership area, with £582.5m GVA, and 12,300 jobs;
- £915m of output for the county of Devon, equating to £563.4 GVA, and 11,920 jobs;
- £816.3m of output for the city of Exeter, totalling £509.4m GVA and 9,750 jobs – equivalent to 9% of the city's total, making it the second largest employer in the city;
- £125m of output for Cornwall and the Isles of Scilly, with £73.5m GVA and 1,900 jobs.

Reflecting on the figures, Professor Lisa Roberts, Vice-Chancellor, said: "Universities play a vital role in UK society – as places of learning and social mobility, anchor institutions for local communities, and catalysts for innovation, research and development that help our businesses thrive and grow. This report quantifies the contribution that the University of Exeter makes to the UK economy and the economies of the region and reaffirms the important role we have to play in supporting jobs and economic prosperity in the South West."

Between 2016/17 and 2020/21, the University undertook £604m of R&D across its campuses. Oxford Economics estimates this R&D will produce £260m of yearly benefits from 2030, once the benefits of R&D are dispersed across the wider economy.

The University contributes £970m to UK labour force productivity through increased earnings potential accrued by its undergraduate students, 3,638 of whom graduated during 2020/21. It also outlines some of the ways in which it supported society during the COVID-19 pandemic, including assisting the production of the Oxford-AstraZeneca vaccine through a Knowledge Transfer Partnership with Smart Manufacturing; led research on Long Covid, the presence of the virus in sewers, and the evolution of the virus; and saw many staff and students volunteer to work within local hospitals and NHS facilities.

"Despite the turbulence of the last two years caused by the pandemic, the University of Exeter has continued to grow and thrive – and that is testament to our community of staff, students and partners." adds Professor Roberts. "With our 2030 Strategy now in place, we are looking forward to using the power of our education and research to create a greener, healthier and fairer future."

The full economic impact study, including an executive summary, is available to read on the University of Exeter website.

Civic University Agreements

The University of Exeter is in the process of establishing three Civic University Agreements with Exeter, Cornwall and Devon and Torbay. These Agreements will establish how the University will work in partnership with other anchor institutions in the region to help find solutions for society's most pressing problems.

exeter.ac.uk/about/regionalengagement/civic-agreements/

Reception

How we performed:
People

Future Structures Programme

Strategy 2030 enables the University to project its strengths globally with increasing focus on the vital fields of environment and sustainability, health, and social justice. Over the course of the past two years, consultative events, such as the Big Conversation and the Bonfire of Bureaucracy, highlighted demand amongst staff and students for a more streamlined approach to the organisation of our University structures. A series of in-depth discussions with national and global experts on the University environment endorsed the need for fewer, larger structures to provide resilience against external changes. This subsequently led to 'Shaping our Future Structures Together' initiative to transform academic and Professional Services structures, ready for implementation from the start of the 2022/23 academic year.

We are retaining all our current disciplines, in some cases reconfigured in new ways and grouped into three faculties. Each faculty champions one of our strategic goals (Environmental Sustainability, Health and Social Justice) and leads the University-wide approach to tackling these big societal challenges.

The names of the new faculties are as follows:

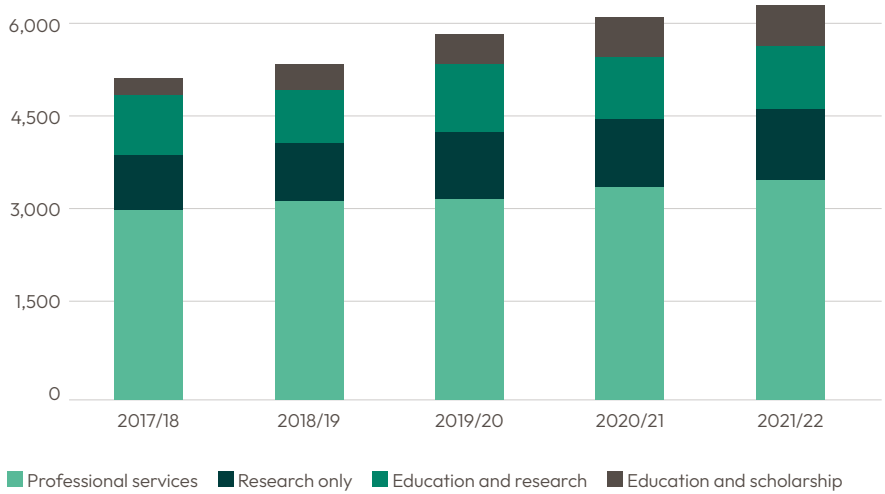
Faculty of Health and Life Sciences (HLS)

Faculty of Environment, Science and Economy (ESE)

Faculty of Humanities, Arts and Social Sciences (HASS)

Staff numbers

Full time equivalent (FTE) by job family



Wellbeing, Inclusion and Culture – Delivering the 'Our People' strand of Strategy 2030

The Our People strand of Strategy 2030 gets to the heart of the way we work and how we will be true to our values with inclusion and belonging being intrinsic to everything we do. Reflecting this priority, a Wellbeing, Inclusion and Culture Committee, chaired by the Provost and Director of Human Resources, has been established. Other priorities include workload allocation and equity; promotion and progression; training for new leadership roles; delivery on our Race Equality Charter Mark action plan; gender safety, including the Safety of Women at Night Charter and a holistic mental health and wellbeing strategy.

Colleague Wellbeing

We continue to implement the actions contained within the Colleague Wellbeing Action Plan 'Thriving at Work' and we are about to launch a Mental Health and Wellbeing Strategy Green Paper. Some of the highlights contained in the Wellbeing action plan are outlined below:

Sleepio and Daylight

Sleepio and Daylight are digital programmes which are made available free to all colleagues and students. Sleepio is a fully automated, personalised, evidence-based, digital programme for insomnia. Daylight is a fully automated web-based and mobile digital application that provides users with self-help tools to address worry and anxiety, based on cognitive behavioural techniques. Both programmes are provided by Big Health. Following our successful colleague pilot of Sleepio, we provide unlimited subscriptions to both apps for all colleagues and students.

Colleague Mental Health Champions Programme

A collaborative project with the charity Mind, this programme trained 67 staff volunteers from across the University to be Mental Health Champions in the workplace. Duties include raising awareness of mental health in the workplace, challenging stigma, signposting to support, encouraging conversations about mental health, organising wellbeing activities, role modelling positive mental health work practices and healthy behaviours in the workplace and encouraging others to take part.

Neurodiversity webpage

A new neurodiversity webpage was launched, including information, resources and support available, for both neurodivergent colleagues and anyone who would like to learn more about neurodiversity.

Suicide Safer Committee – Men's Suicide Prevention Campaign

This committee is dedicated to pursuing a whole university approach for both students and colleagues, focusing on suicide prevention and postvention planning and implementation, working hand in hand with Student Wellbeing, academics and suicide prevention organisations.

Race Equality Charter: Achieving a Bronze Award

We secured a Race Equality Charter Bronze Award from Advance HE for our progress in our journey towards advancing race equality at Exeter, recognising solid foundations for eliminating racial inequalities and developing an inclusive culture that values all colleagues and students.

This was made possible particularly through continued collaboration with our BME Network, Student Societies and the Race Equality Group.

Stonewall Workplace Equality Index: Gold Award

The university's commitment to the inclusion of lesbian, gay, bi, trans and queer people within the workplace was recognised by Stonewall, an LGBTQ+ charity, through a Gold Award.

We achieved our highest-ever ranking in the Index, and for the first time were highlighted as one of the top 150 employers for LGBTQ+ staff nationally.

Supporting and Upskilling our Community

We delivered a number of sessions to support the culture change we want to see at Exeter. Key development initiatives included the Diversity Champions programme and Male Allies Training.

The aim of such interventions is to create environments for students and colleagues to enhance psychological safety in interactions, offer culturally competent support and equip colleagues to challenge inappropriate behaviour.

Similar interventions were put in place, in collaboration with the Students' Guild and the Students' Union in Cornwall, through the Gender Safety Group. A new student consent e-learning module was launched to students, enabling greater awareness of consent and healthy relationships within our student community.

Building a Bystander Culture

Part of our current strategic vision is to build a fair, socially just and inclusive society. Bystander training is one of the integral building blocks to reach that vision, raising awareness of power norms and systems and providing skills to safely intervene when incidents occur.

Using our own experts, Dr. Rachel Fenton and Dr. Nate Eisenstadt, we developed the 'Exe-Change the Norm' programme offered to all our students across our Exeter and Cornwall campuses.

Feedback from students indicates that these sessions provide a safe and inclusive space to develop tools for allyship.

Working with Partners to make a Regional Impact

The University prides itself on its partnerships in the region and has continued to work on our People priorities with our partners in the Royal Devon and Exeter Trust, Met Office, Devon and Cornwall Police, Exeter City Council and Devon County Council to name a few.

A prime example of this was the 'Safety of Women at Night Charter' which was developed by a city-wide partnership to significantly enhance safety measures for women in the heart of Exeter, as well as ensure their safe passage home. The new initiative was one of the direct results from the Exeter Community Safety Partnership, led by the University, which received £73k of Home Office funding to tackle crimes against women at night.

Celebrating the Diversity of our Community

Black History Month

In October 2021, we celebrated Black History Month (BHM) with a host of activities introduced by the BHM Newsletter sent to all students and colleagues. Events ranged from virtual ones, led by our BIPOC society and BME Staff, Student and Allies Network, through to live events, such as Sophie Thakur (Vogue Woman of the Year, best-selling author of 'Somebody Give This Heart a Pen', and multi-award-winning performance poet) inspiring us with her powerful messages on mental health, diversity, politics, self-expression, empowerment, and wellbeing.

LGBTQ+ History Month

We celebrated LGBTQ+ History Month with events, installations and workshops. Highlights of the month were:

- A play in the Northcott Theatre 'The Beat of Our Hearts', a tender and poignant exploration of loneliness and belonging, a unique theatrical celebration of unheard voices and previously untold stories of LGBTQIA+ people, written by South West-based playwright Natalie McGrath.
- A writing workshop hosted by acclaimed author and activist Shon Faye, open to local LGBTQ+ young people aged 16-25, in partnership between Exeter UNESCO City of Literature, Exeter Decolonising Network, Exeter College, Exeter Trans and Non-binary Café, Bookbag, Intercom Trust, Rethinking Sexology and the Students' Guild at University of Exeter.
- A partnership showcase between the Exeter Royal Albert Memorial Museum and University of Exeter called a Queer Collectors' Case, where LGBTQ+ people submitted a picture, video and/or description of a queer object from home to become part of a digital collectors' case.

Neurodiversity Week

As part of Neurodiversity Celebration Week, a 2-day conference celebrated all types of neurodivergence. This was the first Neurodiversity Celebration Week we have hosted. Highlights ranged from Dr. Ioanna Kapantai from the Psychology department, discussing progress on an Education Incubator project on examining ways in which we can improve neurodivergent students' experiences in higher education, to Dr Chloe Farahar, the founder of Aucademy,[5] giving a talk about fostering a positive Autistic identity and increasing understanding of Autistic experience.

[5] An educative platform for anyone to learn about Autistic experience

International Women's Day (IWD)

The Covid pandemic continues to have a disproportionate impact on gender equality, and marginalised women in particular continue to struggle for their rights. International Women's Day was aligned to the UN Women theme, 'Gender equality today for a sustainable tomorrow' taking this opportunity to showcase the exceptional work of women in our community in the areas of climate change, sustainability and social justice. A series of 'Women of Influence' speaker series events were held with alumna and Council member, Amoetsoe Mkwena.

Pride

We celebrated the 50 Years of Pride in the UK as colleagues and students attended Pride events in Falmouth, St Ives, Truro, Totnes, Exmouth, Teignmouth and Exeter.

The Exeter Pride was the largest ever and LGBTQ+ colleagues, students and allies marched together through the streets of Exeter, culminating in community festivities in the City.

How we performed:
Partnerships

A key theme of Strategy 2030 is working in partnership to overcome the challenges of the twenty-first century. We work with partners, students and alumni across our campuses, our region and the world in our pursuit of new knowledge, opportunities and impact.

Global Partnerships

Through partnerships and networks with universities and organisations that share our values across the world, we are able to bring together our academic expertise and resources to deliver transformative collaborative research and provide exciting education opportunities for our students.

This year saw the renewal of our strategic partnership with the University of Queensland (UQ) in the QUEX Institute, established in 2017. Through QUEX, we are tackling major global challenges through impactful interdisciplinary research, staff and student mobility and industry and community engagement, under the overarching topic of Global Sustainability and Wellbeing. Central to QUEX is the joint PhD programme, which has now funded 46 students. Research by QUEX students has been published in leading journals and provides insights into critical global issues, such as a paper this year in Global Change Biology highlighting global warming risks to the Great Barrier Reef. The Joint Centre for Environmental Sustainability (ENSURE) with The Chinese University of Hong Kong (CUHK) was launched in 2018 and supports joint research addressing emerging issues related to the changing environment and human health and wellbeing, such as climate change, air and water pollution, and biodiversity loss. Recognising the complementary research strengths between QUEX and ENSURE, in November 2021 we held a virtual trilateral symposium and workshop with UQ and CUHK on the theme of environmental sustainability to share insights and inspire collaboration. A trilateral fund was set up to seed fund the new ideas that emerged.

In 2019 Exeter became the first UK member of the Venice International University (VIU), a prestigious global consortium of 20 international universities with a campus on the island of San Servolo in Venice. VIU provides opportunities for students and staff from member universities to work and learn together in a multicultural environment. To date, 46 of our students have taken part in the VIU Globalisation Programme, 6 of our staff have taught on the programme, and our staff led 3 VIU PhD academies and summer schools this year. Professor Sally Faulkner, Assistant DVC (Europe): “Our membership of VIU provides opportunities to collaborate with students and academics from many of the world’s outstanding universities. The Venice setting is another attraction, as costly long-haul flights are not needed for travel”.

We continued to be the UK leader of the UK-China Humanities Alliance (UKCHA), bringing together some of the best universities in the UK and China to develop research and connections in the Humanities. UKCHA was awarded a British Council Enabling Grant to strengthen UK-China institutional partnerships through academic collaboration. In September, we hosted online the Higher Education Youth Talent Alliance (HEYTA), a major annual student conference held by UKCHA, led by students and academics from Exeter and Tsinghua Universities.

International partnerships without travel

The pandemic accelerated the use of technology to maintain and extend our collaborations, enabling research and education across international boundaries without the need for travel and helping us to tackle the environment and climate emergency. We are working with our partners on innovative joint programmes and global classroom initiatives to create communities of learners around the world.

In partnership with global higher education analyst QS Quacquarelli Symonds, we developed Future17, a first-of-its kind global education initiative that brings students from around the world together to tackle global challenges while developing 21st century skills that will prove invaluable to both themselves and their employers. The real-world challenge projects are put forward by multinational organisations, aligned with the UN Sustainable Development Goals. For the pilot programme, 126 students from Exeter, The Chinese University of Hong Kong, Universidade de São Paulo, and South Africa’s Stellenbosch University participated,

benefitting from academic and professional mentorship throughout. Projects ranged from teaching sustainability in schools with the United Nations to sustainability policies for publishing houses with international media company Axel Springer.

After learning about sustainability and injustices during her Geography degree, Exeter student Hannah Gundry was looking to further her understanding of what it means to tackle sustainability issues in the workplace. "**Future17** has been a really valuable and exciting opportunity for me. I've enjoyed working with others, making friends in different countries, and networking with project partners. It's also a really good opportunity to carry out real-world work without the pressure of being in the workplace. I want to be able to apply what I have learnt and do something to help change the world for the better once I leave university and Future17 provided an excellent way to gain skills within a supported academic structure that will help my future career."

We are also using Collaborative Online International Learning (COIL), a model initially developed by the State University of New York, to provide students with international collaborative learning without travel. The College of Medicine and Health moved online a field course usually held in Colombia for Medical and Nursing students, in collaboration with the University of South Florida and Colombia's Universidad del Norte. Students heard presentations from medical experts in all three countries and worked in groups, with all material delivered in both English and Spanish. Students reported that they felt the course contributed to their professional development and overall learning – including their expertise in clinical skills. Humanities staff delivered two COIL modules: a postgraduate Classics module with Leiden, and an undergraduate module on Postcolonial South Asia with Lahore University of Management Sciences. They also collaborated with Purdue around intercultural competence, and with Jadavpur jointly developed an online course on decolonising the curriculum, which can be taken at each institution.

Fundraising and philanthropy

During the year £9 million was pledged in philanthropic gifts and donations alongside 10,000 volunteering hours secured. 1,800 individual volunteers donated their time – the most ever during a year.

Support was directed across all major areas of teaching and research and included several million pound-plus donations from the Oppenheimer Generations Foundation to support conservation research in southern Africa; Convex insurance group to undertake a sea-scape survey with partner Blue Marine Foundation; and a seven-figure gift from US-based Helmsley Charitable Trust for research into early onset diabetes. In addition, a multi-million-pound benefaction from the late Constance White will be used to establish bursaries for under-privileged students from Devon and Cornwall to study Medicine at Exeter. Regular Giving activities exceeded our annual target with over £500,000 raised. This included our Spring telethon which raised £163,000 from 358 donors.

On 8 March 2022, International Women's Day, Mireille Gillings opened the neuroimaging centre which bears her name. The Centre was funded with part of a £10 million donation from the Dennis and Mireille Gillings Foundation. The gift also funded three Mireille Gillings Fellows in Health Innovation, supporting female academics in leadership roles. Two years on, each of the three Fellows appointed are now in a senior leadership position.

Future17 is a new global initiative between the University of Exeter, QS and a consortium of leading international universities. It is a module designed to support students to develop the skills needed to collaboratively tackle 21st Century global challenges through working with professionals to create pathways for innovative solutions to real-world issues associated with one or more of the 17 United Nations Sustainable Development Goals (SDGs).

How we performed:
Finance & Physical Resources

Finance

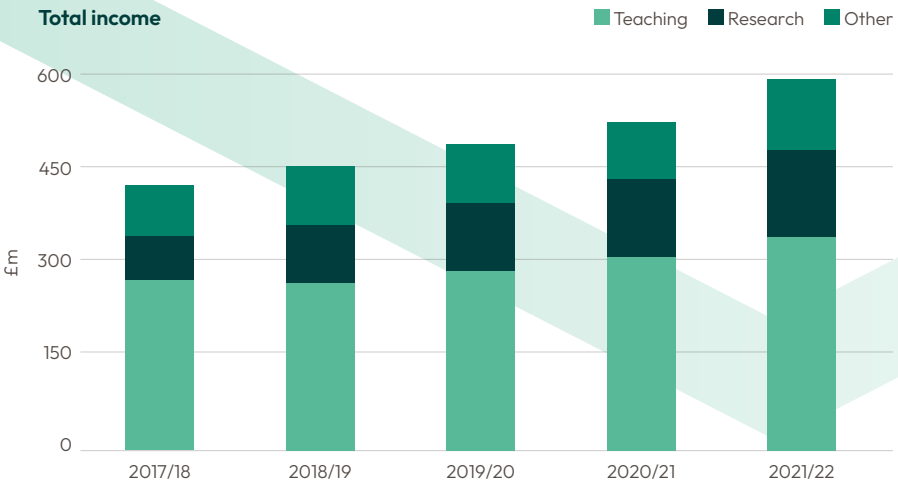
This has been an extraordinary year, with total income growing by £85m or 17%, to £587m. Tuition fee income increased by 14%, and within that income from international students by 33% to £114m. Income from research grants and contracts increased by 13% to £107m. Other income grew by 49%, to £84m reflecting the return of on-campus activity with a sharp up-tick in income from student residences, catering and retail activity.

While income increased by 17%, staff costs grew by 10%. As a result, cash generation (EBITDA) increased to £58m, as did our operating surplus (EBIT) to £26m or 4.5% of income. Paradoxically, while we achieved an outstandingly strong set of financial fundamentals, reflected in EBITDA and EBIT, this is combined with a deficit for the year of £100m based on statutory reporting. This is a result of accounting for the first-time recognition of the USS pension scheme deficit recovery plan following completion of the scheme's 2020 valuation in October 2021. The pension provision accounting charge is based on the valuation of deficit payments to be made to the scheme over the next 16 years, converted to a single accounting charge in 2021/22. Without this charge the statutory surplus for the year would have been £28m.

While last year's finances were very strong, this underlies the challenges and uncertainties we faced during the first half of the year. This is why we made a payment of £750 to all staff in July, in recognition of their contribution in shouldering the burden of many of those challenges.

Looking forward we face considerable pressures, including inflation driving the cost of pay and utilities up, along with the prospect of national industrial action over pay and pensions. The 2022/23 financial year will be manageable, especially in the context of the large increases in our Research and Teaching grants notified to us after the 2022/23 budget was approved. However, from 2023/24 we will face significant financial challenges, which will take collective action to tackle.

A comprehensive report on our financial performance is contained in the Financial Review section of the Financial Statements.



Digital and IT

Technology Alliances

Technology plays a key part in helping us respond to an ever-changing world. We have developed alliances with a number of global technology firms including AWS, Google and Microsoft. These alliances are coupled with strategic partnerships with sector specific technology providers including Tribal, Glide and Co-sector, releasing technology, helping our community deliver great student experiences and strong research outcomes. In January 2022 we signed the Accessible Technologies Charter, organised by the Business Disability Forum (BDF).

Cyber Security

Exeter aligns itself with the NIST cyber security framework. We continue to invest in risk management, leading to the development and deployment of an integrated, managed security service in collaboration with an industry-leading cyber security partner. We help our whole community navigate a complex cyber threat landscape both while at university and beyond, applying solutions and skills development.

High Performance Computing

Our shared HPC facility, called Isca, consists of 400 nodes with the latest processing technology, supporting our researchers in Astrophysics, Sequencing, Climate Modellers, Humanities and Social Sciences.

Technology Assets

We manage our technology assets 24/7 with dedicated online and face to face support teams and IT partner roles to resolve incidents quickly and efficiently while providing strong availability of our core technology platforms. We enable and support on-campus learning experiences alongside blended learning with over 300 rooms equipped with the latest advanced audio and visual installations.

Digital Strategy

In 2022 we appointed our first Chief Digital Officer, Ash Roots, to lead a new Digital Team. They have developed our new Digital Strategy, setting out our vision over the next 5-10 years to create a more accessible and connected University destination for everyone.

Our Digital Strategy sets out 3 primary problems we aim to solve:
1. How can we provide the best user experience no matter where our users are?
2. How can we help people to get stuff done?
3. And how can we generate more value?

We have begun a new investment programme to enable the University to scale across the planet and invest in digitally focused capabilities from skills and ways of working to data and technology. This involves the creation of new skills, working approaches and tech and data capabilities. Our aim is to transform the experience at the University, and to ultimately provide a platform that enables engagement with the University for life. Engagement is one of the key measures of our strategy, and other KPIs include user satisfaction, automation and reusable data service creation.

Physical resources: our beautiful campuses and the built estate

A portfolio of estate projects totalling £222m have been delivered in Exeter and Cornwall since 2016, contributing to the staff and student experience and supporting growth of teaching and research activities. Over 60% of this investment has been on the Streatham campus in the form of third-party funding for over 1,500 new student bedrooms.

The pandemic interrupted and slowed our capital investment considerably, and this is principally why capital expenditure has fallen in the last two years to historically low levels, only £23m in 2021/22. This lull provided an opportunity to develop a new capital and estates strategy in support of Strategy 2030, which is expected to be completed during 2022/23.

In addition to supporting the continued growth of teaching and research, the new capital strategy will major on sustainability, through the decarbonisation of infrastructure assets, a number of net-zero carbon initiatives and through optimising estate utilisation as a result of hybrid working practises and policies, reaping a space dividend and avoiding future new build costs and carbon to accommodate growth.

All three of our main campuses, Streatham, St Luke's and Penryn, each won a Green Flag Award in 2022, reflecting the quality of our parks and green spaces. Our beautiful campuses are integral to our staff and student experience, their wellbeing and health.

Risk

How we manage risk

The University's risk appetite defines the amount of risk we are willing to seek or accept in pursuit of our long-term objectives, and acknowledges that exposure to key legal, regulatory or significant financial risks must also be minimised. Appetite for risk will vary depending on the activity being undertaken.

The risk category classification is set out in the table below, defining the appetite and tolerance that the University has for each category. A score that meets the criteria for "High Amber" (marked "H" within the table) is the maximum level of risk tolerated. Risks meeting this score or above are discussed at the Professional Services Leadership Team (PSLT), and, where appropriate, reported onwards to the University's Executive Board (UEB)[6] which has overall institutional responsibility for risk management. A summary of the key corporate risks is considered in December and July of each academic year by the University Council.

[6] UEB is the University's senior team. PSLT is the leadership group of Professional Services covering the administration and operational support functions of the University.

Net Risk Score

	1.8	9	10	12	15	16	18	20	24	25	30	36
Category 1 - Highly Risk Averse. Key legal, regulatory or significant financial risks					H							
Category 2 - Managed Risks. Risk impact may be significant but not catastrophic to strategy									H			
Category 3 - Unknown/External risks. Impact on but beyond the control of the University												
Category 4 - Risk Reward Focused. Potential benefits outweigh the risk											H	

Low risk | Medium risk | High risk

Institutional Risk Registers

This corporate risk management model is used for all risk registers across the University, ensuring consistency in scoring, articulation and prioritisation of risks. This enables key emerging operational risks at college or service level to be flagged and fed up to the corporate risk register where this is appropriate.

The institutional risk registers are listed below:

- Corporate risk register – key strategic risks identified and reviewed at senior management level. Reviewed by relevant Dual Assurance Group(s) as part of the governance process. Reported to UEB termly and to Council twice a year. The highest scoring principal risks on this register are detailed below.
- Faculty risk registers – risks identified, reviewed and managed at faculty operational level. Reviewed at Director of Faculty Operations level regularly, reported to UEB termly and to Council twice a year.
- Professional Service risk registers – risks identified, reviewed and managed at service operational level. Reviewed at Directorate level regularly, reported to UEB termly and to Council twice a year.

Principal Risks to University Strategy

The following 9 risks are the key risks identified by the model on the corporate risk register as at July 2022.

Risk	Threats to Information	Inflation	Pension cost
Current Position	This remains red, aligned to most organisations. The Government is providing related advice. The University is on track with a detailed action plan of continual improvement, acknowledging that the risk will remain red for the foreseeable. We have secured cyber insurance renewal in an exceptionally tough market due to the robust planning in place. The University is networked into the SE Regional Organised Crime Network and receives useful threat intelligence, enabling proactive preventative measures. The cyber strategy aims to bring the risk to amber by Sept 2023.	Higher inflation has begun to emerge in the UK and this is expected to last for a further 2 to 3 years before returning back to the Bank of England's 2% target. Pay inflation is mitigated in 2022/23 by the conclusion of the national 2022 pay round, however the University responded with additional support measures targeted at lower paid staff. The University is an active member of the UK HE energy purchasing consortium and as a result its consumption is covered by a high proportion of fixed-tariffs for 2022/23. Inflation risk is manageable for 2022/23 but will be more of a challenge in 2023/24.	The USS 2020 valuation has concluded, avoiding material cost increases. National strike action risk remains, however the University is proactively engaging with trade unions, and staff.
Governance and Oversight	IGS Reported to UEB	UEB reporting and responsive proposals	UEB reporting with Council
Link to Strategy	1 4 5	1 2 3 4 5	1 2 3 4 5

Key

1 Building research power to solve global challenges

2 Delivering an internationally excellent education

3 Creating an impact regionally, nationally and globally

4 Supporting our people to make the exceptional happen

5 Making the most of our resources

Principal Risks to University Strategy

The following 9 risks are the key risks identified by the model on the corporate risk register as at July 2022.

Risk	Student/Staff Wellbeing	Climate Emergency	Digital Resilience
Current Position	A Wellbeing, Inclusion and Culture Board has been established to implement strategic actions in support of wellbeing. A *culture index* has been implemented to survey, monitor and respond to employee reporting of issues. This workstream is baked into the Future of Work Programme to critically evaluate plans through the lens of wellbeing, EDI, accessibility and sustainability. Strong safeguarding and related wellbeing policies are monitored and reported. Related risks at an operational level are fed into the corporate risk to inform decision making and highlight any areas requiring additional support.	The Risks associated with the Climate Emergency are managed by the Environment and Climate Emergency Board and the establishment of the Climate Advocates. A new Director of Sustainability has recently been recruited to lead on the implementation of numerous initiatives and plans developed over the last 18 months. Risk is further mitigated by embedding accountability for Faculty and Divisional carbon into senior roles. A dedicated Carbon reduction project is in place. The target of achieving net zero carbon emissions by 2030 is an ambitious one.	The 2030 strategy enables development of the digital strategy, including identifying new products and channels needed to meet Strategy 2030. The new Chief Digital Officer has been appointed, and a new digital team is in recruitment. Lessons learnt from the digital requirements from recent years, remote working have informed policy and process. Student feedback has been sought and is being acted upon, with digital design principles created.
Governance and Oversight	EDI & HR DA, With reporting lines to UEB ad Council.	E&CE DA Reported to UEB Reported to Council	IT DA, Reported to UEB Reported to Council
Link to Strategy	1 2 3 4	2 4 5	2 4 5

Key

1 Building research power to solve global challenges

2 Delivering an internationally excellent education

3 Creating an impact regionally, nationally and globally

4 Supporting our people to make the exceptional happen

5 Making the most of our resources

Principal Risks to University Strategy

The following 9 risks are the key risks identified by the model on the corporate risk register as at July 2022.

Risk	IT Skills and Labour Market	Delivering Student Expectation	Insurance market – new risk
Current Position	Shortage of specialist skills risks key posts being unfilled. Salary costs are rising, and the market is very competitive. Gaps in skills and capacity are temporarily mitigated via contractor resource to maintain service levels. Plans are underway to address this in the longer term, with consideration of market supplements and more flexible remote working.	This considers the impact of different ways of learning and teaching, and the pandemic caused interruptions over the past few years. There is also the potential for strike action/action short of strike, compounding the pandemic impact. A business continuity group has been convened to direct strategy to mitigate this as far as possible. At present, the University is not engaging with the marking and assessment boycott. This is being kept under watch, for potential impact on progression and graduation.	Premiums and excesses are increasing in response to the pandemic and weather events, with heightened exposure and cost to insurers. Cyber risk continues to increase, particularly ransomware. Insurers have consequently assessed the risks on their books. Large names such as Zurich have stepped away from the higher education market. Research led institutions are particularly impacted, with "Deterioration of Stock" (DOS) cover (research materials in cold storage) out of reach for many. University received a DOS quote, but with 223% premium increase, and excess and value caps that effectively cancelled out cover. Working with the broker, the University has opted to self-insure in this area.
Governance and Oversight	IT DA, Reported to UEB Reported to Council	Education & Student Experience DA, Reported to UEB	IT DA, Reported to UEB Reported to Council
Link to Strategy	1 2 3 4 5	1 2 3 4 5	2 4 5

Key

1 Building research power to solve global challenges

2 Delivering an internationally excellent education

3 Creating an impact regionally, nationally and globally

4 Supporting our people to make the exceptional happen

5 Making the most of our resources

At the date of approval for the Annual Report, risk management activity is looking forward at the risks aligned to Strategy 2030. These are managed as existing risks, to be reviewed throughout the risk management cycle. In addition to those set out above, these include:

International Student Recruitment to support global aspirations:

Increasing competition and geo-political issues in some parts of the world represent an increasing risk.

Research Funding:

The likely loss of EU Horizon funding following Brexit, has elevated this risk.

IT Third Party Management:

Following an Internal Audit Report, this risk has been elevated.

North
Cloisters

Creating the Possible

Financial Statements

to 31 July 2022

University of Exeter

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Reception
Reception

Management Team, Council Members and Advisors

Chancellor
Sir Michael Barber

Council Members

Members served during the year ended 31 July 2022

Officers
Sarah Turvill, *Pro-Chancellor and Chair of Council (appointment ended 31 July 2022)*
Quentin Woodley, *Pro-Chancellor and Chair of Council (appointed 1 August 2022)*
Sarah Buck OBE, *Pro-Chancellor*
Sir Richard Atkins, *Pro-Chancellor*
Professor Lisa Roberts, *Vice-Chancellor and Chief Executive*
Professor Janice Kay CBE, *Provost and Senior Deputy Vice-Chancellor*
Professor Mark Goodwin, *Deputy Vice-Chancellor*

Members appointed by Council
Jo Binding
Gerry Brown *(appointment ended 31 July 2022)*
Nicholas Cheffings
Graham Cole CBE
Lounette Dyer
Andrew Greenway
Salam Katbi
Professor Dame Caroline MacEwen *(appointment ended 31 July 2022)*
Amoetsoe Mkwena
Alison Reed
Malcolm Skingle (*appointed 1 August 2022)*
Glenn Woodcock

Members appointed by the Senate
Dr Barrie Cooper
Professor Alex Gerbasi
Professor Sue Prince *(appointed 1 August 2022)*
Professor Gareth Stansfield *(appointment ended 31 July 2022)*

Member of Staff other than Academic Staff
Shades Chaudhary *(appointed 1 June 2022)*
Tina Verhaeghe *(appointment ended 31 May 2022)*

Student Members
Lily Margaroli
Steven Preece *(appointment ended 31 July 2022)*
Georgina Griškevičienė *(appointed 1 August 2022)*

University Executive Board

Members as at 8 December 2022

Vice-Chancellor and Chief Executive
Professor Lisa Roberts, *BSc (Hons) PhD*

Provost and Senior Deputy Vice-Chancellor
Professor Janice M Kay CBE, *BA PhD AFBPsS*

Deputy Vice-Chancellors
Professor Mark Goodwin, *BA PhD FAcSS DVC for Global Engagement*
Professor Tim Quine, *BSc PhD DVC for Education*
Professor Neil Gow, *FRS FMedSci FRSE FRSB FAAM FECMM DSc DVC for Research and Impact*
Professor Richard Smith, *BA, MSc, PhD, PFHEA, MFPH, FRSPH, FAcSS DVC for Strategy Integration and Resources (interim)*
Professor Martin Siegert, *FRSE DVC Cornwall*

Pro-Vice-Chancellor and Executive Deans
Professor Dan Charman, *BSc PhD*
Professor Sallie Lamb, *FMedSci*
Professor Gareth Stansfield, *BA MA PhD*

Registrar and Secretary
Mike Shore-Nye, *BA (Hons)*

Executive Divisional Director of Human Resources
Imelda Rogers, *FCIPD*

Interim Executive Divisional Director of External Engagement and Global
Sean Fielding, *RTTP*

Chief Financial Officer and Executive Divisional Director of Finance, Infrastructure and Commercial Services
Andrew Connolly, *BA (Hons) CPFA*

Deputy Registrar and Executive Divisional Director of Education and Academic Services
Linda Peka, *BSc (Hons) FCPFA*

Chief Digital Officer
Ash Roots

Bankers
National Westminster Bank PLC
18 St Thomas Centre
Cowick Street
Exeter
EX4 1DE

Barclays Bank PLC
3 Bedford Street
Exeter
EX11LX

Investment Managers
Rathbones Greenbank Investments
8 Finsbury Circus
London
EC2M 7AZ

External Auditor
KPMG LLP, (UK)
66 Queen Square
Bristol
BS1 4BE

Internal Auditor
PriceWaterhouse Cooper LLP
1 Embankment Place
London
WC2N 6RH

Management Team, Council Members and Advisors

Members of the Council

Front row (from left to right)

1. Shades Chaudhary, Professional Services Representative
2. Quentin Woodley, Pro-Chancellor and Chair of Council
3. Professor Lisa Roberts, Vice-Chancellor and Chief Executive
4. Lily Margaroli, President, Students' Guild
5. Georgina Griškevičienė, Exeter President, The Falmouth and Exeter Students' Union

Second row (from left to right)

1. Alison Reed, Independent Member
2. Salam Katbi, Independent Member
3. Professor Janice Kay CBE, Provost
4. Graham Cole CBE, Independent Member
5. Professor Malcolm Skingle, Independent Member
6. Jo Binding, Independent Member
7. Mike Shore-Nye, Registrar and Secretary and Secretary to Council

Third row (from left to right)

1. Nicholas Cheffings, Independent Member
2. Professor Mark Goodwin, Deputy Vice-Chancellor (Global Engagement)
3. Glenn Woodcock, Independent Member
4. Sarah Buck OBE, Pro-Chancellor
5. Sir Richard Atkins, Pro-Chancellor
6. Professor Sue Prince, Senate Representative
7. Andrew Greenway, Independent Member
8. Professor Barrie Cooper, Senate Representative
9. Amoetsoe Mkwena, Independent Member

Absent

Lounette Dyer, Independent Member
Professor Alex Gerbasi, Senate Representative

Financial Review for the year ended 31 July 2022

HIGHLIGHTS

Performance
Total income: **£587m** (£502m), up **17%**
Cash generation (EBITDA): **£58m** (£36m)
Operating surplus (EBIT): **£26m** (deficit £1m)
Staff cost ratio: **52%** (55%)

Investment
Capital expenditure: **£23m** (£31m)
Capital grants: **£12m** (£11m)

Liquidity and Debt
Total debt: **£210m** (£210m)
Total cash and cash deposits: **£177m** (£137m)
Net debt: **£33m** (£73m)

Financial Strength
Net current assets ratio: **1.6** (1.4)
Net assets: **£432m** (£518m), down **17%**

Comparative data for the prior year 2021/22 shown in brackets throughout this review

Scope of the Financial Statements

These Financial Statements cover the University of Exeter, its subsidiary undertakings and joint ventures and have been prepared in accordance with Financial Reporting Standard 102 (FRS102) as interpreted by the 2019 edition of the *Statement of Recommended Practice: Accounting for further and higher education.*

Performance

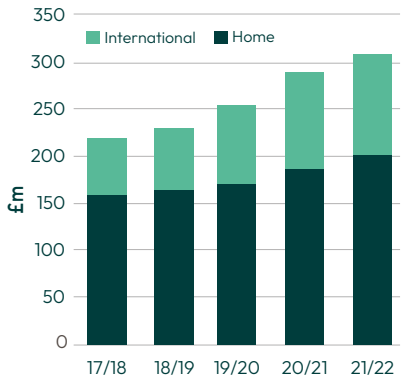
An outstandingly strong financial performance is reflected in EBITDA of £58m, driven by a 17% increase in total income, while cash balances increased by £40m, ending the year at £177m.

Yet when we set last year's budget, risks related to the global pandemic were still live, the USS pension scheme valuation for 2020 was unresolved and there was a high probability of national and local industrial action by trade unions. As a result of all of this we budgeted EBITDA of £20m. The year's financial performance, delivering EBITDA of £58m, reflects the resilience of the University, the underlying quality of demand for what we do and the commitment of our staff to deliver in challenging circumstances.

Paradoxically, while the financial statements report an outstandingly strong set of financial fundamentals this is combined with a deficit for the year of £100m. This is a result of an accounting adjustment arising from the first-time recognition of the USS pension scheme deficit recovery plan following the completion of the 2020 valuation in October 2021. Without this volatile accounting charge the surplus for the year would have been £28m. Total pensions liabilities at 31 July 2022 were £221m (£87m in 2020/21). Further detail on this is reported below under Pensions.

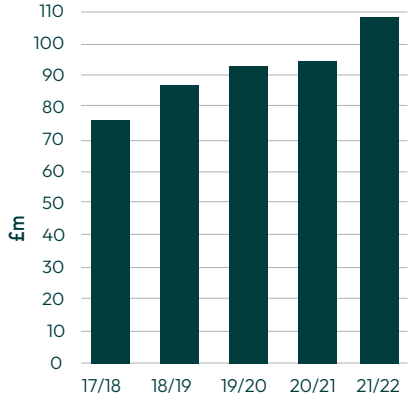
Total income of £587m increased by 17% over the year, driven by increases in international tuition fee income (+33%) and in research grants and contracts income (+13%), both of which represent key strategic activities and both of which exceeded the £100m milestone last year.

Tuition Fee Income



Student enrolments were the highest ever last year, exceeding the previous year which were then the highest ever. This is a result of a complex set of interactions. Most importantly, international tuition fee income of £114m met our budget targets, delivering growth of 33%. In 2020 home undergraduate students were admitted under a centre-assessed system, one of the consequences of which is that admissions materially exceeded our budget target in that year. Students admitted as first years in 2020 roll-through into their 2nd year in 2021/22, creating a cohort bulge with associated higher income levels. In setting admissions targets for 2021 the University aimed to compensate for this by reducing the number of offers made but the teacher-assessed system also led to admissions targets being exceeded. Adding to this complex mix is Brexit. This year was the first in which new EU-students were admitted with international fee-status whereas formerly they would have been admitted with home-fee status. While new admissions from the EU were significantly down, total income increased from this source. The net impact of all of these interactions is that tuition fee income of £204m from home and EU students exceeded budget target and increased by 5% over the year. Rebalancing our student mix for the future is a key strategic objective of the University.

Research Grants Income



We expected income from research grants and contracts to continue its strong upward trajectory, reflecting our healthy order-book of research awards and this is reflected with income of £107m, an increase of 13% over the year.

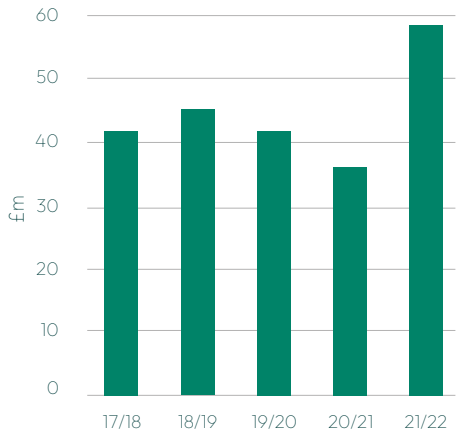
As campus activity increased following previous year lockdowns, so too income from residences, catering and conference activity increased (+48%), reflecting a return to an on-campus business as usual but also growth of our student accommodation stock with the completion of the second phase of the East Park student residences project. Our increased stock of student accommodation was operated at full occupancy in the year and we needed to nominate additional rooms in the City of Exeter, provided by private student accommodation operators, to meet our student demand.

In October 2021 we adopted Strategy 2030 and this has been accompanied by a new supporting finance strategy. Achieving a target level of EBITDA remains a necessary objective in order to fund future investment and cover our debt servicing obligations. But it is not a sufficient objective if we are also to be financially sustainable in the long-run. Cash generation, measured by EBITDA, provides the resources we have to deliver our strategy, but

Financial Review for the year ended 31 July 2022

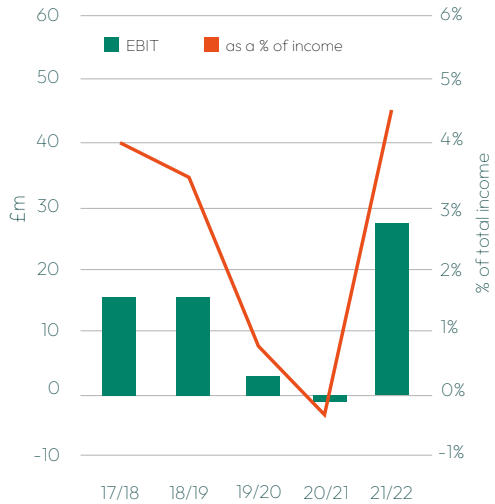
Cash Generation (EBITDA)

earnings before interest, taxation, depreciation and amortisation



Operating Surplus (EBIT)

earnings before interest and taxation



Reconciliation of EBITDA to EBIT to Deficit for the Year

	2021/22 £'000	2020/21 £'000
Cash Generation (EBITDA)	**57,748**	**35,780**
less depreciation	(56,685)	(52,119)
less impairment	-	(488)
add student rental income from service concessions	25,390	16,106
Operating Surplus (EBIT)	**26,453**	**(721)**
less interest payable on debt	(5,565)	(5,565)
less pension accounting charges	(128,237)	(16,477)
add/(less) FX + Ltd share of surplus/(deficit)	78	(1,123)
add capital grants received	11,741	10,918
add unrealised (loss)/gains on investments	(2,570)	7,768
add surplus on endowments	1,742	40
Less exceptional one-off (charges)/receipts:	(3,688)	-
Deficit for the year (FRS102 basis)	**(100,046)**	**(5,160)**

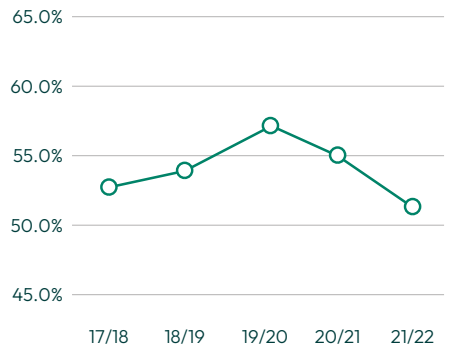
we must also generate a level of operating surplus, measured by EBIT, to ensure we are financially sustainable. Our new finance strategy formally starts next year, in 2022/23, with a target operating surplus of 3% of income. In 2021/22 we report an operating surplus of £26m, equating to 4.5% of total income.

The staff cost ratio, total staff costs as a % of total income, is an important indicator of efficiency *(productivity)* and risk *(virtually all our income streams are variable and earned in the market each year whereas most of our staff costs are fixed)*. The graph to the right indicates that the ratio fell for the second consecutive year. Our financial strategy uses the staff-cost ratio as a risk indicator, setting a ceiling, rather than a target, of the upper-quartile of the Russel Group.

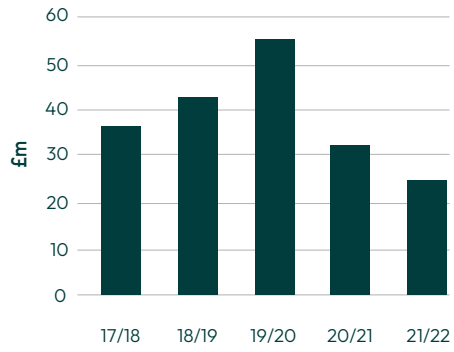
The last two years represent a deviation from an underlying trend of an increasing staff-cost ratio. This long-standing trend is driven by inflation on our single biggest cost (staff costs) exceeding inflation on our biggest single income stream (home undergraduate tuition fee income). The impact of the pandemic, unexpected increases in income streams, and workloads, arising from changes to A-level grade assessments, lags in the ability to *staff-up* to appropriate levels combined with newly emerging staff recruitment and retention issues in some professions and job-roles have all contributed to the fall in the ratio over the last two years. The Government have announced that the home undergraduate fee is fixed at its current £9,250 level at least until 2025 in the face of significant and immediate inflationary pressures on pay costs, meaning that we, along with the UK higher education sector, are likely to return to the long-term upward trend in coming years. This is going to require close monitoring and, if the ratio rises to unsustainable levels, corrective action.

Staff Cost Ratio

staff costs (ex pension provisions) as a % of total income



Capital Expenditure



Financial Review for the year ended 31 July 2022

Investment

The global pandemic, crystallising in a UK national lockdown in March 2020 led to the University suspending its capital strategy as a risk mitigation measure, conserving cash, protecting our ability to fund operations. Since then, Strategy 2030 has been developed, resulting in a reassessment of our future capital investment needs. This work is still underway and as a consequence capital expenditure has fallen for the second consequence year, to £22.5m, a level that is likely to be below that required to sustain the University's needs and its growth ambitions.

Major projects delivered include facilities to support a new Engineering curriculum, along with major remedial works to the engineering building, the fit-out of a new Centre for Future Clean Mobility housed on the Exeter Science Park, completion of new academic and social space on the Penryn campus, substantial upgrades to learning spaces and a new catering outlet, the Forum Kitchen, at the heart of the Streatham campus.

Not counted in our own capital expenditure is the delivery of 582 new student bedrooms, to complete the East Park development of 1,200 new bedrooms on the Streatham campus. These rooms are delivered under a 50-year service concession arrangement, were available for the start of the 2021/22 academic year and were operated at full occupancy during the year.

Our Net Assets reduced by £86m over the year, to £432m. This was primarily due to increased valuation of pension liabilities (see below) of £124m, to stand at £211m as at 31 July 2022. Our tangible fixed assets are carried on the balance sheet at deemed cost, which is likely to materially understate their value.

Liquidity and Debt

As a result of our EBITDA performance, combined with relatively low capital investment, cash balances increased by £40m over the year to stand at £177m at balance sheet date, representing 155 liquidity days. In addition, the University holds a low-cost £50m revolving credit facility which was not utilised during the year.

Gross long-term debt remains unchanged at £210m and all lending and USS pension debt monitoring covenants were fully complied with.

Net debt reduced from £73m at the start of the year to £33m at the end of the year.

Pensions

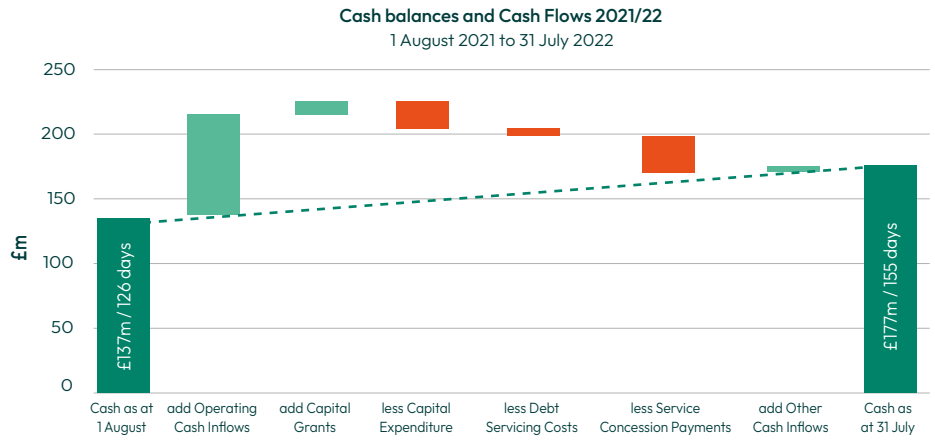
Pension liabilities total £211m (£87m in 2020/21) arise from two pension schemes.

In October 2021 the sector completed the Universities Superannuation Scheme (USS) 2020 valuation, including its deficit recovery plan. This has resulted in a substantial increase in the national scheme deficit, to £14.1 billion at March 2020, matched by a substantial increase in university deficit funding contributions that commenced in April 2022. As a multi-employer scheme, where the underlying assets and liabilities of the national scheme cannot be attributed to individual employers, the University is required to account for increased liabilities arising under the deficit recovery plan. This equates to the sum of future cash outflows for the next 16 years, discounted to present value. This is a large number and is recognised as a one-off staff cost in the Statement of Comprehensive Income, even though deficit payments are made over a 16-year period. The latest monitoring information from USS indicates that the scheme is now in surplus, so potentially, all other things being equal, we might expect a material reversal in the USS liability at its next formal scheme valuation, due to commence in March 2023.

The table below the chart illustrates how volatile USS accounting is with very material annual swings and roundabouts to its annual accounting charges or credits, and how this in turn distorts the understanding of underlying University financial performance.

The other pension scheme, the Exeter Retirement Benefit Scheme (ERBS), started the year with a scheme liability of £3.9m and ended the year with a scheme surplus, measured on an FRS102 basis.

Because the University is not entitled to the surplus, it is not recognised within our financial statements; instead we report a nil liability. However, the reality is that at its last valuation in April 2021, the scheme had an actuarial deficit of £25.1 million, which the University is funding each year by making annual deficit repayments. The cost of servicing this debt is recognised in the financial statements, even though no liability is formally reflected on the balance sheet.



	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
University Surplus/(Deficit) for the year *reported on an FRS102 basis*	**(71,728)**	**67,089**	**(5,160)**	**(100,046)**
Deduct the USS accounting charge/(credit)	87,681	(64,538)	17,865	128,191
University Surplus/(Deficit) for the year *excluding USS accounting charges/(credits)*	**15,953**	**2,551**	**12,705**	**28,145**

Financial Review for the year ended 31 July 2022

Endowments

Markets have been volatile over the year, and this has resulted in a negative return of -3.6% for the year on our £49m portfolio. However, we hold endowments for the long-term and invest accordingly which carries increased short-term volatility risk. Since the inception of the appointment of our current fund manager (March 2019) the portfolio has delivered an annualised return of 8.5%, ahead of the 8.1% target we have set the manager to deliver.

Annualised % return	1 Year to 31 July 2022 % net fees	Inception to 31 July 2022 % net fees
University of Exeter Portfolio	-3.6%	8.5%
Target: CPI+4% (as at July 2022)	14.5%	8.1%

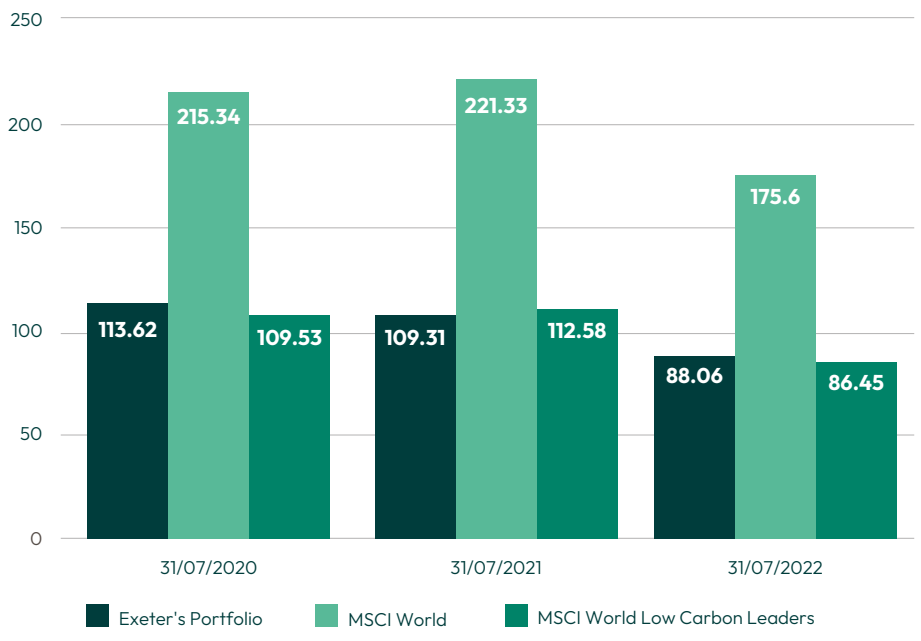
As important as the financial return and its contribution in supporting University activity, is the ESG (Environmental, Social and Governance) characteristics of the portfolio. Our investment policy has a strong ESG focus, requiring our fund manager to invest in entities that are considered best in class on a basket of ESG factors, as well as requiring them to engage with companies to assess and encourage improvement in their own ESG performance. The two graphs below illustrate two particular ESG characteristics of our portfolio, relating to its carbon footprint and the exposure of the portfolio to contributing towards delivering climate solutions.

Future Outlook

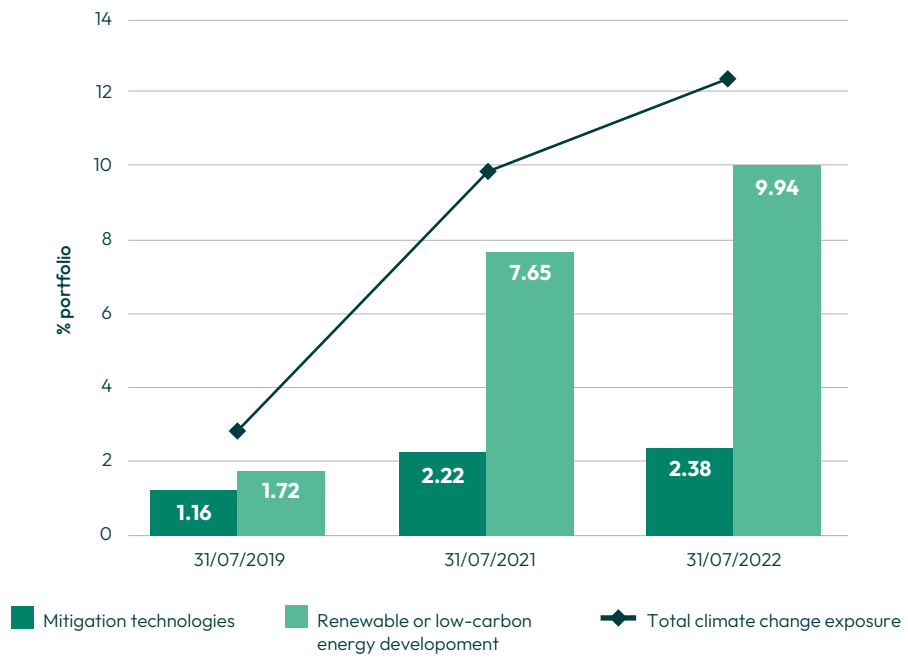
Student recruitment for 2022/23 has fallen a little short of target but mitigations have been implemented to address this.

After the 2021/22 year commenced, and as a result of the financial settlement arising from the REF2021 exercise, the University has been notified of a £10.5m

University of Exeter Endowment Fund Weighted Average Carbon Intensity



Exposure of the portfolio to contributing towards delivering climate solutions



Financial Review for the year ended 31 July 2022

or 41% increase in its annual quality-related research grant for 2022/23 from Research England. Similarly, after the University budget was set, it was notified of a £2.2m or 13% increase in its teaching grant from the Office for Students.

For 2022/23 the University is relatively well protected from the sharp increase in utility costs in the market as a result of proactive forward buying. Our unbudgeted cost exposure is estimated at around £2.2m in 2022/23, rising to £8m in following years if the energy market does not correct itself.

At a national level, Trade Unions have balloted for industrial action and achieved a mandate from its members for strike action or action short of a strike. Their focus is on pay and pension issues. If industrial action is taken this could have a material detrimental impact on the delivery of the student experience, although the University has well developed mitigation plans and processes to ensure impact is minimised.

Pay pressures arising from increases in the cost of living, reflected in higher pay agreements in other sectors and parts of the economy, are likely to put significant pressure on the sector to deliver a higher than budgeted pay award from August 2023, with the potential for some addition cost pressures in 2022/23 itself.

Similarly, our student body is exposed to increases in cost of living pressures. The University is responding to this with a comprehensive planned response to support students to address this challenge. For example we have already agreed to increase University funded PhD stipends by 10%, matching the level of increase offered by UKRI funded stipends.

Inflation risk in general is likely to be of manageable proportions in 2022/23. It is 2023/24 onwards that it will be more of a challenge.

Our debt is all based on fixed interest rates, so we have no exposure to rising interest rates, and should benefit from increased returns on our treasury operations managing our significant cash balances.

While our target operating surplus is 3% of turnover, Council, for 2022/23 only, agreed that as a result of a number of significant revenue investments to kick start the delivery of Strategy 2030, the budgeted operating surplus for 2022/23 is 0%. This includes investment in sustainability initiatives, in the digital strategy, in our philanthropic capacity and in core education and research activity, including initiatives to increase future income streams.

As already mentioned, the formal USS pension deficit assessed at its last valuation in March 2020 was £14.1 billion. Latest monitoring data from USS indicates the scheme is now in surplus, and although this will not impact on current University and staff funding of the scheme, it is a positive indicator for the next valuation as at March 2023, with likely results known in the Autumn of 2023 for implementation in April 2024.

Going Concern

Following an outstanding set of financial results in 2021/22, we expect to meet our budget in 2022/23, despite additional cost pressures. The financial consequence of our REF2021 submission has seen our quality-related research grant increase by £10.5m or 41%. We have also seen above-plan increases in our Office for Student teaching grant and higher education innovation fund grants.

As part of a planned strategy to re-balance our student body, in part to redress higher levels of intakes over the last two pandemic years, our offer strategy for 2022/23 was based on reducing home undergraduate admissions while increasing international admissions.

Research awards, representing the order book for current and future research grant and contract income remains strong at over £129m, the sixth successive year awards have exceeded £100m. This will convert to income over the next few years.

While the University is exposed to higher levels of pay and non-pay inflation, in particular on utilities, we are partly protected from the settlement of the August 2022 pay award and a high degree of fixed-energy prices for the next 12 months.

University debt is at a fixed rate of interest, protecting the University from recent rises in market interest rates.

The rise in interest rates, along with other factors, appears to be having a favourable impact on the valuation of pension liabilities.

Cash balances increased last year and remain high. We will materially benefit on interest receivable as a result of recent increases to interest rates.

We hold a low-cost £50m revolving credit facility, although this is unlikely to be drawn upon in the coming year, it provides additional liquidity comfort should this be needed.

The University has prepared cash flow forecasts, including consideration of downside scenarios, for the going concern period, being 12 months from the date of approval of these financial statements. The University is confident that it will be able to meet all its obligations and commitments over the going concern period, operating within our financial investor and pensions debt monitoring covenants.

Andrew Connolly

Chief Financial Officer and Director of Finance, Infrastructure and Commercial Services

Corporate Governance and Statement of Internal Control

Legal Status of the University

The University is an incorporated body with charitable status. It is an exempt charity, meaning it is exempt from registration with the Charity Commission. The Office for Students (OfS), the regulator for higher education in England, also acts as the regulator for English higher education charities. The University is a registered higher education provider and is recorded on the OfS register of providers, currently without any additional conditions.

Governance

The articles of governance for the University are contained within its Royal Charter, Statutes and Ordinances. Under the terms of the Royal Charter, the University is required to have a supreme governing body, the Council, and a senior academic body, the Senate. Management responsibility is devolved under a scheme of delegation by Council to the Vice-Chancellor, who is supported by the University's Executive Board (UEB), details of which are given in the section on management.

Council

Council, as the governing body, is responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It is also responsible for seeking assurance that the University is compliant with relevant regulation and legislation. There are 22 members of Council, the majority of whom are from outside the University (independent members). The members include representatives of staff and students. Council met seven times during 2021/22, including a strategic away day. There was also the annual joint meeting between the Council and the Senate. The responsibility of Council is more fully described below.

Senate

Senate, as the senior academic body, is given devolved responsibility by the Council, for student matters, academic quality and standards, and plays a key role in the development and approval of the University's education and research strategies. There are 71 member of the Senate, including members elected by the University's academic faculties and student representatives. There were seven meetings of the Senate during 2021/22 and the annual joint meeting of the Council and the Senate.

Although Senate meets regularly each academic year, much of its detailed work is delegated to committees, principally Board of Faculty of Taught Programmes, the Board of the Faculty of Graduate Research and Ethics Committee. Further information about Council and Senate Committees can be found at: www.exeter.ac.uk/about/organisation/governance/committees

Management

The principal academic and administrative officer of the University is the Vice-Chancellor, who has general responsibility to Council and Senate for maintaining and promoting the efficiency and good order of the University. The Vice-Chancellor has been nominated the accountable officer under the Terms and Conditions of Funding with the Office for Students.

As Chief Executive of the University, the Vice-Chancellor exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. Senior managers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

The University's Executive Board (UEB) is comprised of the senior management team of the University. Led by the Vice-Chancellor and Chief Executive, it includes the Provost, five Deputy Vice-Chancellors, three Pro Vice-Chancellors, the Registrar and Secretary, the Executive Divisional Director of Human Resources, the Chief Financial Officer and Executive Divisional Director of Finance, Infrastructure and Commercial Services, the Executive Divisional Director of External Engagement and Global, the Deputy Registrar and Executive Divisional Director of Education and Academic Services and the Chief Digital Officer . Details of UEB membership is given at the front of these Financial Statements.

Corporate Governance and Statement of Internal Control

Responsibilities of Council

The primary responsibilities of Council are:

1. To approve the mission and strategic vision of the University, long-term academic and business plans, key performance indicators (KPIs), annual budget and Financial Statements.
2. To appoint the Vice-Chancellor as the University's Chief Executive, and to put in place suitable arrangements for monitoring his/her performance.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that there are arrangements in place for effective academic governance and the quality and standards of educational programmes.
5. To monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable universities.
6. To ensure compliance with the charter, statutes, ordinances and other provisions regulating the University and its governance framework.
7. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal and statutory obligations.
8. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
9. To monitor and evaluate the performance and effectiveness of the governing body itself – including conducting a full review of Council's effectiveness not less than every five years and a parallel review of Senate's effectiveness.

Council are responsible for preparing the Annual 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.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University Financial Statements, members of Council are required to:

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

Council is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Council are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

Council 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.

The arrangements described above were in place during the period covered by this annual report, including up to the point of the annual report approval in November 2022.

Corporate Governance and Statement of Internal Control

Dual Assurance

The University's business is governed through a mechanism known as dual assurance. As its name suggests, this model involves two people. The first of these is a member of UEB, who takes responsibility for the management and development of policy in a particular area of business. The other is an independent member of Council, knowledgeable in the same area, who provides assurance to Council that this activity is well-managed and that decisions have been reached following due process and appropriate consultation. The dual assurance mechanism is designed to minimise the number of committees, empower senior managers, speed up decision-making and make the most of the talents of independent members.

The table below shows the areas governed through dual assurance and the management and independent leads as of November 2022:

Business Area	Management Lead	Independent Lead
Digital	Chief Digital Officer	Andrew Greenway
Education and Student Experience	DVC Education / Deputy Registrar and Executive Divisional Director of Education and Academic Services	Sir Richard Atkins
Environment and Climate Emergency	Director of Sustainability	Glenn Woodcock
Human Resources & Equality, Diversity and Inclusivity	Executive Divisional Director of Human Resources	Salam Katbi Amoetsoe Mkwena
Estates	Director of Estate Services	Sarah Buck
Ethics	DVC Research and Impact	To be confirmed
Finance and Investment	Chief Financial Officer and Executive Divisional Director of Finance, Infrastructure and Commercial Services	Alison Reed
Global Advancement	Provost Registrar and Secretary	To be confirmed
Global Strategy	DVC Global Engagement	Graham Cole
Information Technology	Registrar and Secretary / Director of Exeter IT	Andrew Greenway
Innovation and Business	DVC Research and Impact	Malcolm Skingle
Marketing and Reputation	Executive Divisional Director of External Engagement and Global	Jo Binding
Research and Impact	DVC Research and Impact	Malcolm Skingle
Risk	Registrar and Secretary	To be confirmed

Statement of Internal Control

Council has responsibility for ensuring the maintenance of a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of non-achievement of policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2022 and up to the date of approval of the Financial Statements.

As the governing body, Council must assure itself of the effectiveness of the University's systems of internal control. It meets at regular intervals to consider the plans and strategic direction of the institution, and receives the minutes of Audit Committee and periodic reports from the Chair of Audit Committee concerning internal control. The review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development, maintenance and continual review of the internal control framework.

The Audit Committee receives regular reports from internal audit, together with recommendations for improvement. The programme of internal audit work during the year has focused on our most significant risk areas and has been designed to evidence the achievement of value for money with regard to efficiency, economy and effectiveness. Price Waterhouse Coopers LLP (PWC) are our internal auditors. The Audit Committee approves the strategic internal audit plan and receives internal audit reports from PWC at its regular meetings during the year. Where appropriate, individual audit reports are considered by other committees for information. Council receives regular reports on the progress of the audit plan from the Chair of Audit Committee. The internal auditors provide an annual report, which includes an opinion on internal control, risk and the adequacy and effectiveness of our arrangements for economy, efficiency and effectiveness. The internal auditors performed 15 audits over the year, all with management responses. One audit was classified as 'critical', two as 'high', 6 as 'medium' and 6 as 'low'. The Audit Committee track progress on completing agreed audit actions throughout the year.

In addition to the annual assurance report received from Internal Audit, the Audit Committee and Governors receive benchmarking and sector specific reports from both Internal and External Auditors to assist them in discharging their responsibility to monitor the University's performance in delivering value for money.

The University's policy towards fraud, malpractice and corruption is one of zero tolerance. The University's anti bribery and fraud policies set this out in detail, whilst the Financial Regulations set out the arrangements for reporting and responding to fraud. The anti-bribery and fraud policies are reviewed and approved by Council periodically. The main emphasis of the fraud policy is on fraud prevention, achieved through risk assessment, process design based on awareness of fraud risk, and by keeping staff informed and alert to risks. There is regular reporting of fraud and irregularities at the Audit Committee.

Corporate Governance and Statement of Internal Control

Governors and senior managers are required to ensure that their behaviour is demonstrably selfless and open and that they champion the University's policies on bribery, in particular, conflicts of interest, hospitality, travel, and gifts. These are set out in the Financial Regulations and associated policies. The Chair of the Board of Governors signs a Letter of Representation on behalf of the governing body which includes such assurances. This would include instances of bribery. These arrangements provide an ongoing process for identifying, evaluating and managing the significant risks faced by the University. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The University maintains an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the University's strategic plan.

The University receives significant public funds in support of its activity. A high standard of financial proprietary and stewardship is exercised over all monies managed by the University, its staff and its agents. Standards of financial governance and controls are codified in University Financial Regulations, issued to all budget managers and administrators, updated every year. Financial Regulations set out expected standards of behaviour, financial management responsibilities, fraud and irregularities procedures as well as stipulating key financial and internal controls. Financial Regulations were last updated by Council in July 2022.

Financial Regulations also sit alongside a comprehensive Delegation Framework, providing clear and defined limits to the delegated authority of role holders and a Whistleblowing Policy, that encourages and enables staff to report concerns over malpractice or wrongdoing. The University also has an Internal Audit function reporting to management and Audit Committee.

To enable staff to understand their financial control, stewardship and governance responsibilities a Corporate Conscience on-line training module is provided, covering awareness on fraud, money laundering, the Bribery Act, Modern Slavery Act and Criminal Finances Act.

UEB has responsibility for risk management, receiving updated risk registers from Faculties and Services, updating the corporate risk register and reporting on risk to Council throughout the year. Council and UEB are assisted in the definition and scoring of risk across the institution and the development of risk management policies by the Risk Dual Assurance Group. The work of these key groups with regard to risk is supported by the Compliance, Governance and Risk Directorate.

Responsibility for the operational management of individual corporate, college and professional services risks rests with risk owners and the risk facilitators in these areas. Risks are evaluated on their likelihood and the impact of risks becoming a reality. Key risks are escalated to Council and UEB as part of their termly reporting, or sooner through the dual assurance governing mechanism. These reports are used to inform the Corporate, Faculties and Professional Services risk registers considered by UEB, Council and Audit Committee. This ensures that the risk information provided via the registers to UEB and Council includes business, operational, compliance and financial risk from all areas of the University.

The University uses a tolerance/appetite model of risk reporting. This approach is underpinned by four categories: risk averse, unknown risk, managed risk and risk reward. These categories have different reporting thresholds and allow management to understand tolerance of risk in a more granular and focused manner (e.g. by setting lower reporting levels for compliance risks and higher ones for strategic risks). This model has allowed the University to better understand its key risks and put in place mitigating actions in partnership with its Colleges and Professional Services. For further details on operational, compliance and financial risks please refer to the Risk section of the Annual Report.

Higher Education Code of Governance

Council has adopted the Committee of University Chairs Higher Education Code of Governance, issued in September 2020. In accordance with the Code, the Council has adopted a Statement of Primary Responsibilities which is based on the Code's model and is adapted to reflect the powers and responsibilities derived from University Statutes.

In accordance with the Code, Council undertook a review of its effectiveness in October 2021 and produced an action plan in response to the recommendations raised. In April 2021 an internal audit was performed on University governance.

The Corporate Governance Statement and Responsibilities of the Council of the University are set out on pages 62 to 63 and were approved by Council on 8 December 2022 and signed on its behalf by:

Quentin Woodley
Chair of the Council

Professor Lisa Roberts
Vice-Chancellor and Chief Executive

Report from the Chair of Audit Committee

Alongside its Terms of Reference for 2021/22, to which there was no change, the Audit Committee reviewed its twelve core objectives. Key objectives for 21/22 were to ensure that the University had a strong focus on the effective management of its finance and also that there was equal focus on the delivery of the priorities set out in the 2030 institutional strategy.

Whilst the Committee consists entirely of non-executive members, to ensure balanced representation a Pro-Vice-Chancellor and senior officers from the University regularly attended, including the Registrar and Secretary, the Chief Financial Officer and the Director of Compliance, Governance and Risk. Other senior officers are called to the Committee as and when required.

The Interim Deputy Secretary to Council acts as Secretary to the Committee.

The Committee met five times during 2021/22, including a meeting in May 2022 to review the University's financial plans.

Membership and attendance at meetings was as follows:

	Eligible to attend	Actually attended
Gerry Brown, Independent Member of Council and Chair	5	5
Graham Cole, CBE, Independent Member of Council	5	5
David Dupont, Independent External Member of Audit Committee	5	5
Simon Enoch, Independent External Member of Audit Committee	5	5
Alison Reed ACA, Independent Member of Council	5	5
Nicholas Cheffings, Independent Member of Council	5	5

The Committee agreed the plan of work for 2021/22 with PWC, the University's internal auditors, and during the year reviewed the outcome of 15 internal audit reports and also continued to ensure a strong focus on the completion of outstanding audit recommendations.

The additional meeting held in May 2022 reviewed the financial underpinning of the corporate strategy, also reviewing the related financial strategy and the Office for Students (OfS) five-year forecasts, as well as alignment with the delivery of the institutional strategic plan. Assurance was sought on the financial stability of the University, with discussion on inflation and pensions impact. The successful management of the University's finances in such a challenging operating environment was commended.

The Committee also scrutinised Cyber Insurance and the organisational restructure with deep dive sessions held over the year. The session on cyber insurance included a detailed presentation on the challenging HE cyber insurance environment from PWC. The detailed discussions on the organisational restructure were led by the Future Structures Programme Director.

The Committee received reports from its internal and external auditors on financial performance across the HE Sector and broader HE Sector developments.

During the year, a strong focus on value for money has been maintained.

The internal auditors noted that the University had taken the findings of its internal audits seriously and had focused effort to further improve the IT environment in particular. It was felt this would improve the controls and processes in place over time, which will help address the legacy issues which exist. It was also recognised that the environment was challenging, particularly in respect of the pace of change in IT and resources challenges in the area. In addition, it was recognised that the University had demonstrated an appetite to improve its cyber control environment that was, in many cases, already above that of other universities. There was seen to be clear scrutiny in this area, but it needed to continue to be monitored.

Other key areas of work have included:

- Data assurance and quality
- The Modern Slavery Act
- IT Resilience and Associated Risks
- The University's Wider Insurance Arrangements
- Research Cost Recovery
- USS Pensions
- Debt Management

The Committee was satisfied that these areas were being managed effectively. It also continued to work closely with the Risk Dual Assurance team to review risk management policies and procedures, including reviewing the risk discussions held at Council. In its Annual Report to the Vice-Chancellor, Council and the OfS for 2021/22, the Committee was of the opinion that the University had a sound framework of risk management, control and governance, value for money, and the management and quality assurance of data.

Nicholas Cheffings
Chair of Audit Committee

Reports from the Chair of Nominations Committee

The Nominations Committee is responsible for making recommendations to Council in relation to the following positions:

- The Chancellor
- The Pro-Chancellors
- The Chair of Council
- Independent Members of Council
- Members of Committees of Council and other University committees
- Dual Assurance appointments
- Appointments to Trusts associated with the University

It is also responsible for reviewing arrangements for developing future leaders of the University and for succession planning. The Committee's recommendations are informed by a skills matrix, which details the relevant skills of Council's current membership and skills sought in new appointments.

The Nominations Committee actively promotes equality and diversity in all its deliberations and appointments.

The Committee met three times in the academic year 2021/22. Membership and attendance at meetings was as follows:

	Eligible to attend	Actually attended
Sarah Turvill, Independent member and Chair of Council (Chair)	3	3
Sarah Buck OBE, Independent member of Council	3	3
Sir Richard Atkins, Independent member of Council	3	3
Professor Lisa Roberts, Vice-Chancellor	3	3
Professor Janice Kay CBE, Provost and Senior Deputy Vice-Chancellor	3	3
Mike Shore-Nye, Registrar and Secretary	3	3
Bettina Rigg, co-opted member	3	3

The Committee made the following recommendations to Council which were subsequently approved:

Council

- The appointment of Quentin Woodley as a Class 1 Officer (Pro-Chancellor) and Chair of Council (to 31 July 2025)
- The re-appointment for a further term of office for the following:

  Class I – Sarah Buck – 1 August 2022–31 July 2023 for 1 year only

  Class II – Nicholas Cheffings – 1 August 2022–31 July 2025 (second term of office)

  Class II – Andrew Greenway – 1 August 2022–31 July 2025 (second term of office)

  Class II – Alison Reed – 1 August 2022–31 July 2025 (third term of office)

  Class II – Jo Binding – 1 August 2022–31 July 2025 (third term of office)
- The appointment of Malcolm Skingle as Class II Member for a three year term to 31 July 2025 (first term of office)
- The appointment of Sue Prince as a Class III Member appointed by Senate for a three year term to 31 July 2025
- The appointment of Shades Chaudhary as Class IV Member to 31 July 2024
- The appointment of Georgina Griskeviciene as Class V Officer to 31 July 2023

Committees

- The appointment of Quentin Woodley as the chair of Nominations Committee
- The reappointment of Bettina Rigg for a further three year term of office as Independent Member of Nominations Committee with effect from 1 August 2022
- The appointment of Quentin Woodley as a member of Remuneration Committee
- The appointment of Nicholas Cheffings as the chair of Audit Committee
- The reappointment of Alison Reed for a further three year term of office as Independent Member of Audit Committee with effect from 1 August 2022

Other

- The committee noted the membership of the following trusts:
  - Exeter Retirement Benefits Scheme
  - St Luke's College Foundation
  - Camborne School of Mines
  - Prideaux Trust
  - Hamlyn Trust
  - Devon Educational Trust

Dual Assurance

- The Committee proposed the following:
  a) To join together the Human Resources and Equality, Diversity and Inclusivity portfolios with independent leads Salam Katbi and Amoetsoe Mkwena, and Management lead Imelda Rogers
  b) Independent lead in the Research and Impact portfolio – Malcolm Skingle
  c) Independent lead in the Innovation and Business portfolio – Malcolm Skingle

Quentin Woodley
Chair of Nominations Committee

Annual Report of Remuneration Committee

The Remuneration Committee is responsible for determining and setting the Reward Strategy of the University and for setting the remuneration of the Vice-Chancellor and other members of the University Executive Board (UEB).

The membership of the Committee is comprised entirely of independent members of Council. The Committee is chaired by a Pro-Chancellor and the Chair of Council is also a member. The Vice-Chancellor is not a member of the Committee. No member of staff is present for the discussion of their own remuneration or when the Committee makes decisions on the reward of members of the University Executive Board.

The Committee met five times during 2021/22. The attendance of members at meetings was as follows.

	Eligible to attend	Actually attended
Sir Richard Atkins	5	5
Sarah Turvill	5	5
Sarah Buck OBE	5	4
Salam Katbi	5	2
Graham Cole CBE	5	5

The Committee publishes a full annual report as recommended by the Committee of University Chairs. This is available on the Remuneration Committee section of the University exeter.ac.uk/about/governance/managed/committees/remuneration_committee together with the Committee's updated Executive Reward Policy and Terms of Reference.

At the beginning of the year, the Committee reviewed the achievement of institutional targets and personal objectives for the 2020/21 financial year. Taking account of these assessments, the Committee made decisions on the level of performance related reward which should be paid under the Executive Performance Reward Scheme to recognise the achievement of personal and institutional objectives in 2020/21. These decisions also took account of the agreement with members of UEB that the maximum award for 2020/21 should be reduced from 20% to 10% to take account of the impact of the Coronavirus pandemic on the University's operations and finances.

The Committee also agreed its annual report for 2020/21 and its schedule of work for 2021/22.

During the year, the Committee reviewed the implementation of changes to the University's executive reward arrangements which the Committee had agreed following the external review commissioned in 2021. Amendments to the Executive Reward Policy and Executive Performance Reward Scheme were agreed for implementation from the beginning of the University's 2022/23 year.

The Committee also reviewed the updated Committee for University Chairs' HE Senior Staff Remuneration Code and assessed the University's practices against the recommendations of the Code.

The Committee received a report on external work undertaken by senior executives in 2021/22.

The Committee reviewed the base salaries of members of the University Executive Board. Taking account of market data, affordability, performance and the amended responsibilities of some executive roles under the Future Structures Programme. The Committee agreed increases, effective from August 2022, for a number of members of UEB, including the Vice-Chancellor, (Further information on the reward arrangements for the Vice-Chancellor are given in the Staff Costs section of the Financial Statements on page 81.) These decisions increased the pay bill of UEB by 2.2%.

At its first meeting in the autumn term 2022, the Committee reviewed the achievement of the institutional targets and personal objectives for members of the University Executive Board which had been agreed for 2021/22. Taking account of these assessments the Committee made decisions on the performance rewards which should be paid under the Executive Performance Reward Scheme to recognise the achievement of these institutional and personal objectives.

Further information about the Executive Performance Reward Scheme is provided in the Committee's annual report available on the Remuneration Committee section of the University website.

Sir Richard Atkins
Chair of the Remuneration Committee

Fundraising Standards

In line with the Charities (Protection and Social Investment) Act 2016, the University is required to provide information about fundraising activities for the University and Exeter University Foundation (the Foundation).

The University of Exeter employs a team of professional fundraisers, as well as a number of student telephone fundraisers, to raise new funds through a variety of methods, namely: legacy fundraising, major gift fundraising from individuals, fundraising from charitable trusts, foundations and other organisations, and low level fundraising requests made via telephone, email, mail, or crowdfunding. The University takes a long-term approach to fundraising, taking time to develop relationships with potential donors and then carefully stewarding existing donors. The University seeks to engage all alumni, whether they choose to donate or not, and is keen to maintain mutually beneficial relationships with all its stakeholders.

The University is careful to ensure that its approach to fundraising protects vulnerable people and other members of the public from unreasonable intrusion, persistent approaches or from placing undue pressure on a person to give money or other property.

- The University provides regular opportunities for all alumni and other individuals being solicited to opt out of all or some of a variety of fundraising approaches. These preferences are accurately recorded on the central database and are reflected in data selections for specific appeals.
- The University of Exeter does not actively fundraise from individuals over the age of 80 by telephone or over the age of 83 for postal or e-appeals, where age is known or suspected. Donors over the age of 80 are informed of the impact of their existing donations by post and phone, but are not asked to increase their donations.
- All contactable alumni, regardless of age, receive generic communications from the University, updating them about the University's activities and progress, including the impact of previous donations. These communications may include details of how to support the University.
- The University does not solicit donations from each individual more than once per year over the telephone or more than four times per year through direct mail.

All fundraising staff are trained to ensure that no undue pressure is placed on potential donors. The University takes a life-long approach to relationships with alumni and others and does not want to impede those relationships by pressuring individuals to make donations.

Activities carried out by fundraisers are monitored through standard University procedures surrounding Performance Development Reviews. All fundraising activity is recorded on a central database.

The University is registered with the Fundraising Regulator which is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. More details about the Fundraising Regulator and the Code of Fundraising Practice can be found online: www.fundraisingregulator.org.uk

The University received no complaints about its fundraising activities for the year to 31 July 2022.

Independent Auditor's Report to Council of University of Exeter

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the University of Exeter ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Statement of Financial Position, Consolidated Statement of Cash Flows and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of management, the Audit & Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit & Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from research income is not recognised in accordance with the relevant with grant terms and conditions and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying and testing journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to revenue, cash or borrowing accounts, postings to accounts that contain significant estimates and period-end adjustments, those with specific comments, and unbalanced journal entries.
- Verifying research income recognised is appropriate based on the underlying grant agreement and corresponding research expenditure.

Independent Auditor's Report to Council of University of Exeter

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 Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related higher education legislation), taxation 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 Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified health and safety, data protection laws, employment law, and compliance with regulatory requirements of the Office for Students as those most likely to have such an effect, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

Other information

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

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

Council responsibilities

As explained more fully in its statement set out on page 62, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

Independent Auditor's Report to Council of University of Exeter

Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

This report is made solely to the Council in accordance with the Group's Statutes. Our audit work has been undertaken so that we might state to the Council 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 Council for our audit work, for this report, or for the opinions we have formed.

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

8 December 2022

Principal Accounting Policies

Basis of Preparation

The University and Consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with Accounts Direction issued by the Office for Students (OfS), 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 Financial Statements are prepared in accordance with the historical cost convention except for the revaluation of heritage assets, investment property, endowment assets and pensions.

The University is a public benefit entity and therefore has applied the relevant public benefit entity requirements of FRS102.

Going concern

The University has prepared cash flow forecasts, including consideration of downside scenarios, for the going concern period, being 12 months from the date of approval of these financial statements. The University is confident that it will be able to meet all its obligations and commitments over the going concern period, operating within our financial investor and pensions debt monitoring covenants. These financial statements therefore have been prepared on a going concern basis. See the last section of Financial Review for more details.

Basis of Consolidation

The results of the University's subsidiary undertakings and undertakings in which it has a controlling interest for the financial year ended 31 July 2022, have been consolidated in the Financial Statements. Details of these subsidiaries are provided in Note 15.

Jointly controlled entities are accounted for using the equity method. The University's share of income and expenditure in joint venture entities is recognised in the Statement of Comprehensive Income for the group. The University's share of assets and liabilities in joint venture entities are recognised in the consolidated Statement of Financial Position. Details of these joint ventures are provided in Note 16.

The consolidated Financial Statements do not include the income and expenditure of the University of Exeter Students' Guild and the Students' Union in Penryn, as the University does not exert dominant or significant influence over their activities.

Recognition of Income

Recurrent grants and tuition fees

Recurrent grants from funding bodies represent the funding allocations, which are attributable to the current financial year and are credited directly to the Statement of Comprehensive Income.

Tuition fees represent all fees chargeable to students or their sponsors, received and receivable, which are attributable to the current accounting period, net of discounts. The cost of any fees waived by the University is deducted from tuition fee income. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Grant funding

Grant funding, including funding council grants, research grants from government sources and grants (including research grants) from non-government sources are recognised when the University is entitled to the income and performance related conditions have been met. If no performance conditions exist, income is recognised on entitlement. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income, when the conditions are met.

Capital grants are recognised within income when the University is entitled to the funds, subject to any performance related conditions being met.

Donations and endowments

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

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

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

Gifts in kind are included in donations using a reasonable estimate of their gross value or the amount realised.

Other income

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

Investment income is included in full in the Statement of Comprehensive Income. Income from endowment assets held for restricted purposes imposed by the donor or funder is recognised in line with the conditions attached to the University's right to the investment income.

The University acts as an agent in the collection and payment of hardship funds and training bursaries from the funding bodies. Related receipts from the Department for Education and Teaching Regulation Agency (DETRA) and subsequent disbursement to students are excluded from the Statement of Comprehensive Income. Details of transactions in the year are provided in Note 31.

Income within the University's subsidiary companies represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of that Company's business for goods and services provided. In respect of long-term contracts and contracts for ongoing services, income represents the value of work done in the year, including estimates of amounts not invoiced. Income in respect of long-term contracts for ongoing services is recognised by reference to the stage of completion.

Principal Accounting Policies

Accounting for retirement benefits

The two principal pension schemes for University staff are the Universities Superannuation Scheme (USS) and the University of Exeter Retirement Savings Scheme (ERSS). A third scheme, the University of Exeter Retirement Benefit Scheme (ERBS) was closed to future accrual in November 2016.

The USS is a multi-employer hybrid scheme, offering a mix of defined benefits as well as defined contribution benefits. 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 University is therefore exposed to actuarial risks associated with other providers' 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 University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the discounted fair value of the contractual contributions payable to the scheme. Since the University has entered into an agreement that determines how each employer within the scheme will fund the scheme's overall deficit, the University therefore recognises its share of the liability for deficit contributions payable and resulting expense in profit and loss. Contractual contributions are recognised through staff costs in the Statement of Comprehensive Income. The scheme is revalued periodically by professionally qualified independent actuaries.

ERSS is a defined contribution scheme, which opened in December 2016. The University pays fixed contributions to the fund that are recognised within staff costs.

ERBS, a defined benefit scheme, was closed to future accrual in November 2016. The Group's net obligation in respect of defined benefit pension plans is calculated annually by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That future benefit is then discounted, to determine its present value, and compared to the fair value of scheme's assets valued at bid price. Movement in the scheme's net value is recognised through staff costs in income and expenditure account.

Further information on pension schemes and post-retirement benefits are disclosed in Note 28.

Employment benefits

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

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of a 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.

Service concession arrangements

A service concession arrangement is an arrangement whereby University contracts with a private operator to develop, operate and maintain an infrastructure asset. The University regulates services the operator can provide managing the asset, to whom, and at what price, and also controls any significant residual interest in the asset at the end of the term of the arrangement.

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

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

Operating leases

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

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into sterling at the foreign exchange rate ruling at that date. Resulting exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Taxation

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

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of goods and services purchased. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

Tangible and intangible assets

Non-current tangible and intangible assets are stated at cost less accumulated depreciation/amortisation and accumulated impairment losses. Land and buildings that had been revalued to fair value on or prior to the date of transition to the SORP 2015, 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 fixed assets, in line with component accounting.

Principal Accounting Policies

Capitalisation

Tangible and intangible assets are capitalised where they are capable of being used for a period that exceeds one year and satisfying the following criteria:

- Individually have a cost greater than £25,000; or
- Collectively have a cost equal to or greater than £25,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control; or
- Irrespective of their individual cost, form part of the initial equipping of a new building.

The University has a five-year rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. Expenditure on long term maintenance which does not either enhance an asset beyond its original condition or increase its expected economic life, and expenditure on all routine corrective maintenance, is charged to the Statement of Comprehensive Income as incurred. Major replacement and refurbishment work is capitalised if the work creates or enhances an existing asset, or improves or substantially overhauls an asset. Finance costs directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

Intangible assets held by the University relate to software and goodwill.

Goodwill represents the excess of consideration over the net assets acquired. Goodwill is amortised over its useful life which shall not exceed 10 years if a reliable estimate of the useful life cannot be made.

Heritage assets

Heritage assets are capitalised and recognised at the cost or value of the acquisition, where such cost or valuation is reasonably obtainable. Where reliable estimates of cost or value are not available on a cost-benefit basis, these assets are omitted from the Financial Statements. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Heritage assets are valued at fair value by independent valuation agents every 3 years with a physical inspection occurring every 5 years.

Any costs of maintaining and displaying the collection are reported in the Statement of Comprehensive Income in the year when they are incurred.

Depreciation / Amortisation

Depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal, with the exception of research equipment which is depreciated monthly on a straight line basis. All depreciation is calculated on a straight line basis as follows:

Freehold land	Not depreciated
Freehold buildings	Over their expected remaining useful lives, subject to a maximum of 50 years
Leasehold buildings	Over the shorter of the lease term and the expected useful lives, subject to a maximum of 50 years
Assets under construction	Not depreciated
Assets held for sale	Not depreciated
Infrastructure	Over their expected remaining useful lives, subject to a maximum of 50 years
Computer equipment and IT infrastructure	Over its expected useful life between 4 to 8 years
Intangible assets / software	Over its expected useful life between 3 to 5 years
Other equipment	Over its expected useful life between 3 to 8 years

Building works that are greater than £150,000 are analysed into the following components:

Component	Life
Building shell	40-60 years
Mechanical and engineering services	10-30 years
Fit out	20-25 years

Principal Accounting Policies

Investment property

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Rental properties held primarily for the provision of social benefits (e.g. student residences) are accounted for as tangible fixed assets rather than Investment Property, in accordance with FRS 102.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Surplus or Deficit. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

Investments

Non-current investments are held on the Statement of Financial Position at amortised cost less impairment. Current asset investments are included on the Statement of Financial Position at fair value. Increases/decreases in value arising on the revaluation of fixed asset investments are recognised in the Surplus or Deficit.

In the Financial Statements of the University the investments in subsidiary undertakings are included in the Statement of Financial Position at cost.

Stock

Stock is shown at the lower of cost and net realisable value and is measured using a first in first out formula. Where necessary, provision is made for obsolete, slow-moving and defective stocks. Stocks of consumables held for administration purposes are not valued.

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.

The current investment assets held by the University are deposits with banks and building societies with maturity between three and twelve months at the date of acquisition. These are held at cost.

The Statement of Cash Flows included in the financial statements is for the group. We have taken advantage of an exemption not to show the Statement of Cash flows for the University, permitted under the SORP Section 3.3.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument.

The provisions of both section 11 and 12 of FRS102 are applied in full. Basic financial instruments are held at amortised cost using the effective interest method or cost and are subject to an annual impairment review.

Complex financial instruments are held at fair value, with changes in the fair value taken directly to the Statement of Comprehensive Income, except where hedge accounting is applied.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the Financial Statements when:

a) the University has a present obligation (legal or constructive) as a result of a past event;

b) it is probable that a transfer of economic benefits will be required to settle the obligation; and

c) reliable estimate can be made of the amount of the obligation.

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes when required.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Key Estimates and Judgements

Key sources of estimation uncertainty

The preparation of the University's Financial Statements required management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ significantly to the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Pensions – USS

USS is a multi-employer scheme consisting of members not under common control, whereby the liabilities of the scheme cannot be separately attributable to individual Universities / employers. The University has an obligation to fund the deficit recovery plan, and this liability is recognised as a pensions provision, calculated as the discounted fair value of the contractual contributions payable under the recovery plan in existence at the Statement of Financial Position date. The resulting expense charged through the profit and loss accounts in accordance with section 28 of FRS 102.

Assumptions used to calculate the scheme liability in the current financial year and the sensitivity of the principal assumptions used to measure the USS deficit provision are disclosed in Note 28.

Pensions – ERBS

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected inflation rates, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the University's retirement benefit obligation and pension assets/liabilities. Assumptions used in the current financial year are detailed in Note 28.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See Note 12 for the carrying amount of fixed assets, and the tangible assets accounting policy for the useful economic lives for each class of assets.

Critical accounting judgements in applying the University's accounting policies

There are no such judgements in either the current or prior year.

Consolidated and University Statement of Comprehensive Income

Year ended 31 July 2022

	Notes	GROUP		UNIVERSITY	
		Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
INCOME					
Tuition fees and education contracts	1	**326,635**	287,491	**326,635**	287,491
Funding body grants	2	**62,756**	59,416	**62,756**	59,416
Research grants and contracts	3	**106,765**	94,618	**106,765**	94,618
Other income	4	**83,725**	56,287	**83,667**	56,074
Investment income	5	**1,440**	1,145	**1,439**	1,138
Endowments and donations	6	**5,603**	2,615	**6,676**	4,392
Total income		**586,924**	**501,572**	**587,938**	**503,129**
EXPENDITURE					
Staff costs	7	**307,118**	277,971	**307,118**	277,971
Staff costs – movement on USS	7	**131,817**	20,731	**131,817**	20,731
Operating expenses	8	**181,148**	154,216	**181,074**	154,101
Depreciation and amortisation	9	**59,054**	53,266	**59,054**	53,266
Impairment charge	9	**-**	488	**-**	488
Interest and other finance costs	10	**6,331**	6,243	**6,331**	6,243
Total expenditure		**685,468**	**512,915**	**685,394**	**512,800**
Deficit before other gains/(losses) and share of operating surplus in joint ventures		**(98,544)**	(11,343)	**(97,456)**	(9,671)
(Loss)/gain on investments	15	**(2,570)**	7,768	**(2,570)**	7,768
Share of operating surplus/(deficit) in joint venture	16	**1,068**	(1,585)	**-**	-
Deficit for the year		**(100,046)**	(5,160)	**(100,026)**	(1,903)
Revaluation gain on heritage assets	13	**156**	-	**156**	-
Actuarial gain in respect of pension schemes	28	**13,227**	8,310	**1,983**	10,073
Total comprehensive (deficit)/income		**(86,663)**	**3,150**	**(97,887)**	**8,170**
Represented by:					
Endowment comprehensive (loss)/income for the year	23	**(853)**	8,065	**(853)**	8,065
Restricted comprehensive income/(expenditure) for the year		**80**	(41)	**80**	(41)
Unrestricted comprehensive (expenditure)/income for the year	24	**(86,132)**	(4,358)	**(97,356)**	402
Revaluation reserve comprehensive gain/(loss) for the year	25	**242**	(516)	**242**	(256)
		(86,663)	**3,150**	**(97,887)**	**8,170**

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

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2022

GROUP	Endowment Reserve £'000	Restricted Income and Expenditure £'000	Unrestricted Income and Expenditure £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2020	**41,482**	**83**	**450,561**	**22,539**	**514,665**
Surplus/(deficit) from the Statement of Comprehensive Income	8,065	(41)	(12,928)	(256)	(5,160)
Other comprehensive income	-	-	8,310	-	8,310
Transfers between revaluation and income and expenditure reserve	-	-	260	(260)	-
Total comprehensive income/(expenditure)	**8,065**	**(41)**	**(4,358)**	**(516)**	**3,150**
Balance at 1 August 2021	**49,547**	**42**	**446,203**	**22,023**	**517,815**
(Deficit)/surplus from the Statement of Comprehensive Income	(853)	80	(99,359)	86	(100,046)
Other comprehensive income	-	-	13,227	156	13,383
Total comprehensive income/(expenditure)	**(853)**	**80**	**(86,132)**	**242**	**(86,663)**
Balance at 31 July 2022	**48,694**	**122**	**360,071**	**22,265**	**431,152**

UNIVERSITY	Endowment Reserve £'000	Restricted Income and Expenditure £'000	Unrestricted Income and Expenditure £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2020	**41,482**	**83**	**454,565**	**9,196**	**505,326**
Surplus/(deficit) from Statement of Comprehensive Income	8,065	(41)	(9,671)	(256)	(1,903)
Other comprehensive expenditure	-	-	10,073	-	10,073
Total comprehensive income/(expenditure)	**8,065**	**(41)**	**402**	**(256)**	**8,170**
Balance at 1 August 2021	**49,547**	**42**	**454,967**	**8,940**	**513,496**
(Deficit)/surplus from the Statement of Comprehensive Income	(853)	80	(99,339)	86	(100,026)
Other comprehensive income	-	-	1,983	156	2,139
Total comprehensive income/(expenditure)	**(853)**	**80**	**(97,356)**	**242**	**(97,887)**
Balance at 31 July 2022	**48,694**	**122**	**357,611**	**9,182**	**415,609**

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Financial Position

Year ended 31 July 2022

		GROUP		UNIVERSITY	
	Notes	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Non-current assets					
Intangible assets	11	**7,751**	6,733	**7,751**	6,733
Tangible fixed assets	12	**730,165**	742,923	**730,165**	742,923
Heritage assets	13	**9,245**	9,088	**9,245**	9,088
Investments	15	**48,799**	48,429	**49,009**	48,631
Investment in joint venture	16	**15,462**	5,099	**-**	-
		811,422	**812,272**	**796,170**	**807,375**
Current assets					
Stock		**616**	617	**616**	617
Receivables	17	**92,758**	79,620	**92,764**	80,704
Investments	18	**39,823**	10,251	**39,823**	10,251
Cash and cash equivalents		**137,035**	126,546	**136,731**	125,671
		270,232	217,034	**269,934**	217,243
Less: Creditors: amounts falling due within one year	19	**(173,125)**	(158,403)	**(173,118)**	(158,034)
Net current assets		**97,107**	**58,631**	**96,816**	**59,209**
Total assets less current liabilities		**908,529**	870,903	**892,986**	866,584
Creditors: amounts falling due after more than one year	20	**(262,790)**	(264,049)	**(262,790)**	(264,049)
Provisions					
Pension provisions	28, 29	**(210,930)**	(86,639)	**(210,930)**	(86,639)
Other provisions	29	**(3,657)**	(2,400)	**(3,657)**	(2,400)
Total net assets		**431,152**	**517,815**	**415,609**	**513,496**
Restricted Reserves					
Endowment reserve	23	**48,694**	49,547	**48,694**	49,547
Income and expenditure reserve		**122**	42	**122**	42
Unrestricted Reserves					
Income and expenditure reserve	24	**360,071**	446,203	**357,611**	454,967
Revaluation reserve	25	**22,265**	22,023	**9,182**	8,940
Total Reserves		**431,152**	**517,815**	**415,609**	**513,496**

The accompanying notes form part of these financial statements. The Financial Statements on page 78 to 113 were approved by Council on 8 December 2022 and were signed on its behalf by:

Professor Lisa Roberts
Vice-Chancellor and Chief Executive

Quentin Woodley
Chair of Council

Andrew Connolly
Chief Financial Officer and Director of Finance, Infrastructure and Commercial Services

Consolidated Statement of Cash Flows

Year ended 31 July 2022

	Notes	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Cash flow from operating activities			
Deficit for the year		**(100,046)**	**(5,160)**
Adjustment for non-cash items			
Depreciation and impairment	12	**56,513**	50,366
Amortisation of intangibles	11	**2,541**	3,388
Loss/(gain) on investments	15	**2,570**	(7,768)
Decrease in stock		**1**	39
(Increase)/decease in debtors		**(9,085)**	2,298
Increase in creditors		**12,260**	16,107
Increase in provisions before actuarial gains/losses	29	**127,531**	16,477
Share of operating (surplus)/deficit in joint ventures		**(1,068)**	1,585
Adjustment for investing and financing activities			
Investment income	5	**(1,440)**	(1,145)
Loan interest and other finance costs	10	**5,565**	6,243
New endowments pledged	6	**(5,482)**	(2,372)
Loss on the sale of fixed assets		**1,123**	-
Capital grant received		**(12,258)**	(10,918)
Net cash inflow from operating activities		**78,725**	**69,140**
Cash flow from investing activities			
Proceeds on disposal of non-current asset investments		**171**	487
Investment income		**1,229**	949
Capital grants received		**12,258**	10,918
Withdrawal of short-term investments		**(29,572)**	15,163
New non-current asset investments		**(1,299)**	(368)
Payments made to acquire fixed assets	12,13	**(4,264)**	(5,105)
Payments made to acquire assets under construction	12	**(16,563)**	(24,512)
Payments made to acquire intangible assets	11	**(1,689)**	(1,636)
Net cash outflow from investing activities		**(39,729)**	**(4,104)**
Cash flow from financing activities			
Loan interest and other finance costs		**(5,565)**	(5,861)
New endowments received	23	**2,582**	2,372
Capital element of finance lease		**(25,524)**	(21,495)
Net cash outflow from financing activities		**(28,507)**	**(24,984)**
Increase in cash and cash equivalents		**10,489**	**40,052**
Cash and cash equivalents at beginning of the year		**126,546**	**86,494**
Cash and cash equivalents at end of the year		**137,035**	**126,546**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTE 1 TUITION FEES AND EDUCATION CONTRACTS

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Home and EU students*	**203,859**	194,582	**203,859**	194,582
International students	**114,039**	85,775	**114,039**	85,775
Research Training Support Grant	**5,564**	4,108	**5,564**	4,108
Non-credit bearing course fees and other tuition fees	**3,173**	3,026	**3,173**	3,026
	326,635	**287,491**	**326,635**	**287,491**

** From 2021/22 new students admitted from the EU are classed as international students, whereas EU students who were admitted in prior years but continued their studies during 2021/22 remain classified as 'home and EU' students, as these students qualify for UK home fee status.*

NOTE 2 FUNDING BODY GRANTS

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Recurrent Grant				
Office for Students – Teaching grant	**15,885**	13,756	**15,885**	13,756
UKRI – Research grant	**28,163**	27,326	**28,163**	27,326
Specific Grants				
Office for Students – Capital grants	**2,030**	2,073	**2,030**	2,073
UKRI – Capital grants	**9,252**	6,760	**9,252**	6,631
Other Capital grants	**459**	2,085	**459**	2,214
Higher Education Innovation Fund	**5,873**	4,530	**5,873**	4,530
Other grants	**1,094**	2,886	**1,094**	2,886
	62,756	**59,416**	**62,756**	**59,416**

The Office for Students (OfS) is the independent regulator of higher education in England. One of its functions is to distribute funding in respect of teaching activities.

UK Research and Innovation (UKRI) oversees higher education research and knowledge exchange and provides grant funding in support of these areas.

Notes to the Financial Statements

NOTE 3 RESEARCH GRANTS AND CONTRACTS

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Research Councils	**42,929**	40,873	**42,929**	40,873
UK Research Charities	**14,453**	11,220	**14,453**	11,220
UK Central Government, local authorities and health authorities	**18,762**	13,686	**18,762**	13,686
UK Industry and commerce	**5,263**	2,655	**5,263**	2,655
European Union government	**17,602**	17,614	**17,602**	17,614
European Union industry / other bodies	**1,943**	4,217	**1,943**	4,217
Other	**5,813**	4,353	**5,813**	4,353
Total Research Income	**106,765**	**94,618**	**106,765**	**94,618**

NOTE 4 OTHER INCOME

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Residences, catering and conferences	**48,767**	28,806	**48,767**	28,808
Other revenue grants	**7,022**	4,451	**7,022**	4,451
Coronavirus jobs retention scheme	**-**	621	**-**	621
Other services rendered	**2,766**	3,603	**2,183**	1,922
Income from health authorities and trusts	**5,610**	4,656	**5,610**	4,656
Sports and swimming pool income	**1,854**	606	**1,854**	606
Summer Schools, fair and degree day income	**269**	37	**269**	37
ERASMUS income	**860**	795	**860**	795
Rental income and room hire	**962**	600	**962**	600
Externally charged staff time	**1,629**	1,610	**1,629**	1,705
Supplies and services to external customers	**7,647**	3,602	**8,172**	5,032
Library and IT related income	**14**	9	**14**	9
Other income	**6,325**	6,891	**6,325**	6,832
	83,725	**56,287**	**83,667**	**56,074**

Included within residences, catering and conferences £25.4m (2021: £16.1m) related to rental income from student residences that are operated under a service concession arrangement, which is further explained in Note 14.

Notes to the Financial Statements

NOTE 5 INVESTMENT INCOME

	Notes	GROUP		UNIVERSITY	
		Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Investment income on expendable endowments	23	**368**	297	**368**	297
Investment income on permanent endowments	23	**642**	582	**642**	582
Other investment income		**429**	259	**429**	259
Other interest receivable		**1**	7	**-**	-
		1,440	**1,145**	**1,439**	**1,138**

NOTE 6 ENDOWMENTS AND DONATIONS

	Notes	GROUP		UNIVERSITY	
		Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
New expendable endowments	23	**5,408**	2,295	**5,408**	2,295
New permanent unrestricted endowments	23	**74**	77	**74**	77
Restricted donations		**106**	199	**106**	199
Unrestricted donations		**15**	44	**1,088**	1,821
		5,603	**2,615**	**6,676**	**4,392**

NOTE 7 STAFF COSTS

Average staff numbers (including senior post holders) employed by the University during the year and expressed as full-time equivalents are presented in the table below:

	Year Ended 31 July 2022 Number	Year Ended 31 July 2021 Number
Academic	**1,805**	1,697
Research	**911**	883
Professional Services	**2,980**	2,728
	5,696	**5,308**

Staff cost

Group	**Notes**	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Salaries		**243,768**	220,780
Employer Taxes		**24,429**	21,486
Pension contributions	28	**38,360**	35,177
Direct staff costs		**306,557**	**277,443**
Redundancy and severance payments		**561**	528
Movement on USS pension provision		**131,817**	20,731
		438,935	**298,702**

Notes to the Financial Statements

NOTE 7 STAFF COSTS (continued)

Vice Chancellor and Chief Executive's Salary

University Context and institutional Performance 2021/22

The role of Vice-Chancellor as Chief Academic Officer and Chief Executive of the institution is a complex and challenging one, requiring excellent leadership and people skills to deal with the wide range of stakeholders which exist in every university and a comprehensive insight into the role and future of higher education and research. The Vice-Chancellor leads the development and delivery of the institution's strategy to ensure the continued growth and success of the University. Exeter as a member of the Russell Group of leading UK research intensive universities. In the face of the disruption caused by the Covid pandemic the University was recognised as developing sector leading propositions to support students' continued engagement and success in education, whilst in the same year rising 17 places in the THE World Universities rankings to enter the top 150 universities globally.

The University's 2030 strategy[7] sets out our aims to use the power of our interdisciplinary education and research culture to create a sustainable, healthy and socially just future. We have set ambitious goals to challenge and inspire our students to develop skills to lead the change the world needs; to foster new discoveries for solving the challenges of today and tomorrow; and to be a globally networked University with regional, national and international impact, offering outstanding education and research opportunities for our communities to overcome the challenges of the twenty-first century. We will achieve these goals through creating strong partnerships with partners, students and alumni across our campuses, our region and the world; and supporting each other to thrive, be fulfilled and reach our potential within an inclusive, fair, compassionate and healthy community. We will continue to measure our progress towards the achievement of our aims within the UK and international markets using performance metrics.

The University's achievement in 2021/22 are detailed in the "How we performed" section of the Annual Report.

Remuneration Decisions

Decisions on the reward of the Vice-Chancellor are made by the University's Remuneration Committee (which is composed of independent members of the University's Governing Body) taking account of the level of responsibility, market data for the remuneration of Vice-Chancellors at competitor institutions, the achievement of strategic goals, the institution's national and international rankings and performance against key performance metrics.

The remuneration received by Professor Roberts in the year ended 31 July 2022 was:

- a base salary of £275,000 per annum.
- a performance award (under the Executive Performance Reward Scheme) of £48,125 (17.5% out of a potential 20%), recognising the achievement of institutional and personal performance targets agreed at the commencement of the year.
- Employer pension contributions to the Universities Superannuation Scheme (USS) at the same level paid for other members of USS. Professor Roberts has joined the University's USS salary sacrifice arrangements, which is open to all University employees who are members of USS. Under this arrangement, Professor Roberts' salary has been reduced by £26,860 from the figure quoted above and the University paid these employee contributions on her behalf.

In recognition of her performance in her first two years in office, during which she has led the development and launch of the new University Strategy, the development and implementation of changes to University structures and ways of working to facilitate the achievement of our strategic goals, successfully steered the University through the significant challenges of the Coronavirus pandemic, and delivered an improvement in the University's national and international league table performances and in the National Student Survey, the Remuneration Committee has agreed to increase Professor Roberts' salary by 5.45% to £290,000 from 1 August 2022. This is the first salary increase for Professor Roberts since she joined the University of Exeter in September 2020.

The figures in the Emoluments of the Vice-Chancellor table below reflect the fact that Professor Roberts was employed by the University for 11 months in 2020/21, and the fact that, due to the Covid pandemic, all members of the University Executive Board reduced their eligibility for performance reward payments by 50% in that year.

Pay Ratios

The Office for Students' methodology for calculating pay ratios includes anyone paid during the financial year, including workers engaged on an occasional basis and both leavers and their replacements, irrespective of how long they worked during the year. Total pay includes employer pension contributions/ allowance in lieu of employer pension contributions and taxable benefits. Pay for part-time and hourly paid workers have been pro-rated up to the full-time equivalent. Unlike some other higher education institutions, the University of Exeter has not contracted out services on a significant scale.

The figures are calculated for the current Vice-Chancellor, Professor Lisa Roberts.

Based on the OfS methodology:

- The ratio between the Vice-Chancellor's basic salary in 2021/22 and the median basic salary of all other persons employed by the University in the 2021/22 financial year, including workers engaged on an occasional basis, is 9.4 (2020/21: 9.4)
- The ratio between the Vice-Chancellor's total reward in 2021/22 and the median total reward of all other persons employed by the University in the 2021/22 financial year, including workers engaged on an occasional basis, is 10.6 (2020/21: 10.2)

Emoluments of the Vice-Chancellor	2020/21			2021/22
	Professor Sir Steve Smith 01/08/2020-31/08/2020 £'000	Professor Lisa Roberts 01/09/2020 - 31/07/2021 £'000	Total £'000	Professor Lisa Roberts Total (£000)
Salary	26	252	278	275
Performance related remuneration	-	24	24	48
Total pay made to the VC	26	276	302	323
Pension contributions and payments in lieu of pension contributions	4	53	57	59
Other taxable benefits	-	10	10	
Other non-taxable benefits	-	8	8	-
Long-term retention scheme 2013–2020	106	N/A	106	N/A
Total Emoluments	**136**	**347**	**483**	**382**

[7] www.exeter.ac.uk/strategy2030

Notes to the Financial Statements

NOTE 7 STAFF COSTS (continued)

The figures excluding leavers and workers engaged on an occasional basis are:

- The ratio between the Vice-Chancellor's basic salary and the median basic salary of all other persons employed by the University in the 2021/22 financial year is 8.0. (2020/21: 7.7);
- The ratio between the Vice-Chancellor's total reward in 2021/22 and the median total reward of all other persons employed by the University in the 2021/22 financial year is 9.4. (2020/21: 9.4).

Compensation for loss of Office

The total amount of any compensation for loss of office paid by the University for the year ended 31 July 2022 was £561k and relates to 135 posts (£528k for 104 posts to 31 July 2021). These figures include statutory redundancy and voluntary severance payments.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Such persons have been defined as members of the University's Executive Board. Remuneration of key management personnel was £3,642k including employer's pension contribution for 19 posts for the year ended 31 July 2022. (Excluding employer's pension contributions £3,205.) (£3,904k including and £3,443k excluding employer's pension contribution for 18 posts to 31 July 2021).

Higher paid staff

Remuneration of higher paid staff, excluding employer's pension contributions (except where this is part of a salary sacrifice scheme) and partner institutions in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are excluded in the University's Statement of Comprehensive Income is reported in the following table:

In line with the Office for Students Accounts Direction, the 2021/22 figures do not include staff who joined or left part-way through the year but who would have received salary in these bands in a full year. The 202/21 figures do include staff who joined or left part-way through the year.

This table excludes the Vice-Chancellor's remuneration, which is detailed on page 85.

	Year Ended 31 July 2022 Headcount	**Year Ended 31 July 2022 FTE**	Year Ended 31 July 2021 Headcount	Year ended 31 July 2021 FTE
£100,000-£104,999	**17**	**14.9**	25	22.6
£105,000-£109,999	**23**	**21.4**	18	14.6
£110,000-£114,999	**27**	**21.4**	33	25.3
£115,000-£119,999	**16**	**13.9**	13	12.0
£120,000-£124,999	**9**	**6.4**	15	12.3
£125,000-£129,999	**28**	**18.5**	22	13.3
£130,000-£134,999	**6**	**4.5**	4	4.0
£135,000-£139,999	**6**	**5.8**	6	4.5
£140,000-£144,999	**7**	**5.7**	4	3.2
£145,000-£149,999	**2**	**0.4**	-	-
£150,000-£154,999	**2**	**1.4**	3	2.0
£155,000-£159,999	**2**	**2.0**	3	3.0
£160,000-£164,999	**3**	**2.6**	-	-
£165,000-£169,999	**4**	**4.0**	3	3.0
£170,000-£174,999	**1**	**1.0**	1	1.0
£180,000-£184,999	**2**	**2.0**	2	2.0
£185,000-£189,999	**-**	**-**	1	1.0
£190,000-£194,999	**3**	**3.0**	-	-
£200,000-£204,999	**-**	**-**	-	-
£210,000-£214,999	**2**	**2.0**	2	2.0
£220,000-£224,999	**-**	**-**	1	1.0
£225,000-£229,999	**1**	**1.0**	-	-
£230,000-£234,999	**1**	**1.0**	1	1.0
	162	**132.9**	**157**	**127.8**

Independent members do not receive payment, apart from reimbursement of expenses for fulfilling their role as members of the governing body. Reimbursement of expenses amounted to £11,105 for 9 trustees (2021: £1,351 for 2 trustees). An additional £24,645 was paid directly by the University for travel, accommodation and subsistence for Council members (2021: £5,360).

Council Members

The University Council members are the charitable trustees. Due to the nature of the University's operations and the composition of the University Council (with members being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. Details of the organisations in which members of Council have an interest are published online at www.exeter.ac.uk/about/organisation/council/whoweare

Further information on related party transactions is included in Note 30.

Notes to the Financial Statements

NOTE 8 OTHER OPERATING EXPENSES

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Residences, catering and conferences	**15,441**	7,549	**15,440**	7,549
Rents and rates	**2,934**	1,700	**2,934**	1,697
Light, heat, power and water	**7,336**	5,801	**7,342**	5,805
Repairs and general maintenance	**11,515**	9,251	**11,515**	9,234
Research	**21,215**	16,967	**21,215**	16,967
Sport	**1,624**	748	**1,624**	748
Penryn campus costs	**7,689**	9,263	**7,689**	9,263
Laboratory equipment and consumables	**3,993**	3,292	**3,993**	3,292
IT hardware, software and licences	**8,963**	7,551	**8,962**	7,530
Other equipment (including loss on disposal of equipment)	**11,494**	8,656	**11,494**	8,656
Books and periodicals	**6,674**	7,155	**6,674**	7,155
Agency, seconded staff and staff support costs	**5,191**	4,414	**5,191**	4,414
Publicity, publications and student recruitment	**14,603**	9,781	**14,603**	9,781
Travel and subsistence	**8,537**	1,988	**8,537**	1,988
Scholarships, prizes and student support	**29,015**	26,116	**29,015**	26,116
Auditors remuneration[8]	**122**	111	**115**	100
Auditors remuneration in respect of non-audit services	**47**	36	**40**	36
Other expenses	**24,755**	33,837	**24,691**	33,770
	181,148	**154,216**	**181,074**	**154,101**
Included within other operating expenses are:				
Internal audit costs (within other expenses)[8]	**161**	232	**161**	232
External audit costs (within Auditors remuneration)[8]	**122**	111	**115**	100
Operating lease expenses	**534**	466	**534**	466

[8] Internal and external audit costs are shown net of the Value Added Tax.

Notes to the Financial Statements

NOTE 9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

GROUP	Staff Costs £'000	Other Operating Expenses £'000	Depreciation and Impairment £'000	Interest Payable £'000	**2022 Total £'000**	2021 Total £'000
Academic colleges	149,991	41,779	2,505	-	**194,275**	169,065
Academic services	38,731	18,245	721	-	**57,697**	35,181
Administration and central services	50,013	62,477	5,155	-	**117,645**	127,917
Premises	9,667	30,091	20,731	5,565	**66,054**	60,096
Residences, catering and conferences	5,920	7,341	27,654	-	**40,915**	34,077
Research grants and contracts	52,796	21,215	2,288	-	**76,299**	65,170
Pensions adjustment	131,817	-	-	766	**132,583**	21,409
	438,935	**181,148**	**59,054**	**6,331**	**685,468**	**512,915**

NOTE 10 INTEREST AND OTHER FINANCE COSTS

GROUP AND UNIVERSITY	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Loan interest	**5,551**	5,551
Other finance costs	**14**	14
Net charge on pension schemes	**766**	678
	6,331	**6,243**

NOTE 11 INTANGIBLE ASSETS

GROUP AND UNIVERSITY	Goodwill	Software £'000	Assets under development £'000	**Total £'000**
Cost				
As at 1 August 2021	364	18,750	3,028	**22,142**
Additions	-	29	1,660	1,689
Transfer from assets under development	-	2,820	(2,820)	-
Transfers from tangible assets	-	-	1,875	1,875
Cost of disposals	(364)	(592)	-	(956)
As at 31 July 2022	**-**	**21,007**	**3,743**	**24,750**
Depreciation				
As at 1 August 2021	364	15,045	-	**15,409**
Charge for the year	-	2,541	-	**2,541**
Disposals	(364)	(587)	-	(951)
As at 31 July 2022	**-**	**16,999**	**-**	**16,999**
Net Book Value				
At 31 July 2022	**-**	**4,008**	**3,743**	**7,751**
At 31 July 2021	-	3,705	3,028	6,733

The goodwill was acquired as part of the acquisition of the University of Exeter Students' Guild's trading activity on 10 December 2020. Goodwill is amortised on a straight-line basis over its useful life which concluded at the end on the 2020/21 academic year.

Notes to the Financial Statements

NOTE 12 TANGIBLE FIXED ASSETS

GROUP AND UNIVERSITY	Land and buildings Freehold £'000	Land and buildings Long Leasehold £'000	Service concession arrangement (Note 14) £'000	Equipment £'000	Assets under construction £'000	Total £'000
Deemed Cost						
At 1 August 2021	681,588	115,573	25,390	113,847	30,336	966,734
Additions	-	-	26,725	4,263	16,563	47,551
Disposals	(1,181)	-	(25,390)	(7,703)	-	(34,274)
Transfer to intangible assets					(1,875)	(1,875)
Transfers from assets under construction	26,586	1,080	-	4,876	(32,542)	-
Transfers to investment property	(802)	-	-	-	-	(802)
At 31 July 2022	**706,191**	**116,653**	**26,725**	**115,283**	**12,482**	**977,334**
Depreciation						
At 1 August 2021	122,123	21,116	-	80,572	-	223,811
Charge for the year	19,492	3,503	25,390	8,128	-	56,513
Disposals	(227)	-	(25,390)	(7,538)	-	(33,155)
At 31 July 2022	**141,388**	**24,619**	**-**	**81,162**	**-**	**247,169**
Net book value						
At 31 July 2022	**564,803**	**92,034**	**26,725**	**34,121**	**12,482**	**730,165**
At 31 July 2021	559,465	94,457	25,390	33,275	30,336	742,923

a) At 31 July 2022, freehold land and buildings included £87.2m (2021: £87.2m) in respect of freehold land which is not depreciated.

b) Included in the cost of freehold land and buildings is £1.1m (2021: £1.1m) bank loan interest paid that has been capitalised. This has been calculated at the loan interest rate of 5.88%. These finance costs are directly attributable to the construction of student residences and were capitalised as part of the cost of those assets whilst they were in the course of construction. There has been no capitalisation of interest payable in the current or prior years.

c) Upon transition to FRS102 tangible fixed assets were valued at deemed cost following a valuation performed by the external Chartered Surveyors, Jones Lang LaSalle, as at 31 July 2014 on the basis of existing use or depreciated replacement cost according to the nature and use of each building. This valuation was prepared in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors. No further revaluations of tangible fixed assets will occur, with the exception of investment properties (note 15) and heritage assets (note 13).

d) Long leasehold land and buildings are comprised of the University owned buildings on the Penryn Campus, which were acquired under a 125 years lease (106 years remaining), Engineering Research Centre on the Exeter Science Park site and the Research, Innovation, Learning and Development ("the RILD") buildings on the Royal Devon and Exeter Hospital (Wonford) site in Exeter, which was completed in 2013/14. The RILD buildings are held under a finance lease arrangement which has been fully paid in advance.

A finance lease liability and the equivalent prepayment have been included on the Statement of Financial Position in relation to the RILD building on the following basis:

	Note	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Debtors: Amounts falling due within one year	17	**133**	134
Debtors: Amounts falling due after more than one year	17	**15,392**	15,525
Creditors: Amounts falling due within one year	19	**(133)**	(134)
Creditors: Amounts falling due after more than one year	20	**(15,392)**	(15,525)

Of the amounts falling due after more than one year, £133k is due within one to two years, £400k is due within two to five years, and £14,859k is due after more than five years. (2021: £134k; £400k; £14,990k respectively).

Notes to the Financial Statements

NOTE 13 HERITAGE ASSETS

Group and University	Special Collections £'000	Fine Art Collection £'000	Total £'000
Cost/Valuation			
As at 1 August 2021	3,119	5,969	9,088
Additions	1	-	1
Revaluation surplus	139	17	156
As at 31 July 2022	**3,259**	**5,986**	**9,245**

History of heritage assets

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Year-ended 31 July					
Acquisition of heritage assets	**1**	-	-	78	-
Donated heritage assets	**-**	-	-	9	-
Revaluation surplus	**156**	-	(5)	1,847	-

Library special collection

Special Collections manages unique and distinct collections of archives, manuscripts and rare books. The collections are used extensively in University teaching and research programmes across a range of disciplines and are particularly strong in twentieth-century literary papers by writers associated with the Southwest of England, Arab and Islamic Studies, religious archive and book collections.

Fine art and furniture collection

The University has a collection ranging from paintings, prints and drawings to sculpture and silverware. The University has a collection of sculpture across Streatham Campus by distinguished artists such as Barbara Hepworth, Paul Mount and Michael Ayrton.

Both the library and fine art collection were professionally valued as at 31 July 2022 by external Fine Art Auctioneers and Valuers, Messrs. Bearnes Hampton and Littlewood, on an open market value basis.

Bill Douglas Cinema Museum

The Bill Douglas Cinema Museum holds a collection of books, prints, artefacts and ephemera relating to the history and pre-history of cinema. The initial collection was donated to the Exeter University Foundation in 1994 but since then other collections have also been donated, bringing total number of items to over 86,000. No value is reported in the Group's Statement of Financial Position as no reliable cost or valuation can be attributed to this unique and irreplaceable collection. These assets are managed by the curator and his staff to ensure their cataloguing, safe keeping and preservation and are insured against accidental damage or loss at the University's expense. The museum was opened to the public in 1997 and is free of charge.

NOTE 14 SERVICE CONCESSION ARRANGEMENTS

A service concession arrangement is a contract entered into by the University with a private sector entity in order to construct, operate and maintain infrastructure assets for a specified period of time. Such agreement requires a private sector entity to provide services on behalf of the University.

The University has three service concession arrangements with University Partnerships Programme Limited (UPP) for the development and operation of student residential accommodation services. These facilities are complete and available for the start of 2022/23 academic year.

Service concession arrangement	Contract starts	Contract length	Number of rooms available	Number of rooms nominated for 2022/23	Minimum lease payment £'000
Birks, Duryard, Lafrowda, St Germains and Rowe residences	September 2009	42 years	2,569	2,569	16,451
Spreyton and Moberley residences	June 2018	52 years	382	382	2,433
East Park residences	January 2019	52 years	1,182	1,182	7,841

The assets and liabilities relating to these contracts are recognised on the University's Statement of Financial Position to the extent that the University is required to fulfil nomination commitments by 31 January each year for the following academic year. This requires the University to pay for the nominated rooms in the following financial year only. Therefore, assets and liabilities relating to the service concession arrangements are recognised to the extent of the present value of the guaranteed minimum payment, being the rentals for the rooms nominated in each academic year. There is no provision for occupancy guarantee in the contracts. In the normal course of business, student rental income is expected to fund the University's obligation for the minimum lease payment to UPP. At the end of the contract term the buildings will revert back to the University.

Service Concession Arrangement assets

The asset value of the service concession in the Statement of Financial Position as at 31 July 2022 is £26.7m (2021: £25.4m).

Service Concession Arrangement liabilities

The total liabilities relating to the service concession included in the Statement of Financial Position as at 31 July 2022 were £26.7m (2021: £25.4m), representing the present value of lease obligations for the following academic year.

Future Commitments

The following table analyses the University's future commitments in relation to service concession arrangements:

	Payable within 1 year £'000
Liability repayments	26,697
Service charge	28
	26,725

Notes to the Financial Statements

NOTE 15 NON-CURRENT INVESTMENTS

	Endowment Funds invested £'000	Investment Property £'000	Subsidiary companies £'000	Other investments £'000	Total 2022 £'000	Total 2021 £'000
Group						
At 1 August 2021	**47,247**	**949**	**-**	**233**	**48,429**	**40,979**
Paid in/(withdrawn)	1,000	-	-	298	1,298	36
Investment income	1,010	-	-	-	1,010	880
Fees	(170)	-	-	-	(170)	(155)
Transfer to Tangible Fixed Assets	-	802	-	-	802	(1,079)
Revaluation (loss)/gain	(2,656)	86	-	-	(2,570)	7,768
	(816)	888	-	298	370	7,450
At 31 July 2022	**46,431**	**1,837**	**-**	**531**	**48,799**	**48,429**
University						
At 1 August 2021	**47,247**	**949**	**210**	**225**	**48,631**	**41,181**
Paid in/(withdrawn)	1,000	-	-	306	1,306	36
Investment income	1,010	-	-	-	1,010	880
Fees	(170)	-	-	-	(170)	(155)
Transfer to Tangible Fixed Assets	-	802	-	-	802	(1,079)
Revaluation (loss)/gain	(2,656)	86	-	-	(2,570)	7,768
	(816)	888	-	306	378	7,450
At 31 July 2022	**46,431**	**1,837**	**210**	**531**	**49,009**	**48,631**

Endowment Funds

The University holds an investment portfolio to invest part of its endowment funds, which are managed in line with the University Investment Policy. The investment objective of endowment funds is to achieve an absolute rate of return that is deemed achievable in the market place and sufficient to fulfil the charitable objectives of the donation, taking into account risks and any requirements to preserve capital. For more details on the endowment funds see Note 23.

Investment Property

The University holds investment property where buildings are held to earn external rental income. Where premises are occupied by subsidiary companies, these assets are not included as investment property at a consolidated level and are included within tangible fixed assets instead (Note 12).

Notes to the Financial Statements

NOTE 15 NON-CURRENT INVESTMENTS (continued)

Subsidiary companies

The investments in subsidiary undertakings, as consolidated in the Financial Statements, comprise the following:

Directly owned Indirectly owned	Group Holding	Shareholding	Principal business activity
UOE Consulting Limited	100%	60,110 Ordinary £1	Consultancy activities
Peninsula Innovations Limited	100%	2 Ordinary £1	Property management
ESI Enterprises Limited	100%	1 Ordinary £1	Dormant company
Living Systems Technology Ltd	100%	1 Ordinary £1	Dormant company
Exeter ISC Limited	100%	100 Ordinary £1 and 149,900 Redeemable preference £1	Holding company of INTO University of Exeter LLP
ERBS Trustee Limited	100%	1 Ordinary £1	Dormant company

All of the above companies are registered in England and Wales.

The activities of The Exeter University Foundation ("the Foundation"), a registered charity, are consolidated on the grounds that the University has a controlling influence over its activities. From 2015/16 the University is the sole corporate trustee of the Foundation. The Foundation supports the collections of The Bill Douglas Cinema Museum. It does not actively solicit donations, but will accept donations from those who prefer to donate to the Foundation rather than the University. The Foundation shares a year-end of 31 July with the University.

Other investments

Other investments of the University are comprised of the following:

Name	Holding
Attomarker Limited	765 Ordinary £0.01 shares
Biosystems Technology Limited	270 Ordinary £0.50 shares
BuildSolar Limited	7,146 Ordinary £0.01 shares
Concrene Ltd	2,350 Ordinary £0.01 shares
Cotton Mouton Diagnostics Limited	550,532 Ordinary £0.01 shares
DigiLab Solutions Limited	910 Ordinary £0.01 shares
Disigi Limited	12 Ordinary £1 shares
Full Scales Dynamics Limited	1,600 Ordinary £1 shares
Health Behaviour Group	Limited by guarantee
Industrial Tomography Systems Plc	249,564 Ordinary £0.01 shares
Isca Diagnostics Limited	2,500 Ordinary £1 shares
MAXLLG	200 Ordinary £0.01 shares
Minviro Ltd	54,478 Ordinary £0.00001 shares
MitoRx Therapeutics Limited	8,857 Ordinary £0.01 shares
Neuronostics Ltd	2,437 Ordinary £0.01 shares
One Health Ventures Ltd	500,050 Ordinary £0.01 shares
Quanterra Systems Limited	13,000 Ordinary £0.01 shares
Quest Genetics Limited	2,112 Ordinary £0.01 shares
Senisca Ltd	26,399 Ordinary £0.001 shares
Stream Sensing (nominee 1) Limited	72 Ordinary £0.01 shares
Trireme Systems Limited	59,220 Ordinary £1 shares
TTL Holdings Limited	1,583 Ordinary £1 shares
VM Agritech (former Myco Sciences Ltd)	125 Ordinary £1 shares

These are all minority shareholdings whereby the University does not have significant influence or control over the companies.

The University holds 67,536 Ordinary £10 shares in in Exeter Science Park Ltd. The shares are held at nil value, reflecting the uncertainty and remoteness of a return on investment. The development of the Science Park is being funded in part from the Heart of the South West Local Enterprise Partnership loan facility. For further details on the loan see note 27.

Notes to the Financial Statements

NOTE 16 INVESTMENT IN JOINT VENTURES

Falmouth Exeter Plus Ltd Group (FX+ Ltd)

FX + Ltd is a joint venture company with two members - the University and Falmouth University. It is a company limited by guarantee without share capital. FX + Ltd has been established to provide student accommodation, student support and commercial services for the Penryn campus, occupied by the University and Falmouth University and has the status of an exempt charity.

Tremough Development Vehicle Limited (TDV Ltd) is a dormant wholly owned subsidiary of FX + Ltd. It was established to provide the construction of the main campus for the University and Falmouth University.

Cornwall Plus Limited is a wholly owned subsidiary of FX + Ltd. It was established to operate non-student letting of residences, non-academic conferences, external events and corporate hospitality. It commenced trading on 1 August 2013.

FX + Ltd, TDV Ltd and Cornwall Plus Ltd have financial years that end on 31 July.

INTO University of Exeter LLP

INTO University of Exeter LLP is a limited liability partnership between Exeter ISC Limited, a wholly owned subsidiary of the University, and INTO Exeter Limited, a wholly owned subsidiary of INTO University Partnerships Limited. Its principal place of business is INTO Building, Stocker Road, Exeter, EX4 4PY. INTO University of Exeter LLP was formed in December 2006 and operates from the University of Exeter's Streatham campus. Its principal activity is the provision of pre-university academic and language courses, primarily to non-EU and non-UK students.

Exeter ISC Limited and INTO University of Exeter LLP have financial years that end on 31 July.

Jointly controlled entities

Both FX + Ltd and INTO University of Exeter LLP arrangements are jointly controlled entities and are accounted for using the gross equity method, such that 50% of each company's net equity (gross assets less gross liabilities) is included in the consolidated Statement of Financial Position of the University and 50% of their net income is reported in the University's consolidated income and expenditure account.

Both INTO University of Exeter LLP and Exeter ISC Limited have entered into a gift aid arrangement to distribute surpluses arising on their activities to the University and joint venture partners accordingly.

		Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Share of operating surplus/ (deficit)	FX +	**78**	(1,123)
	INTO	**990**	(462)
		1,068	**(1,585)**
Share of total comprehensive income	FX +	**11,323**	(2,886)
	INTO	**990**	(462)
		12,313	**(3,348)**
Share of gross assets	FX +	**39,572**	40,469
	INTO	**7,487**	7,804
		47,059	**48,273**
Share of gross liabilities	FX +	**(23,679)**	(35,899)
	INTO	**(7,918)**	(7,275)
		(31,597)	**(43,174)**
Share of net assets/(liabilities)	FX +	**15,893**	4,570
	INTO	**(431)**	529
		15,462	**5,099**

Notes to the Financial Statements

NOTE 17 TRADE AND OTHER RECEIVABLES

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Amounts falling due within one year				
Accrued research grant income	**28,242**	25,811	**28,242**	25,810
Prepayments	**27,472**	18,716	**27,443**	18,449
Other receivables	**19,781**	17,584	**19,770**	17,884
Amounts due from subsidiary companies	**-**	-	**46**	1,052
	75,495	**62,111**	**75,501**	**63,195**
Amounts falling due after one year				
Lease prepayment	**17,263**	17,509	17,263	17,509
Total	**92,758**	**79,620**	**92,764**	**80,704**

Amounts due from subsidiaries are repayable on demand with no interest charged.

NOTE 18 CURRENT ASSET INVESTMENTS

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Short-term deposits	**25,000**	-	**25,000**	-
Other short-term investments	**14,823**	10,251	**14,823**	10,251
	39,823	**10,251**	**39,823**	**10,251**

Short term deposits are held with banks and building societies operating in the UK financial market and authorised by the Financial Conduct Authority with greater than three months but less than twelve months maturity at the Statement of Financial Position date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2022, the weighted average interest rate of these fixed rate deposits was 1.47% (31 July 2021: nil) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 140 days (31 July 2021: nil).

Other short term investments include interest bearing notice bank accounts, money market funds, certificates of deposit, floating rate notes and corporate bonds with greater than three months maturity but less than 12 months at the Statement of Financial Position date.

Notes to the Financial Statements

NOTE 19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Other payables	**11,585**	10,945	**11,585**	10,945
Obligations under finance leases	**867**	867	**867**	867
Trade payables	**29,435**	23,916	**29,434**	23,901
Service Concession Arrangement	**26,725**	25,390	**26,72 5**	25,390
Social security and other taxation payable	**9,376**	6,471	**9,376**	6,471
Accruals and deferred income	**38,121**	39,980	**38,115**	39,626
Research grants received on account	**57,016**	50,834	**57,016**	50,834
	173,125	**158,403**	**173,118**	**158,034**

NOTE 20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		UNIVERSITY	
	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Bank loans	**209,580**	209,566	**209,580**	209,566
Obligations under finance lease	**15,392**	15,525	**15,392**	15,525
Deferred income	**37,688**	38,424	**37,688**	38,424
Other creditors	**130**	534	**130**	534
	262,790	**264,049**	**262,790**	**264,049**

Deferred income represents receipts from a number of service concession arrangements that are released to the Statement of Comprehensive Income over the life of contract. There is no contractual or constructive obligation to repay these receipts.

Analysis of bank loans Group and University	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Due in five or more years	**209,580**	209,566
Total secured and unsecured loans	**209,580**	**209,566**

Notes to the Financial Statements

NOTE 20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Included within the total balance above is the following:

Lender	Facility £'000	Interest Rate %	Repayment	Maturity	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Northwestern Mutual Life	35,000	2.58	Bullet	2038	**34,935**	34,931
Pricoa Capital Group	60,000	2.61	Bullet	2043	**59,881**	59,877
Pricoa Capital Group	90,000	2.68	Bullet	2048	**89,816**	89,811
Macquarie Investment Management	25,000	2.68	Bullet	2048	**24,948**	24,947
					209,580	**209,566**

In January 2018 the University issued Loan Notes of £210m to three lenders at fixed interest rates. Transaction fees of £482k are being amortised over the duration of the Loan Notes and charged to Other Finance costs.

All borrowings are unsecured but include a negative pledge obligation to each lender, whereby the University has agreed not to grant security over its assets to third parties.

In November 2017, the University entered into a 7-year £50m revolving credit facility with Barclays Bank. No drawings from the facility have been made during the year.

NOTE 21 ANALYSIS OF CHANGES IN NET DEBT

Group	At 1 August 2021 £'000	Cash flow in year £'000	Change in creditor £'000	**At 31 July 2022 £'000**
Cash and cash equivalents	126,546	10, 489	-	**137,035**
Current asset investments	10,251	29,572	-	**39,823**
	136,797	**40,061**	**-**	**176,858**
Bank loan and borrowings				
Due within 1 year	-	-	-	-
Due after 1 year	(209,566)	-	(14)	**(209,580)**
	(209,566)	**-**	**(14)**	**(209,580)**
	(72,769)	**40,061**	**(14)**	**(32,722)**

Notes to the Financial Statements

NOTE 22 FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments included within the Statement of Financial Position are presented in the table below:

	GROUP		UNIVERSITY	
Financial instruments	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Financial assets				
Financial assets at fair value through Statement of Comprehensive Income				
Listed investments	**46,431**	47,247	**46,431**	47,247
Investment properties	**1,837**	949	**1,837**	949
Investment in joint venture	**15,462**	5,099	**-**	-
Financial assets that are equity instruments measured at cost less impairment				
Other investments	**531**	233	**531**	225
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	**137,035**	126,546	**136,731**	125,671
Investments	**39,823**	10,251	**39,823**	10,251
Other debtors	**48,023**	57,330	**48,058**	57,878
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans	**209,580**	209,566	**209,580**	209,566
Service concessions	**26,725**	25,390	**26,725**	25,390
Finance leases	**16,259**	16,392	**16,259**	16,392
Trade payables	**29,435**	23,916	**29,434**	23,901
Other creditors	**130**	534	**130**	534

Listed investments are the University's endowment funds invested in securities actively traded on the Stock Exchange and regularly valued at open market value, and fixed income instruments such as bonds determined using quoted prices.

Investment properties are valued annually by an accredited professional valuer on the basis of the open market value for their existing use or depreciated replacement cost. The assumptions applied in determining fair value are:

- All buildings are materially sound;
- No alterations have been made that the valuers are unaware of.

Investments in joint ventures are accounted for using the gross equity method, such that 50% of each company's net equity (gross assets less gross liabilities) is included in the consolidated Statement of Financial Position of the University and 50% of their net income is reported in the University's consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

NOTE 22 FINANCIAL INSTRUMENTS (continued)

Nature and Extent of Risks Arising from Financial Instruments

The University's activities expose it to a variety of financial risks. The Council, alongside its Audit Committee, oversees the management of these risks by reviewing and agreeing policies and ensuring conformity.

The main risks to the University's activities are presented below.

Credit and Counterparty Risk

Credit and counterparty risk is the risk that a counterparty will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The University is exposed to credit risk from both its primary and ancillary activities and financial activities, including deposits with banks and financial institutions.

Outstanding receivables are regularly monitored. The maximum exposure to credit risks at the reporting date is the carrying value of each class of financial asset.

The risk applicable to financial activities is minimised through the investment strategy, and more specifically by the defined lending counterparty criteria, which sets out the principles with which potential counterparties' creditworthiness is judged. Such principles take account of counterparty ratings by the three major ratings agencies: Fitch, S&P and Moody's; with the lowest long-term rating of the three being used. Limits are set on the amount that can be invested with each financial institution based on ratings, group structure and duration. Short term deposits and current account balances are typically with banks and financial institutions who are committed lenders to the institution.

The lending counterparty criteria are proposed and approved regularly, incorporating any changes in financial institutions or developments in the wider political, economic, or legal environment.

A range of indicators are used to assess counterparties' creditworthiness, not just credit ratings. Among other indicators that are taken into account are:

- Credit default swaps and spreads;
- Likelihood and strength of parental support;
- Government guarantees and support;
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Liquidity/Refinancing Risk

Liquidity risk arises from the University's management of working capital, the finance charges and principal repayment on its borrowings. It is the risk that the University will encounter difficulty in meeting its financial obligations as they fall due. The University's objective is to ensure it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows, ensuring it has appropriate levels of cash and borrowing facilities to meet liabilities as they fall due.

Within the treasury management function, a comprehensive cash flow management system is operated to ensure that cash is available as needed. Cash investments are made based on forecasting the cash requirement for operational and capital spending. Short-term money market deposits are made with suitable counterparties, and it has become more frequent under current market conditions that notice accounts or money market funds are used.

A revolving credit facility of £50m is retained which can be drawn to mitigate the effects of any unexpected cash movements.

We conduct regular covenant analysis on a forward looking basis with our latest financial forecast and budgets.

Market Risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices, including but not limited to changes triggered by fluctuation of interest rate. The financial instruments held by the University that are affected by market risk are principally cash balances, borrowings and endowment funds.

Private placement borrowings have fixed interest rates applicable for the entire term of borrowings and therefore its exposure to a market risk is minimal.

Endowment funds are invested with an investment manager who ensures diversification and acts within the University's investment policy. The funds are placed on a nominee account opened in the name of the University. Compliance with the investment policy and performance of the investments is monitored regularly.

The University monitors its interest rate exposure on all cash balances. The University seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations. The overriding principals guiding the investment and deposit of surplus cash is the safeguarding and preservation of the principal investment.

The University seeks to optimise investment returns commensurate with its objectives of security and liquidity.

Foreign Exchange Risk

Bank accounts held are denominated in Sterling, Euros and Dollars. Foreign currency invoices are raised predominantly in Euro or Dollar. By holding Euro and Dollar denominated accounts exchange rate risk exposure is mitigated. Receipts in foreign currency in excess of scheduled respective currency payments are converted in Pound Sterling - the University's functional currency.

Notes to the Financial Statements

NOTE 23 ENDOWMENT RESERVES

Group and University	Restricted permanent endowment £'000	Unrestricted permanent endowment £'000	Expendable endowments £'000	**2022 Total £'000**	2021 Total £'000
Balances at 1 August:					
Capital/Original Gift	9,714	1,943	17,016	28,673	25,925
Accumulated income/Unapplied Total return	18,777	1,192	905	20,874	15,557
	28,491	**3,135**	**17,921**	**49,547**	**41,482**
New endowments*	-	74	5,408	**5,482**	2,372
Investment income	578	64	368	**1,010**	880
Expenditure	(1,872)	(11)	(2,806)	**(4,689)**	(3,498)
(Decrease)/increase in market value of investments	(1,619)	(193)	(844)	**(2,656)**	8,024
Transfer from donations	-	-	-	**-**	287
Total endowment comprehensive (loss)/income for the year	**(2,913)**	**(66)**	**2,126**	**(853)**	**8,065**
Balances at 31 July	**25,578**	**3,069**	**20,047**	**48,694**	**49,547**
Represented by					
Capital/Original Gift	9,714	2,017	1,212	**12,943**	28,673
Accumulated income/Unapplied Total return	15,864	1,052	18,835	**35,751**	20,874
	25,578	**3,069**	**20,047**	**48,694**	**49,547**

Analysis by asset:	**£'000**	£'000
Under management by Rathbone Greenbank	**46,431**	47,247
Cash managed by University	**2,263**	2,300
	48,694	**49,547**

Analysis by type:		
Institute for Arab and Islamic Studies	**18,226**	20,921
Exeter Forever Fund	**3,069**	3,135
Devon Research Scholarships	**1,079**	1,129
Sir Steve Smith Scholars Fund	**1,168**	1,078
Special Collections	**950**	993
Other permanent funds	**4,155**	4,370
Total Permanent Funds	**28,647**	**31,626**
Fozzard Medical Students Bursary Fund	**3,035**	614
HRH Prince Al-Waleed Al Saud Awards	**1,666**	1,841
Ines Barroso Fund	**1,415**	1,460
John Oldacre Foundation	**1,049**	1,141
The Carlotta Palmer Legacy	**608**	717
Other expendable endowments	**12,274**	12,148
Total Expendable Funds	**20,047**	**17,921**

*£2.9m of accrued legacy income is included in 2021/22

Notes to the Financial Statements

NOTE 23 ENDOWMENT RESERVES (continued)

Permanent funds descriptions

- The Institute for Arab and Islamic Studies (IAIS) Fund provides financial support for academic chairs within the Institute.
- The Exeter Forever Fund is a permanent unrestricted endowment. All legacies donated to the University (except those with specific restrictions) are allocated to the Exeter Forever Fund.
- The University hold funds for research scholarships for specific awards for residents of Devon and Cornwall.
- Sir Steve Smith Scholars Fund supports widening participation scholars across all faculties.
- The Special Collections fund is held to fund future additions to the Heritage Asset investments.
- The remaining permanent funds comprise 77 separate funds that are used for scholarships, prizes and general educational support.

Expendable funds descriptions

- Fozzard Medical Students Bursary Fund supports scholarship and bursary awards within University of Exeter Medical School.
- The HRH Prince Al-Waleed Al Saud scholarships are for IAIS students who are citizens of countries outside the Arab world. The scholarships are intended to support IAIS students in their University of Exeter assessments, by contributing to the cost of visiting Arab countries to undertake a recognised Arabic language course, or undertake research for a dissertation.
- Ines Barroso Fund supports of epidemiology work carried out by Professor Ines Barroso.
- John Oldacre Foundation gift of £1m was received for funding John Oldacre Foundation research fellow between 2019 and 2023 with subsequent creation of a permanent endowment fund for funding PhD students.
- The Carlotta Palmer Legacy funds were left to the University by the donor to be utilised within science disciplines. These funds are used to support a minimum of 9 studentships across 3 colleges.
- The remaining expendable funds are comprised of 315 separate restricted funds which were donated for a specified purpose, with no obligation to retain capital.

NOTE 24 UNRESTRICTED RESERVES

	GROUP		UNIVERSITY	
Income and expenditure reserve	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Balances at 1 August	**446,203**	**450,561**	**454,967**	**454,565**
(Deficit)/surplus from the income and expenditure statement	**(99,359)**	(12,928)	**(99,339)**	(9,671)
Other comprehensive income	**13,227**	8,310	**1,983**	10,073
Transfers between revaluation and income and expenditure reserve	**-**	260	**-**	-
Total comprehensive income/(expenditure) for the year	**(86,132)**	**(4,358)**	**(97,356)**	**402**
Balances at 31 July	**360,071**	**446,203**	**357,611**	**454,967**

NOTE 25 REVALUATION RESERVE

	GROUP					UNIVERSITY				
	Freehold land and buildings £'000	Heritage assets £'000	Non-current investments £'000	**2022 Total £'000**	2021 Total £'000	Freehold land and buildings £'000	Heritage assets £'000	Non-current investments £'000	**2022 Total £'000**	2021 Total £'000
Balances at 1 August	13,343	8,680	-	**22,023**	22,539	-	8,940	-	**8,940**	9,196
Revaluation in year	-	156	86	**242**	(256)	-	156	86	**242**	(256)
Transfers from revaluation to general reserve										
Depreciation on re-valued assets	-	-	-	**-**	(260)	-	-	-	**-**	-
Total reserve movement for the year	-	156	86	**242**	(516)	-	156	86	**242**	(256)
Balances at 31 July	**13,343**	**8,836**	**86**	**22,265**	**22,023**	**-**	**9,096**	**86**	**9,182**	**8,940**

Notes to the Financial Statements

NOTE 26 CAPITAL COMMITMENTS

Group and University	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Commitments contracted at 31 July	18,217	8,906
Authorised but not contracted at 31 July	22,328	34,006
Total	**40,545**	**42,912**

Capital commitments will be funded by a mixture of grants, loans, donations and internal working capital.

NOTE 27 FINANCIAL COMMITMENTS

Operating Leases	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Expiring within one year	439	348
Expiring between two and five years	368	224
Total	**807**	**572**

Provisions	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Exeter Science Park Ltd guarantee	2,648	2,400
Overseas tax uncertainties provision	1,009	-

The Heart of the South West Local Enterprise Partnership (LEP) has provided a loan facility to Exeter Science Park Limited (ESPL) for the development of the Science Park Centre. The University, jointly with Devon County Council, has provided a loan guarantee facility for up to 50% of the debt outstanding on the loan expiration date. The University has prudently provided for this guarantee to be called upon, setting aside £2,648k in the event that the University is required to fund its repayment to the LEP. The liability becomes payable on 31 October 2023. The amount provided for is based on the likelihood of interim loan repayments by ESPL to the LEP, according to their Business Plans, discounted to present value.

Other Liabilities

In addition to the liabilities recognised in these Financial Statements, the University also has financial guarantees and commitments with third parties which are not quantified as the likelihood of them being realised is remote. The two key commitments in place as at 31 July 2022 are:

- The University acts as guarantor, jointly with Falmouth University, on the FX + Ltd bank loans.
- The University underwrites the rental income charged to INTO University of Exeter LLP for the use of academic buildings.

NOTE 28 PENSION SCHEMES

Different categories of staff were eligible to join one of five different schemes:

- Universities' Superannuation Scheme (USS)
- University of Exeter Retirement Benefits Scheme (ERBS)
- University of Exeter Retirement Savings Scheme (ERSS)
- National Employer Savings Trust Pension Scheme (NEST)
- National Health Service Pension Scheme (NHSPS)

The two schemes, being USS and ERBS, are both defined-benefit schemes contracted out of the State Second Pension (S2P), the assets of which are held in separate trustee administered funds. The ERBS scheme closed to new entrants and to further benefits to existing members on 30 November 2016.

ERSS are defined contribution pension arrangement which was open to all staff on grades B-D on 30 November 2016.

NEST is a money purchase scheme contracted into the State Second Pension (S2P), which covers workers who are not already members into an appropriate pension scheme.

(i) NHS Pension Scheme

The University of Exeter is classified as a "Directions Employer" with regard to the NHSPS and as such can offer continued membership of the scheme to some members of staff as long as they fulfil the required criteria. The NHSPS is a multi-employer defined benefit scheme which is contracted out of the S2P. The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

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

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The employer contribution rate payable from April 2019 is set to 20.6% of the total pensionable salary, in accordance with the conclusion of the Government Actuary's report on the scheme.

Notes to the Financial Statements

NOTE 28 PENSION SCHEMES (continued)

Costs for the schemes, included in the Statement of Comprehensive income, were:

Pension Contributions	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
USS	**34,121**	31,900
ERSS	**2,392**	2,334
ERBS scheme expenses	**602**	465
Other pension schemes	**1,245**	478
Total in Staff Costs	**38,360**	**35,177**
Repayment of USS scheme deficits	**4,346**	3,340
Repayment of ERBS scheme deficits	**1,962**	1,592
Total pension schemes costs	**44,668**	**40,109**

(ii) Universities Superannuation Scheme

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

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

The total increase of the liability attributable to USS of £128.2m (2021: increase £17.9m) is reflected in the Consolidated Statement of Comprehensive Income.

The 2020 valuation was the sixth valuation for USS 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. The scheme's value at the valuation date is presented in the table below:

Scheme Assets and Liabilities	2020 valuation	2018 valuation
Total scheme assets	£66.5bn	£63.7bn
Total scheme liabilities	£80.6bn	£67.3bn
FRS 102 total scheme deficit	£14.1bn	£3.6bn
FRS 102 total funding level	83%	95%

Deficit recovery contributions due within one year for the institution are £12.2m (2021: £4.3m).

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

Key Sources of Estimation Uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors and may pose a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Determining the liability for future contributions requires an estimation of the present value of future cash flows which depends on the percentage of contributions which will be attributed to deficit elimination along with future salary inflation and the identification of a suitable discount rate.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

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

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

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. 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

Notes to the Financial Statements

NOTE 28 PENSION SCHEMES (continued)

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

	2022	2021
Discount rate	**3.31%**	0.87%
Pensionable salary growth:		
Year 1	**4.18%**	3.5%
Year 2-3	**8.00%**	3.5%
Year 4	**6.00%**	3.5%
Year 5-17	**4.18%**	3.5%

The employers' contribution rates are as follows:

Effective date	**Rate**
1 October 2019 to 30 September 2021	21.1%
1 October 2021 to 31 March 2022	21.4%
1 April 2022 to 31 March 2024	21.6%
1 April 2024 to 30 April 2038	21.4%

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2022	Impact: increase/(decrease) of USS provision £`000
0.5% p.a. decrease in discount rate	9,071
0.5% p.a. increase in salary inflation over duration	8,866
0.5% p.a. increase in salary inflation year 1 only	1,012
0.5% increase in staff changes over duration	9,331
0.5% increase in staff changes year 1 only	1,016

(iii) University of Exeter Retirement Benefit Scheme (ERBS)

The University operated a final salary defined benefit pension scheme that certain employees of the University could participate in, called the University of Exeter Retirement Benefit Scheme. The Scheme is closed to future accrual in November 2016. A replacement defined contribution scheme, the University of Exeter Retirement Savings Scheme (ERSS) was effective from 1 December 2016.

The funding policy of the scheme is to hold assets which are at least equal to the technical provisions calculated at each triennial valuation. The last triennial actuarial valuation of the ERBS scheme was performed as at 5 April 2021 by a professionally qualified actuary. The valuation shows that the scheme deficit was £25.2 million, representing a funding level of 85%, compared to a deficit of £21m and funding level of 86% at the 2018 valuation. A revised recovery plan resulted in deficit contributions increasing by £0.75m per year between 1 January 2022 and 31 December 2024 and then further £1.05m from 1 January 2025 to 31 December 2027.

The deficit recovery plan aims to eliminate the scheme deficit by 31 December 2027.

In 2020/21, the University has updated the methodology used to derive the CPI inflation assumption in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor of the Exchequer and UK Statistics Authority. The best estimate RPI-CPI wedge applied when setting the CPI assumptions has been updated from 0.6% to 0.7%.

In previous year, the University has updated the methodology used to derive the RPI inflation assumption, in particular, the methodology used to set the market break even RPI inflation rate has been updated from a spot rate to a single equivalent approach, and the inflation risk premium applied to this market break even RPI inflation rate has been updated from 0.4% to 0.2%.

The University has also changed the model used to derive the pension increase assumptions.

The financial assumptions used to calculate scheme liabilities under FRS 102 as at 31 July are:

	2022	2021
Discount rate	**3.3%**	1.6%
Inflation assumption (RPI)	**3.4%**	3.3%
Inflation assumption (CPI)	**2.8%**	2.6%
Pension payment increase for ERBS members – pre 01/08/10	**2.8%**	2.6%
Pension payment increase for ERBS members – post 01/08/10	**2.1%**	2.0%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used:

	2022 valuation	**2021 valuation**
Mortality base table	105% of S3PMA for males and females	105% of S2PMA for males and females
Scaling factor applied to base mortality rates	Deferred members: 115% (male) and 110% (female) Pensioner Members: 105% (male) and 100% (female)	105%
Mortality projection basis	CMI_2021 (Core) projection model, with 1% long term trend improvements	CMI_2020 (Core) projection model, with 1% long term trend improvements

The mortality rates are based on publicly available mortality tables for the UK. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 long term mortality improvement is uncertain with potentially adverse implication of adverse medical interventions and long COVID, with potentially positive implications if the surviving population is less frail or the pandemic causes improved healthcare initiatives and lifestyle choices. Overall, we believe currently that there is insufficient evidence to require an explicit adjustment to the mortality assumptions for COVID-19.

Notes to the Financial Statements

NOTE 28 PENSION SCHEMES (continued)

Years from date of retirement:	**2022**	2021
Males currently aged 65 (years)	**20.8**	21.1
Females currently aged 65 (years)	**23.6**	23.1
Males currently aged 45 (years)	**21.1**	22.0
Females currently aged 45 (years)	**24.1**	24.3

The mortality assumptions have been updated in line with those used for the recently completed actuarial valuation of the scheme. The CMI model used to allow for future mortality improvements has also been updated from the 2020 to the 2021 version The combined effect of these changes on the defined benefit obligation is negligible.

The core version of the 2021 model excludes mortality experience from 2020 and 2021, as the CMI considers that the mortality experience in 2020 and 2021, which was highly impacted by the COVID-19 pandemic, is unlikely to be representative of longer-term mortality trends. Although the 2021 CMI model does allow the user to adjust the model to give some weighting to 2020 and 2021 data, these adjustments have not been made at this time, as the effects of the coronavirus pandemic on longer term mortality are still unknown.

Scheme assets and expected rate of return for ERBS

The assets in the scheme and the expected rates of return together with the reconciliation of funded status to the Statement of Financial Position were as follows:

		2022 £'000		2021 £'000
Equities	20.3%	**25,680**	19.3%	31,056
Corporate Bonds		**-**	10.7%	17,200
Government Bonds	78.9%	**99,685**	68.8%	110,497
Cash/Other	0.8%	**1,058**	1.2%	1,823
Total		**126,423**		**160,576**
Present value of scheme liabilities		**(124,418)**		**(164,476)**
Pension asset/(liability)		**2,005**		**(3,900)**

Pension asset has not been recognised as such on the Statement of Financial Position, as there is no automatic entitlement to a refund from the scheme.

Actual return on Scheme Assets	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Actuarial (loss)/gain on assets	**3,989**	10,073
Interest income	**2,547**	2,110
	6,536	**12,183**

Analysis of the amount charged to the Statement of Comprehensive Income	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Scheme expenses	**(602)**	(465)
Interest income on assets	**2,547**	2,110
Interest cost on defined benefit obligations	**(2,593)**	(2,314)
Total charge to Statement of Comprehensive Income	**(648)**	**(669)**

Analysis of movements

Movement in the scheme surplus/(deficit)	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Opening deficit	**(3,900)**	**(15,361)**
Contributions paid	**2,564**	2,057
Scheme expenses	**(602)**	(465)
Interest income on assets	**2,547**	2,110
Interest cost on defined benefit obligations	**(2,593)**	(2,314)
Actuarial gain	**3,989**	10,073
Surplus/(deficit) on scheme at the end of the year	**2,005**	**(3,900)**

Notes to the Financial Statements

NOTE 28 PENSION SCHEMES (continued)

Movement in the fair value of scheme assets	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Opening fair value of assets	**160,576**	**152,332**
Interest income	**2,547**	2,110
Actuarial (loss)/gain on assets	**(33,879)**	9,388
Employers' contributions	**2,564**	2,057
Scheme expenses	**(602)**	(465)
Actual benefit payments	**(4,783)**	(4,846)
Fair value of assets at the end of the year	**126,423**	**160,576**

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

Movement in the present value of ERBS Defined Benefit Obligations	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Opening Defined Benefit Obligations	**164,476**	**167,693**
Interest cost	**2,593**	2,314
Actuarial losses	**(37,868)**	(685)
Actual benefit payments	**(4,783)**	(4,846)
Closing Defined Benefit Obligations	**124,418**	**164,476**

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

NOTE 29 PROVISIONS FOR LIABILITIES

	Provision for USS pension liability £'000	Defined Benefit Obligations on ERBS pension £'000	Total pensions provision £'000	Other provisions £'000	**Total provisions 31 July 2022 £'000**	Total provisions 31 July 2021 £'000
At 1 August 2021	82,739	3,900	86,639	2,400	**89,039**	82,635
Deficit repayments in year	(4,346)	(1,963)	(6,309)	-	**(6,309)**	(4,932)
Actuarial losses/(gains)	-	(1,983)	(1,983)	-	**(1,983)**	(10,073)
2021/22 movement	131,817	-	131,817	1,257	**133,074**	20,731
Interest on pension liability	720	46	766	-	**766**	678
At 31 July 2022	**210,930**	**-**	**210,930**	**3,657**	**214,587**	**89,039**

Pension provisions

The provision for the Universities Superannuation Scheme (USS) liability arises from the contractual obligation with the USS to make payments in accordance with the 2020 deficit recovery plan. In calculating this provision, management have estimated future staff levels for the duration of the contractual obligation, salary inflation and an appropriate discount rate. Key assumptions are set out in note 28(ii).

Other Provisions

£2.6m of the other provision is in relation to the guarantee held over Exeter Science Park Limited. £1.0m is in relation to the overseas tax uncertainties. See note 27 for more details.

Notes to the Financial Statements

NOTE 30 RELATED PARTY TRANSACTIONS

The University has taken advantage of the exemption not to disclose transactions with subsidiaries that are wholly owned. Included in the table below are transactions with related parties of the University not covered by the exemption.

This includes members of Council, as detailed at the front of the accounts. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length under normal market conditions and in accordance with the University's financial regulations and normal procurement procedures, which require individuals to declare any interest.

Year ended 31 July 2022	Recognised Income £'000	Recognised Expenditure £'000	Balance due to/ (from) the University £'000
Advanced HE	-	160	-
Binit Group Ltd	-	209	(27)
City Science Corporation Limited	140	-	7
Cornwall and Isles of Scilly LEP	-	-	(1)
Diabetes UK	496	68	51
Elsevier The Cell Surface	5	220	7
Exeter City Futures CIC	-	1	-
Exeter College	77	3	41
Exeter Northcott theatre	162	18	-
Exeter Science Park Ltd	213	140	54
FX + Ltd	70	12,608	328
Gilead Sciences Research Scholars	151	-	10
Global City Futures Limited	-	6	-
GSK (formerly GlaxoSmithKline) plc	15	-	-
INTO University of Exeter	5	806	133
JISC	-	2,054	(101)
John Wiley & Sons Ltd	-	24	(2)
Kortext	-	632	-
Oxygen House Group Ltd	1	-	-
Royal Devon University Healthcare NHS Foundation Trust	5,262	1,842	1,826
Royal Society University Research Fellowship	22	171	2
Russell Group	-	83	-
South West Institute of Technology	2	-	-
Ted Wragg Multi Academy Trust	-	7	-
The University of Manchester	1,250	212	56
Universities UK	-	74	-
University of Cambridge	647	428	(37)
University of Dundee	35	-	-

Year ended 31 July 2021	Recognised Income £'000	Recognised Expenditure £'000	Balance due to/ (from) the University £'000
Advanced HE	-	(1)	(1)
Bailey Partnership	1	-	-
Binit Group Ltd	-	181	(64)
Camborne School of Mines Trust	9	-	-
City Science Corporation Limited	16	-	7
Cornwall and Isles of Scilly LEP	-	-	1
Diabetes UK	427	-	55
Exeter College	48	-	-
Exeter Northcott theatre	93	261	30
Exeter Science Park Ltd	259	16	1
FX + Ltd	163	9,968	(5)
Global City Futures Limited	-	40	-
Institution of Structural Engineers	1	-	-
INTO University of Exeter	1,185	1,122	230
John Wiley & Sons Ltd	-	16	(12)
Royal Devon University Healthcare NHS Foundation Trust	6,526	2,227	1,481
South West Institute of Technology	2	15	-
Ted Wragg Multi Academy Trust	-	4	-
The South West Food Hub Community Interest Company	-	15	-
The University of Manchester	781	242	53
Universities UK	-	50	-
University of Cambridge	706	319	92
University of Dundee	41	7	12
Westerdijk Institute	-	-	(2)
Willis Tower Watson plc	15	-	-

Notes to the Financial Statements

NOTE 30 RELATED PARTY TRANSACTIONS (continued)

- Advance HE is a member-led, sector-owned charity that works with institutions and higher education across the world to improve higher education for staff, students and society. One council members is a Board Member in Advance HE.
- Binit Group Limited provides rubbish and recycling services for businesses. One council member is an investor.
- City Science Corporation Limited is a technology company created to optimise complex urban systems. One council member is the chairman and a shareholder.
- Cornwall and Isles of Scilly LEP is a partnership between public and private sectors, established to drive economic strategy for the area. One Council member is a Board Member.
- Diabetes UK is the UK leading diabetes charity. An Independent Member of Audit Committee is a member of the Diabetes Research Steering Group.
- Elsevier The Cell Surface is a highly multidisciplinary journal focused on cell surface and cell walls, and the macromolecular landscape of organisms. One Exeter UEB[9] member is Editor in Chief.
- Exeter City Futures CIC is a collaborative governance structure made up of key Exeter stakeholders including Exeter City Council, Devon County Council, Exeter College, the University of Exeter and the Royal Devon University Healthcare NHS Foundation Trust, as well as Global City Futures. One Council member is a CEO of the Global City Futures.
- Exeter College provides education for students. One council member is the Vice Chair of the Board of Governors, one Exeter UEB member is a member of the Governing Body.
- Exeter Northcott theatre is a registered charity in England and Wales and a Company limited by guarantee. The University is one of core funders of the company. One Council member is a Trustee of the company.
- Gilead Sciences Research Scholars support innovative research from emerging investigators around the world to advance scientific knowledge and improve the lives of patients everywhere. One Exeter UEB member is a Chair of the Governing Body.
- Global City Futures Limited is a consultancy that partners with local authorities and institutional leaders to co-create lasting solutions to urbanisation and establishing sustainable, 21st Century cities. One Council member is a CEO of the company.
- GSK (formerly GlaxosmithKline) pls is a British multinational pharmaceutical and biotechnology company with global headquarters in London, England. One of Council members is a director.
- JISC is a United Kingdom not-for-profit company that provides network and IT services and digital resources in support of further and higher education institutions and research as well as not-for-profits and the public sector. One Exeter UEB member is a Board Member of JISC.
- John Wiley & Sons is a multinational publishing company that focuses on academic publishing and instructional materials. One Exeter UEB member is an editor in microbiology.
- Kortext is the UK's leading experience and engagement platform with personalised learning space and access to vast number of digital textbooks. Exeter UEB member is the Academic Advisory Board member at Kortext.
- Oxygen House Group Ltd invests in environmental rebalance and obilises financial, scientific, mathematical and engineering expertise. One Council member is a director.
- Royal Devon University Healthcare NHS Foundation Trust serves the population of Devon and carries out cutting edge research into new treatments and understanding of diseases. One council member is a non-executive director.
- Royal Society University Research Fellowship is a research fellowship awarded to outstanding early career scientists in the United Kingdom who are judged by the Royal Society to have the potential to become leaders in their field. EUEB member is a Chair.
- Russell Group comprised of leading UK universities with a shared focus on research and a reputation for academic achievement. One Exeter UEB member is a Chair of PVC Education Group and the other is a Russel Group Board member.
- South West Institute of Technology is a collaboration between a number of partner organisations that provides technical education to learners and skills to employers. One council member is a Board member.
- Ted Wragg Multi Academy Trust works in partnership with schools, local community and businesses to enhance and broaden an education experience. One Exeter UEB member is a Nominated Member of the Academy.
- The University of Manchester is part of Russel Group of universities. One Exeter UEB member is an Honorary Professor.
- Universities UK works with universities, government and stakeholders to continue improving UK's higher education sector. One Exeter UEB member is a Member of UUK's Charter for Portfolio Review Advisory Group.
- The University of Cambridge is a part of Russel Group universities. One council member is a Policy Fellow Alum.
- The University of Dundee is higher education institution in the UK. One council member is an Honorary Professor.
- INTO University of Exeter LLP is a limited liability partnership between Exeter ISC Limited, a wholly owned subsidiary of the University, and INTO Exeter Limited, a wholly owned subsidiary of INTO University Partnerships Limited.
- The annually elected Student President of the University of Exeter Student Guild is a Council Member.
- FX + Ltd is a service delivery partner of Falmouth University and the University of Exeter which provides shared Higher Education services and facilities. University Registar and Secretary is a Board Member.
- The Falmouth and Exeter Students Union (FXU) is a membership-led charity for Falmouth and Exeter University students.
- The University of Exeter Retirement Benefit Scheme (ERBS) is a post-employment benefit plan for the benefit of the University employees. Details of transactions with ERBS are provided in Note 28.

All outstanding balances with the related parties are unsecured and are due for settlement in the form of cash. There was no expense recognised during the year in respect of bad or doubtful debt and no provisions were made for uncollectable receivables.

[9] UEB – University Executive Board

Notes to the Financial Statements

NOTE 30 RELATED PARTY TRANSACTIONS (continued)

FX + Ltd

For further information on FX + Ltd see note 16 on Joint Ventures.

The University and Falmouth University have jointly and equally guaranteed four loan facilities to FX + Ltd:

- A loan from Lloyds TSB Bank plc of £18.6m for 30 years at a fixed rate of 5.89% which was drawn down in September 2004.
- A loan from Lloyds TSB Bank plc for £12.1m for a term of 30 years at a fixed rate of 5.215% which was drawn down in December 2006.
- A loan from Barclays Bank Plc of £20.5m for new residences. The loan is repayable over 30 years, at a variable rate linked to SONIA plus 0.275% margin, and was drawn down in July 2010.
- A loan of £8m for new residences, £4m from the European Investment Bank (EIB) at a fixed rate of 2.4% and £4m from Lloyds TSB Bank at a fixed rate of 2.1%. The loan is repayable over 16 years. The EIB loan was drawn down in May 2012 and the Lloyds loan was drawn down in various stages from June 2012 – Oct 2013.
- The total FX + Ltd debt as at 31 July 2022 is £37.9m (2021: £43.0m). The University has guaranteed 50% of this balance, totalling £18.9m (2021: £21.5m).

The FX+ Limited has capital commitments as follows:

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Commitments contracted at 31 July	361	110
Authorised but not committed at 31 July	413	-
	774	**110**

Transactions between the University and FX + Ltd were as follows:

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Income derived from the FX + Group	70	163
Expenditure incurred with the FX + Group	12,608	9,968

The balances owing between the University and FX + Ltd at the year-end were as follows:

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Amount owing from the FX + Group	328	5

INTO University of Exeter LLP / Exeter ISC Limited

For further information on INTO see Note 16 on Joint Ventures.

Transactions between the University and INTO University of Exeter LLP in the normal course of business were as follows:

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Income derived from INTO	5	1,185
Expenditure incurred with INTO	806	1,122

The balances owing between the University and INTO University of Exeter LLP at the year-end were as follows:

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Amount due to the University from INTO	133	230

In April 2021 the partners of INTO University of Exeter LLP provided loans of £1m each, to fund working capital requirements of the partnership. The loan has now been repaid.

Notes to the Financial Statements

NOTE 31 DEPARTMENT FOR EDUCATION AND TEACHING REGULATION AGENCY (DETRA) INITIAL TEACHER TRAINING BURSARIES

DETRA training bursaries are available solely for students; the University acts only as paying agent. The training bursaries are therefore excluded from the Statement of Comprehensive Income.

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Balance at 1 August	189	465
NCTL Grants	1,386	3,742
Disbursed to students	(1,555)	(4,018)
Balance at 31 July	**20**	**189**

NOTE 32 REGULATORY DISCLOSURES

The Office for Students requires the University to publish additional information, set out in the OfS Regulatory Advice 9: guidance on preparing and publishing financial statements for accounting periods beginning on or after 1 August 2019. This covers data on senior staff costs and the Vice-Chancellor's remuneration which is included in Note 7 on Staff Costs. In addition we are required to publish supplementary data on tuition fees and teaching grant and on access and participation expenditure, as set out below.

Grant and Fee income

Group and University	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Grant income from the OfS	**17,915**	15,829
Grant income from other bodies	**44,841**	43,587
Fee income for taught awards	**306,127**	268,841
Fee income for research awards	**11,771**	11,516
Fee income from non-qualifying courses	**8,737**	7,134
Total grant and fee income	**389,391**	**346,907**

This note is a consolidation of Note 1 and Note 2.

Notes to the Financial Statements

NOTE 32 REGULATORY DISCLOSURES (continued)

Expenditure on Access and Participation related activities for the year ended is included in the Statement of Comprehensive Income and presented in the table below:

Access and Participation	**Year Ended 31 July 2022 £'000**	Restated Year Ended 31 July 2021 £'000
Access Investment	3,647	2,778
Financial Support	5,945	6,956
Disability Support (excluding expenditure included in the two categories above)	1,047	927
Research and Evaluation	413	400
Total	**11,052**	**11,061**

Total Access and Participation costs are calculated using a combination of direct costs captured through our accounting system and indirect costs which were calculated using an assumptions based model.

These assumptions are based on analysis undertaken by our finance team working closely with departments across the University to capture all available data for input into the model to ensure a robust methodology.

- £3.813m of these costs (2021: £3.295m) are already included in the overall staff costs figures included in the financial statements (see Note 7);
- The published access and participation plan can be found here: Access and Participation Plan 20/21-24/25 (exeter.ac.uk)

NOTE 33 ALAN TURING GRANT

The Turing scheme is the UK government's global programme providing funding for study and work abroad placements.

Turing Scheme funding is available on a competitive basis for students going on a study or work abroad placement that is from 4 weeks to 12 months in duration, to help students make the most of their time abroad.

	Year Ended 31 July 2022 £'000
Grant funding received	1,115
Grant funding provided to students	(313)
Balance at 31 July	**802**

Notes to the Financial Statements

NOTE 34 US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the 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.

Primary Reserve Ratio Line item/related disclosures		**£'000**	**Year ended 31 July 2022 £'000**	£'000	Year ended 31 July 2021 £'000
	Expendable Net Assets		**62,466**		**12,813**
Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve		**360,071**		446,203
Statement of Financial Position – Net assets without donor restrictions	Revaluation reserve		**22,265**		22,023
Statement of Financial Position – Net assets with donor restrictions	Endowment reserve		**48,694**		49,547
Statement of Financial Position – Restricted reserves	Income and expenditure reserve		**122**		42
Note 23 - net assets with donor restrictions – restricted in perpetuity	Restricted permanent endowments	**25,578**		28,491	
Note 23 - net assets with donor restrictions – restricted in perpetuity	Unrestricted permanent endowments	**3,069**		3,135	
Note 23 - annuities, term endowments and life income funds with donor restrictions	Expendable endowments	**20,047**		17,921	
Statement of Financial Position – Restricted reserves	Income and expenditure reserve	**122**		42	
Statement of Financial Position – Non-current assets	Intangible assets	**7,751**		6,733	
Statement of Financial Position – non-current assets, net property, plant and equipment	Tangible fixed assets	**730,165**		742,923	
Statement of Financial Position – provisions, post-employment and defined benefit pension plan liabilities	Pension provisions		**210,930**		86,639
Note 20 - Long term debt obtained for long term purposes	Bank loans		**209,580**		209,566
Note 30 - Unsecured related party receivables	Sum of balances due to/(from) the University	**2,464**		1,962	
	Total expenses and losses		**548,196**		**488,008**
Statement of Comprehensive Income – Total expenditure	Total expenditure		**685,468**		512,915
Note 23 – expenditure with donor restrictions	Expenditure		**4,689**	3,498	
Statement of Comprehensive Income – Staff costs – movement on pension provisions	Staff costs - movement on pension provisions		**131,817**	20,731	
Note 10 – Net charge on pension schemes	Net charge on pension schemes		**766**	678	

Notes to the Financial Statements

NOTE 34 US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (continued)

Equity Ratio Line item/related disclosures		**£'000**	**Year ended 31 July 2022 £'000**	£'000	Year ended 31 July 2021 £'000
	Modified Net Assets		**420,937**		**509,120**
Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve		**360,071**		446,203
Statement of Financial Position – Net assets without donor restrictions	Revaluation reserve		**22,265**		22,023
Statement of Financial Position – Net assets with donor restrictions	Endowment reserve		**48,694**		49,547
Statement of Financial Position – Restricted reserves	Income and expenditure reserve		**122**		42
Statement of Financial Position – Non-current assets	Intangible assets	**7,751**		6,733	
Note 30 - Unsecured related party receivables	Sum of balances due to/(from) the University	**2,464**		1,962	
	Modified Assets		**1,071,439**		1,020,611
Statement of Financial Position – Non-current assets	Total non-current assets		**811,422**		812,272
Statement of Financial Position – Non-current assets	Total current assets		**270,232**		217,034
Statement of Financial Position – Non-current assets	Intangible assets	**7,751**		6,733	
Note 30 - Unsecured related party receivables	Sum of balances due to/(from) the University	**2,464**		1,962	

Net Income Ratio Line item/related disclosures		**£'000**	**Year ended 31 July 2022 £'000**	£'000	Year ended 31 July 2021 £'000
	Change in Net Assets Without Donor Restrictions	**85,890**		4,874	
Statement of Comprehensive Income	Unrestricted comprehensive expenditure for the year	**86,132**		4,358	
Statement of Comprehensive Income	Revaluation reserve comprehensive (income)/ expenditure for the year		**242**	516	
	Total Revenue and Gains	**580,326**			**498,121**
Statement of Comprehensive Income – Total Income		**586,924**			501,572
Note 6 – New restricted endowments and donations	Note 6 - Total	**5,603**		2,615	
Note 6 – New restricted endowments and donations	Note 6 – Unrestricted donations		**15**		44
Note 23 – Restricted investment income		**1,010**		880	

Five Years Summary Accounts

INCOME AND EXPENDITURE

	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Income					
Tuition fees and education contracts	**326,635**	287,491	265,128	247,898	232,065
Funding body grants	**62,756**	59,416	53,241	47,006	45,795
Research grants and contracts	**106,765**	94,618	93,152	86,965	76,073
Other income	**83,725**	56,287	49,991	62,751	57,584
Investment income	**1,440**	1,145	2,064	1,413	1,450
Donations and endowments	**5,603**	2,615	4,733	3,245	2,522
Total income	**586,924**	501,572	468,309	449,278	415,489
Expenditure					
Direct staff costs	**307,118**	277,971	265,957	244,521	222,863
Movement on pension provision	**131,817**	20,731	(63,981)	85,878	(285)
Other operating expenses	**181,148**	154,216	138,071	142,261	139,969
Depreciation	**59,054**	53,754	52,845	46,323	41,594
Interest and other finance costs	**6,331**	6,243	7,745	6,514	10,110
Total expenditure	**685,468**	512,915	400,637	525,497	414,251
(Deficit)/surplus before other gains losses and share of joint ventures	**(98,544)**	(11,343)	67,672	(76,219)	1,238
(Loss)/gain on investments	**(2,570)**	7,768	(486)	2,491	1,404
Share of operating surplus/(deficit) in joint ventures	**1,068**	(1,585)	(97)	2,000	1,092
(Deficit)/surplus for the year	**(100,046)**	(5,160)	67,089	(71,728)	3,734
Cash generation (EBITDA)	**57,748**	35,780	42,401	44,858	42,356
Operating Surplus/(Deficit) (EBIT)	**26,453**	(721)	3,499	16,159	15,754
Operating Surplus as a % of income	**5%**	0%	1%	4%	4%
Staff cost ratio[10]	**52.2%**	55.3%	56.5%	54.0%	53.3%

[10] (Staff costs per Note 7, excluding movement in pension provisions and severance costs, as a % of total income).

STATEMENT OF FINANCIAL POSITION

	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Tangible and intangible assets	**737,916**	749,656	749,545	725,694	711,669
Heritage assets	**9,245**	9,088	9,088	9,093	7,244
Investments	**48,799**	48,429	40,979	38,073	41,998
Investment in joint venture	**16,354**	5,099	9,047	13,081	14,374
Net current assets	**97,107**	58,631	58,740	82,807	50,660
Creditors: due after one year	**(262,790)**	(264,049)	(270,099)	(269,363)	(240,972)
	646,631	**606,854**	**597,300**	**599,385**	**584,973**
Pension liability and other provisions	**(214,587)**	(89,039)	(82,635)	(136,569)	(47,343)
Total net assets	**432,044**	517,815	514,665	462,816	537,630
Represented by:					
Endowment reserve	**48,694**	49,589	41,482	40,726	38,228
Income and expenditure reserve	**361,085**	446,203	450,644	398,803	478,295
Revaluation reserve	**22,265**	22.023	22,539	23,287	21,107
Total reserves	**432,044**	517,815	514,665	462,816	537,630

University of Exeter