



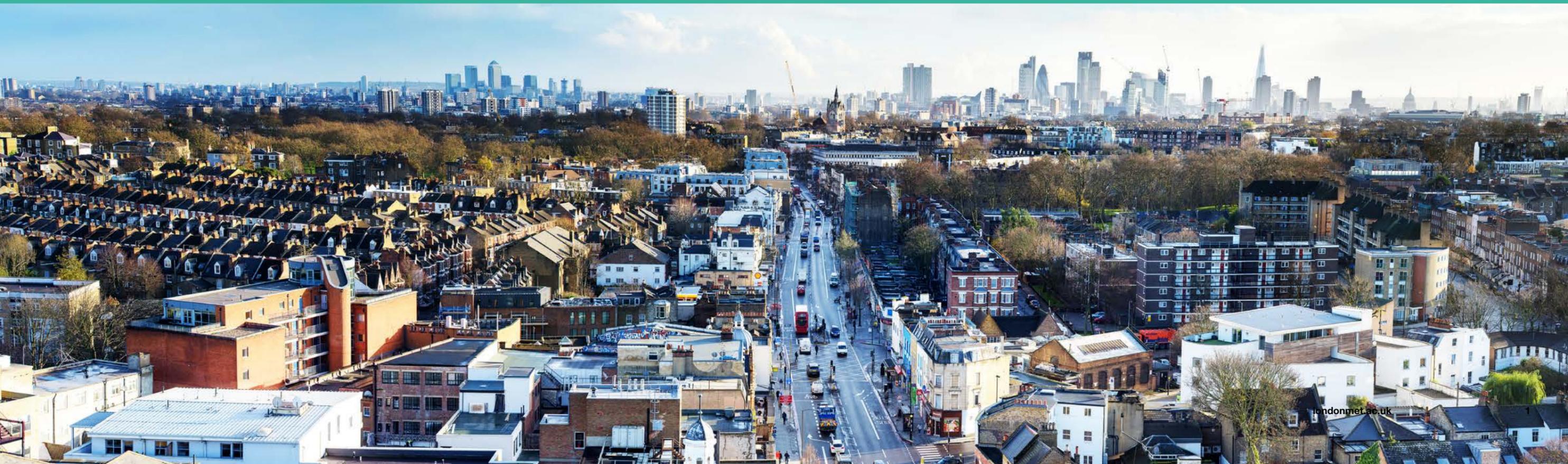
LONDON
METROPOLITAN
UNIVERSITY



Annual Report and Accounts 2020 /21

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Introduction from the Chair of the Board of Governors



I am delighted and very proud to introduce you to our Annual Report and Accounts for the financial year 2020/21.

It has been a year of change on so many levels for the University. As our sector grapples with negotiating pathways through this pandemic, as well as the myriad other challenges facing higher education, the careful reshaping of our institution has meant that we now have significant cash reserves and no borrowing, putting us in a stronger position than many other universities in London and elsewhere.

We have also made a commitment to only invest in companies whose activities and values are compatible with our own, and have divested from companies that do not meet our ethical standards. This means we do not make any direct investments in companies involved in producing tobacco or armaments, organisations whose human rights and labour standards fall below recognised international standards, or oil and mining companies.

These policies chime with the important steps we're taking through our strategic plan, which we began to implement last year. It's pleasing for our Board to see significant progress achieved in the second year as we action each objective and meet each goal. Within these pages you'll see numerous examples of how our strategic plan is helping to shape London Met's future and support those around us.

The Board remains steadfastly committed to our agenda of equality and social justice, and we are very pleased to see the progress that the University continues to make on the delivery of this promise, with a positive impact on the lives of students and the local community. The University continues to champion equity and inclusion and to support minority communities of many kinds. London Met also continues to strengthen its global reach as we grow our international community, helping our staff and students gain intercultural skills and be part of diverse and meaningful conversations and perspectives. Our international student community helps us to achieve our mission to transform lives through the power of education by broadening our institutional perspectives and by helping us to build diverse connections across borders.

It's been a testament to the expert guidance of our Vice-Chancellor, our leadership team and all our staff that so many students had such a positive experience of our high-quality digital learning in response to the pandemic. Flexibility and swift responses to feedback have also been key and remain an important consideration as we plan for full on-campus learning once more as safely as we can – now with the benefit of enhanced digital expertise and extra campus provision. Online graduation ceremonies have shown just how resilient and hard-working our students and staff have been and were certainly a cause to celebrate.

Mark Anderson
Chair of the Board of Governors

Foreword from the Vice-Chancellor



Our sector-leading Centre for Equity and Inclusion launched in 2020, and has already begun to embed the principles of fairness in every facet of the University.

As we face the challenges that Covid-19 continues to pose and embrace new ways of teaching, learning and working, it's apparent just how cohesive and resilient our community really is. I am so proud of how our students and staff have met each and every issue head-on, and worked so hard to bring about positive change.

Social inclusion and social mobility continue to form a key part of our strategy and our commitment to social justice, as well as building a university that has academic achievement and financial sustainability at its heart.

I am very pleased that the financial statements show the University returning to surplus and having a significant improvement in our reserves. My underlining principle since arriving at London Met has been to bring it to financial sustainability, in order to be able to invest in the University's future. To achieve that a year ahead of the target we set ourselves is extremely satisfying.

Our sector-leading Centre for Equity and Inclusion launched in 2020, and has already begun to embed the principles of fairness in every facet of the University; to review our curricula; and to tackle the injustice and discrimination facing minoritised students. One priority for the Centre's future is focused on fair outcomes for students. On a practical level, we're making this happen by building links between the University and the local community, providing students with opportunities to engage in projects and placements focused on addressing inequalities around London.

We're also committed to investing £15 million over five years to make effective,

tangible change through our Race Equity Strategic Plan. By fixing the academic pipeline, we'll ensure that our staff and decision-makers reflect the diversity of our students and our local communities as well as changing our institutional culture through an ambitious staff development programme. We're also funding research projects that directly relate to this strategy.

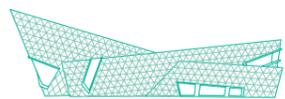
Our research makes a difference to some of the most pressing problems facing our world, and is of major value to practitioners, policy makers, funders and the public. We're strengthening our research centres and our research support, and broadening our interdisciplinary opportunities. Working closely with external partners ensures that our research and knowledge exchange remains grounded, impactful and innovative.

Through our flagship civic network, the London Met Lab, our mission is to tackle the inequalities facing London, to improve people's lives and to deliver social justice. London Met Lab works with more than 600 partner organisations to effect change – see more on page 18.

I am so pleased to be part of this fantastic, incredibly diverse community, and to see the real progress we're making on our strategy. Covid-19 has only served to highlight inequalities and, through the support of our amazing staff, students and partners, we're on an exciting journey to help build a fairer future. We hope you'll join us.

Professor Lynn Dobbs
October 2021

London Met in numbers



We have
10,857
students enrolled on campus

128

distinct nationalities
are represented



50%

of our 18 research centres
are led by women



82%
of our students are
studying full-time



60%
of our undergraduate students
are mature (over 21 on entry)

60%

of our students are from
a Black, Asian or Minority
Ethnic background



We're aiming for
at least

55%

of all early career academic staff, senior
academic staff and senior managers
to come from Black and minoritised
backgrounds by January 2025 to reflect
the London population benchmark

We held

151

virtual overseas recruitment
events during the pandemic



We received an overall
student satisfaction
score of

80%

in the National Student Survey
2021 – above the UK average

We jumped up

31 places

in *The Guardian's* university
league tables 2022



We are
6th

in the UK for teaching in
The Times/The Sunday Times
Good University Guide



We're investing

£15m

to advance race equity
across the organisation



We work with

600+

partnership organisations
through our London
Met Lab scheme

As we come to the end of the second year of our strategy, we can look back with pride at how much we have achieved in the last year.

Progress against our strategy



Starting with our people



We recognised that our outstanding academics and professional service staff are at the heart of our strategy.

Our goals are:

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

During 2020/21 we:

Continued to strengthen our leadership and management arrangements across the University to demonstrate our values and deliver our strategy by:

- Building a strong, highly skilled Senior Leadership Team (SLT) with a commitment to social justice and to delivering success for the University
- Further widening and also improving representation in the Senior Management Team (SMT) to ensure effective decision-making and commitment to organisational goals and values
- Continuing the executive leadership programme with a specific focus on managing through a crisis, wellbeing and balancing workloads, and compassionate and inclusive leadership

Created opportunities to ensure that all staff are appropriately developed, mentored and deployed to deliver our strategic priorities, and support their career aspirations by:

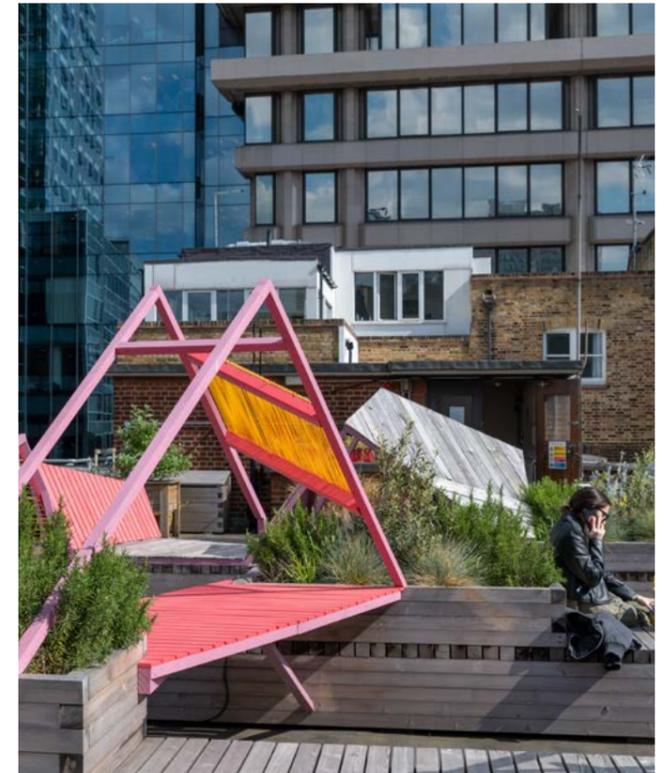
- Reviewing, restructuring and strengthening our professional service departments (PSDs) to ensure that they are aligned to the strategic direction of the University
- Reassessing the deployment of academic staff across the University with a strong focus on equity, teaching efficiency, delivery patterns, wellbeing and workloads
- Working towards clarifying the academic requirements for roles including Heads of Student Experience, Course Leaders, Heads of Subject and Principal Lecturers
- Implementing a review of the personal tutor system
- Implementing Inclusive Behaviours training for all student-facing staff to meet our student success goals
- Providing training and development support to improve staff practice in remote delivery
- Scheduling a professional service department development programme for 2021/22

Reviewed and further improved our staff recruitment and progression procedures to ensure that we appoint, retain and reward high-quality academic and professional service staff by:

- Clarifying and improving the requirement for mandatory candidate diversity statements that we introduced last year to ensure that new staff share our goals and values
- Introducing a new check between academic shortlisting and interview to verify that shortlists are representative of applicants
- Clarifying and improving the presentation of research capability to aid selection decisions
- Revising standard job specifications for academic appointments to reflect our commitment to inclusion and desire to attract talented individuals with expertise in equity and diversity

Further developed and refined our approaches to workload planning and contracts to ensure that they are transparent, fair and consistent by:

- Reviewing and clarifying our published University-wide standard academic workload model in light of feedback from its first year of usage
- Reviewing and updating our hourly-paid workload allocation to ensure parity with the academic workload model
- Developing a new online academic workload portal for staff and managers to set and view academic workloads ready for use from September 2021
- Continuing to prioritise substantive contracts over fixed-term contracts where possible



Engaged with staff from across our University to ensure their voices continue to be heard in decision-making and ensure that we seek feedback and act upon it by:

- Holding online staff forums with staff right across the University
- The Vice-Chancellor (VC) meeting all schools and professional service departments
- Running continuous “pulse” surveys to seek staff views and identify their needs during the pandemic
- Running consultation exercises and VC-led roadshows to support the development and launch of the new Race Equity Strategic Plan
- Engaging staff networks in the development of equity and inclusion workstreams
- The VC’s regular emails covering a range of announcements and updates on developments within the University



Made further progress towards relevant standards in relation to Athena SWAN, the Race Equality Charter, Stonewall and Disability Confident to facilitate diversity in our staff community and ensure that everyone at London Met is valued and included by:

- Supporting our staff identity networks to plan and deliver a year-round programme of Equity, Diversity and Inclusion (EDI) events to mark key dates in the calendar, such as Black History, LGBTQIA+ History, International Women's Day, and Pride
- Continuing the work of our Athena Swan self-assessment team who achieved a Bronze award in September 2021
- Continuing our review of policies to ensure they are gold standard, building on the review of our EDI policies last year
- Continuing our mentoring programme for Black, Asian and Minority Ethnic (BAME) staff aspiring to leadership in partnership with City University
- Establishing a Steering Group to improve LGBTQ inclusion and work towards the next submission for listing on the Stonewall Workplace Equality Index
- Launching a sector-leading Race Equity Strategic Plan, which includes a £15 million initiative to improve representation of Black, Asian and Minority Ethnic academic staff
- Building a team of experts within the new Centre for Equity and Inclusion to support our aspirations to create an inclusive workplace culture through development of EDI workstreams, datasets and accountability programmes

During 2021/22:

We will build on the work we have undertaken and we will also place particular emphasis on:

- Learning the lessons from lockdown to maintain an increased level of flexibility and preserving our ability to deliver a full service to students remotely
- Developing our workspaces to better enable and enhance flexible working practices
- Maintaining the increased level of staff engagement through forums, surveys and regular communications that we developed during lockdown and remote working
- Supporting staff health and wellbeing with a particular emphasis on supporting greater flexibility whilst balancing workloads
- Continuing to strengthen senior and middle management teams
- Continuing to ensure that staff are appropriately developed, mentored and deployed
- Further refining academic workloads, reducing our reliance on hourly-paid contracts, and minimising the use of casual contracts
- Taking forward our equality charter work to support our commitment to inclusion
- Continuing the roll-out of equity and inclusion training for all staff including reverse mentoring schemes for senior managers
- Progressing our initiatives to increase the Black, Asian and Minority Ethnic representation at a senior level, within our academic staff base and within our professional service departments and governing body



Focusing on student success



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

Our goals

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

During 2020/21 we:

Built on the progress that we made in 2019/20 by:

- Further strengthening how we involve our Students' Union and our students in our governance and decision-making, and introducing mechanisms to improve communication with students
- Creating a visible and vibrant University-wide taught postgraduate community
- Significantly improving our curriculum through a series of reviews and changes
- Establishing new initiatives to support the wellbeing and mental health of all students
- Continuing with actions to improve the student experience, which have led to improvements in the National Student Survey (NSS)

Launched our Centre for Equity and Inclusion to enable and oversee inspirational and inclusive teaching practice, while closely monitoring and driving forward improved student outcomes by:

- Developing and implementing our Education for Social Justice Framework (ESJF)* as our learning and teaching strategy
- Implementing Inclusive Behaviours training for all staff involved in teaching and supporting students
- Introducing data familiarisation workshops for academic staff to build practice in using student lifecycle data to inform decision making
- Continuing to oversee the actions required to deliver our Access and Participation Plan (APP)

Delivered an excellent remote learning, teaching and support experience for our students during the pandemic by:

- Working in partnership with the Students' Union and our students to ensure that our decisions reflected the student voice at all stages
- Holding a monthly forum for students to give us their feedback, ask questions and make suggestions – the feedback from these sessions has led to changes in our approach
- Implementing revised 'force majeure' regulations to ensure that our students were not academically disadvantaged throughout the pandemic
- Supporting staff to provide the very best remote learning, teaching and student support throughout the pandemic
- Increasing the support available to our students including access to IT equipment from home, increased hardship funds and increased 24/7 support for mental health and wellbeing
- Working with staff and students to develop a blended learning offer for implementation after the pandemic

Created strong learning communities for students by:

- Creating and establishing school offices within academic schools
- Implementing plans to improve student satisfaction at course level – these plans have led to improvements in all categories in internal surveys and the National Student Survey (NSS)



Put a range of academic and organisational measures in place to improve continuation by:

- Creating a Transitions Framework to support successful onboarding of new students during the first term of study – examples of measures include Get Ahead to support students before they arrive at the University; and The Big Watch to give students something in common to discuss when they arrive at the University and to have an early introduction to the University's inclusive values and sense of belonging
- Consulting on and developing a new approach to personal tutoring and enhancing academic support – this will be implemented in the 2021/22 academic year
- Establishing an engagement-monitoring system to track students' engagement – an engagement-monitoring group meets weekly to review students' engagement and their financial status and to ensure targeted support is provided
- Improving processes around assessment boards to ensure that students achieve the necessary credits for their future success

Introduced subject area planning to strengthen our offer by:

- Implementing a new Course Enhancement Process (CEP) to review the performance of each course and its metrics, to align each course with the University strategy, and to implement actions to ensure continuous improvement
- Reviewing the efficiency of our portfolio and removing small and underperforming modules and courses
- Implementing an academic workload modelling system to ensure that academic staff have appropriate and equitable workloads that support their progression and the strengthening of the subject area
- Undertaking a subject area review and portfolio futures review for each of the 20 subject areas within the University – these reviews look at the four-year historical performance of the area as well as identifying opportunities for the future development of the area

*The ESJF combines the principles of inclusive pedagogy with a progressive, values-based vision of a curriculum that reflects the mission of London Met; it will ensure that our curricula and practice align with the principles of equity and with who our students are. The roll-out of the ESJF is an important piece of the jigsaw to improve continuation and eliminate the degree awarding gaps at London Met.

Designed a new delivery framework to increase graduate-level employment with a particular emphasis on Black, Asian and Minority Ethnic achievement by:

- Implementing a range of initiatives to improve graduate-level employment – these include our ‘career areas project’ to showcase 14 different sector pathways to students and to ‘light the path’ to employment; our ‘Employability Skills for Graduate Success’ programme, building on a pilot from 2019/20 (this is a set of skills and information webinars, material and support delivered by public sector employers for Black, Asian and Minority Ethnic students) and careers mentoring
- Piloting a new Careers Education Framework, which provides students with a menu of flexible credit-bearing, work-related learning opportunities
- As part of the Education for Social Justice pilot, delivering workshops to course teams on how to build inclusive leadership attributes of future graduates to improve their market attractiveness and employability



During 2021/22:

We will build on the work we have undertaken in 2020/21 but we will also place particular emphasis on:

- Rolling out the Education for Social Justice Framework training to all academic staff
- Developing a blended learning model for post-pandemic teaching
- Implementing a new personal tutoring and academic support model that will be integrated with our student support services
- Reviewing our English language support for students to ensure their success
- Implementing additional measures to improve the graduate outcomes for our students
- Reviewing and enhancing assessment practice
- Reviewing and enhancing our Level 3 offer
- Introducing Global and Black Studies modules
- Launching a new student partnership agreement alongside the Students' Union
- To continue to embed life back on campus, retaining the best elements of working remotely to ensure a holistic approach to supporting our students



At London Met, we recognise that the celebration of Black history should not and cannot be limited to the month of October. We are proud to launch Black History 365, a commitment to honouring, learning and challenging public memory so that we move towards a more rounded understanding of our collective history.

Professor Lynn Dobbs



Growing our research and impact



Our research, and the impact that it has, is fundamental to our social mission. It is also the key to supporting our high-quality teaching portfolio.

Our goals

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

During 2020/21 we:

Provided a supportive research environment to develop staff and student research capabilities across the full breadth of our disciplines by:

- Driving the development of research in all areas of the University, not only in our seven subject units submitted to the Research Excellence Framework (REF) but also in other disciplines
- Reviewing and restructuring the research centres, groups and units to ensure we have 17 strong centres, groups and units, which were returned to REF, each with a plan, a lead and a strong membership base
- Instituting an Interdisciplinary Research Forum, which brings together cross-disciplinary groups to present exciting new research

- Appointing a Head of Researcher Development (HRD), enabling us to expand the portfolio of training and events, and develop our research capacity, range and inclusivity
- Signing up to the Concordat to Support the Career Development of Researchers – and the HRD is leading on the submission

Further developed the Graduate School for research and professional doctorate students underpinned by excellent training and support by:

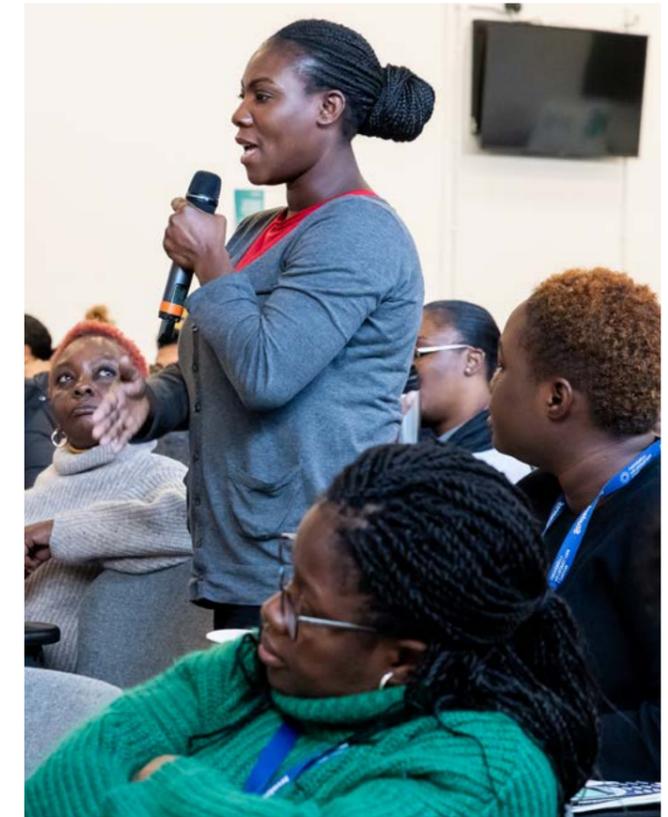
- Developing a wide range of support and training for students as well as organising the foundational annual Postgraduate Research and Staff Research Conference during the summer in both 2020 and 2021
- Establishing new doctoral regulations aimed at increasing expectations and achievement

Embedded impact and knowledge exchange within our research culture and exploited external relationships by:

- Expanding the numbers of staff who are entitled to research time on their workloads as well as providing support to staff to start or restart their research careers
- Supporting knowledge exchange-focused staff with funds to support their work and awarding time allocations to Challenge Champions
- Developing the link between research (QR) and knowledge exchange (Higher Education Innovation Fund) through our new funding opportunities (rescaling and transformation funds), with a clear sense of both elements being supported in funding awards ensuring our partnerships are more strongly supported than ever before
- Supporting businesses through our Accelerator, schools and clinics

Took forward plans to tap into the full breadth of research funding by:

- Increasing the quality and ambition of our bids by working with the Peer Review College
- Continuing to run training sessions for those interested in bidding to all major funders and providing support to research staff across all schools in the development and administration of a growing number of bids



Maximised the means to communicate the full range of our work to the widest possible audience by:

- Continuing to ensure all of our events and initiatives are communicated widely in line with our robust communications plan
- Maintaining a strong online presence of events, with a significant upsurge in attendance online, among both our own students and staff and those externally.
- Developing a research and knowledge exchange newsletter that showcases our work, as well as refreshing our webpages to align with our current profile, with a far greater range, extent and depth of information and profiling

During 2021/22:

We will build on the work we have undertaken in 2020/21 but we will also place particular emphasis on:

- Increasing the numbers of staff with workloads for research, involving close engagement with Subject Heads and Heads of School
- Writing and submitting a new Higher Education Innovation Fund Accountability Statement and, for the first time, a knowledge exchange Concordat, and analysing the Higher Education Business and Community Interaction Survey (HEBCIS) categorisation to ensure improvements in our Knowledge Exchange Framework (KEF) performance

Giving back to our city



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

Our goals

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

During 2020/21 we:

Engaged with London partners, local education providers, alumni and the University community to co-design solutions to the challenges facing London by:

- Further developing the London Met Lab: Empowering London as our key driver for change in our communities and wider city
- Supporting the community with Covid recovery, focusing on the identified six key challenges facing London: crime, social wealth, health improvement, discrimination, poverty and deprivation and environment
- Appointing Challenge Champions – members of staff with expertise in these areas – to continue to take forward this agenda with co-produced research and co-designed solutions
- Prioritising four boroughs – Islington, Tower Hamlets, Hackney and Waltham Forest

- Identifying three new second-priority boroughs (Newham, Haringey and Enfield) to collaborate with – more than 50% of our students come from these seven boroughs alone
- Finalising Civic University agreements with Islington and Tower Hamlets Councils and associated activities
- Signing a Memorandum of Understanding (MOU) with Hackney Council
- Supporting Waltham Forest with Covid testing
- Introducing a fundraising initiative to support the University, the priorities of our London partners and the concerns of our local communities within the context of the issues our city faces

Contributed to the governance of London's institutions and organisations by:

- Sitting on more further education/school, charity, local council and social enterprise boards or steering groups across the capital
- Being members of challenging inequality, health and social care, crime, youth, environment, digital inclusion, living wage, skills and Covid recovery working groups across priority borough councils
- Producing research that influences policy change, eg social distancing and Covid vaccination roll-out

Embed the principles of social justice and social inclusion into our curriculum, with a specific emphasis on the challenges facing London by:

- Developing social justice web resources and staff training
- Introducing change pilots for modules in all schools
- Including our work on giving back to the city course improvement plans

Undertook research and impact work to support the key priorities of our partners by:

- Developing specific research, focusing on Covid Recovery (eg, vaccine attitudes and perceptions research for NHS London, Skills Recovery Strategy with Islington and Hackney Councils, Youth Justice Board research, National Youth Theatre and Kickstart)
- Linking research excellence and knowledge exchange to our work on giving back to our city through the London Met Lab: Empowering London initiative
- Launching five new clinics: Injury and Rehabilitation Clinic, working with the local NHS, London Met Pro Bono Legal Advice Clinic, focusing on housing, employment and consumer law, our Projects Office Clinic, providing art, architecture and design projects for the community, our Small Business Clinic and our Charities and Social Enterprise Clinic, working with local councils and the employment team
- Launching London Met Lab: Your Questions Answered – a cross-collegiate series of sessions answering questions on timely topics relevant to the community
- Pulled together environmental work across the University to apply for place at COP26 (United Nations Climate Change conference)

Involved our students and staff in local community initiatives, community development projects and volunteering initiatives by:

- Developing more work placements in local community organisations and small and medium-sized enterprises (SMEs), Memorandums of Understanding, partnership agreements, and outreach programmes
- Running a new work-based learning module pilot Empowering London, which concentrates on working in the community and the issues London faces – the module is for Level 5 and 6 students across the University
- Developing postgraduate-level and study abroad Empowering London modules
- Providing training for staff and students on working with the community, community activism and development and providing opportunities to get involved
- Working with the London Met Students' Union and associated societies as they introduce campaign training to concentrate on some of these issues
- Embedding the six London Met Lab challenges in the Big Idea Challenge
- Embedding the six London Met Lab challenges and borough focus on student volunteering

During 2021/22:

We will build on the work we have undertaken in 2020/21 but we will also place particular emphasis on:

- Strengthening and deepening our relationships with existing partners
- Introducing a fundraising initiative to support the University, the priorities of our London partners and the concerns of our local communities within the context of the issues our city faces

Managed growth and diversification



The ongoing success of our University depends on us growing student numbers and diversifying our business – this will allow us to strengthen our financial position and reduce our reliance on any one recruitment channel.

Our goals

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

During 2020/21 we:

Developed mutually beneficial partnerships with colleges and schools across London by:

- Adding three more formal partners to our Partners in Education scheme, bringing the total to 12 partners covering 38 campuses of colleges and schools across London
- Increasing applications from these feeder institutions by 91% over the past two years since the establishment of the programme

Increased study abroad and full-degree recruitment in international markets by:

- Undertaking more than 151 virtual overseas recruitment events during the pandemic, leading to growth from key markets
- Launching a major partnership development campaign with outreach to more than 1,000 potential students at our partners, to kickstart post-pandemic recovery in this area

Strengthened our collaborative partnership network to enable more students to study for one of our degrees in their home country, ultimately improving their prospects, by:

- Reviewing all current collaborations to ensure quality and financial viability
- Embedding our new partnership with QAHE and Education Centre of Australia (ECA)

Undertook sector-leading marketing and conversion work by:

- Continuing to implement The Real London theme within marketing campaigns across main cycle and Clearing which will continue into next year
- Enhancing the segmentation and personalisation of our offer holder communications

Delivered innovative recruitment and conversion events during the pandemic by:

- Providing high-quality online recruitment and conversion events via various channels in place of our on-campus open days and offer-holder events during the pandemic
- Meeting with enquirers and offer holders via our virtual events from October 2020 to April 2021

Provided affordable and high-quality student housing in partnership by:

- Leasing bedrooms from our existing partner, IQ, on a site within walking distance of Holloway Road – this will meet the needs of students arriving from September 2021 for full-year and study abroad programmes

During 2021/22:

We will build on the work we have undertaken in 2020/21 but we will also place particular emphasis on:

- Further enhancing our recruitment, marketing and admissions infrastructure to support our growing student numbers and partnership development
- Investing in our international recruitment work to support growth following the pandemic
- Further strengthening and adding depth to our partnerships
- Continuing to review our partnerships to ensure quality and financial viability
- Enhancing our conversion in main cycle across both home and international markets

Vibrant campuses and cutting-edge facilities



Our physical infrastructure is the foundation of our strategy.

Our goals

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

During 2020/21 we:

Kept our estate in good order by:

- Completing fire compartmentation work on our Holloway Road campus ahead of time, significantly improving health and safety
- Carrying out remedial works in the Admin Block on Holloway Road

Undertook detailed work to establish priorities for future investment by:

- Agreeing a new post-Covid date of October 2021 to gain approval for the new Estates Strategy – work is underway already, with internal consultations taking place and a sub-group of the governing body created to ensure the development of the strategy is aligned to Board priorities and the Strategic Plan

- Gaining approval of a new Digital First Strategy for the University on 18 March 2021 – this work involved detailed consultations and had input from many stakeholders
- Investing in our digital learning resources – this follows the commitments in the digital strategy to further support students being able to access materials away from the physical library space

Managed capital and other investment projects within a framework of affordability

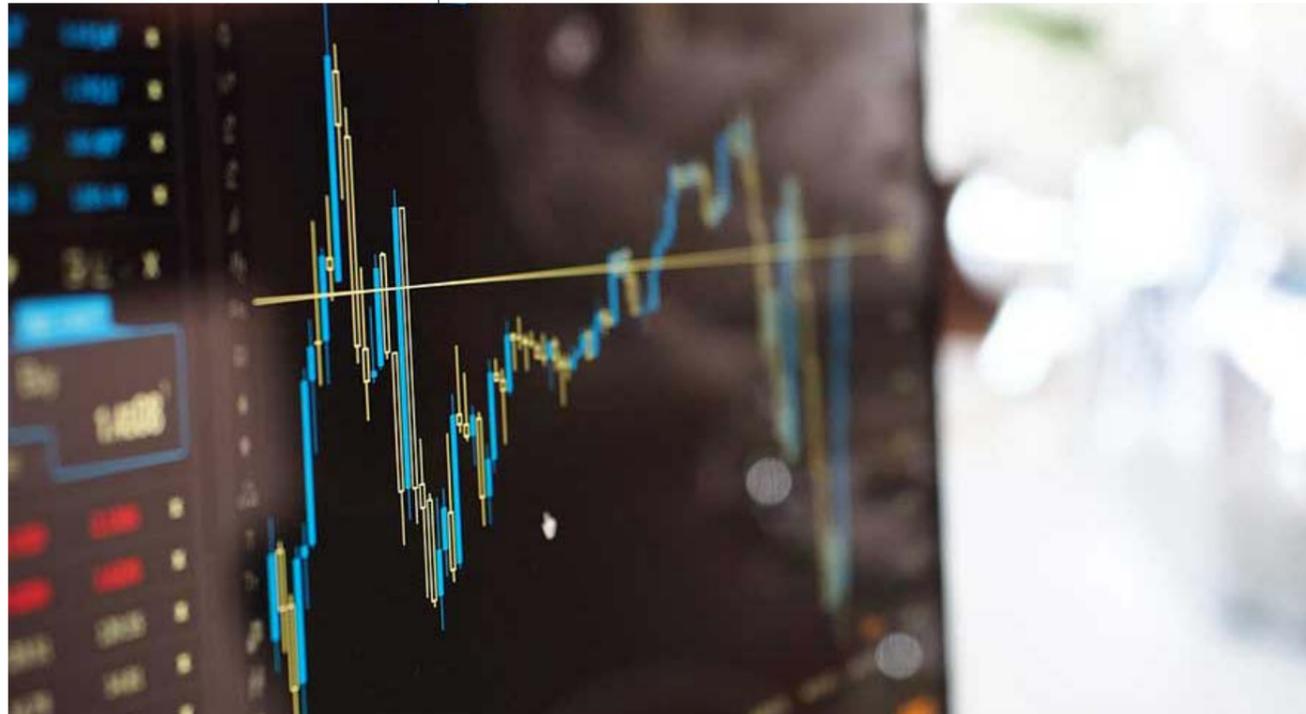
- During the past eight months the University has spent £3m on capital developments, including a significant spend on health and safety at both Holloway Road and at Aldgate – this was possible because plans were underway pre-Covid and the work progressed faster than expected because buildings were closed to the public
- The Estates strategy is progressing and plans to spend on student-related space will progress during the summer of 2021, with the film studio, school identities and school offices in progress

During 2021/22:

We will build on the work we have undertaken in 2020/21 but we will also place particular emphasis on:

- Introducing the new ways of working for professional service department staff so that the benefits of flexible working are embedded in a new culture for the long-term benefits of staff
- Completing the Estates projects that were planned for 2020/21 that were displaced by the Covid restrictions
- Agreeing a new Estates Strategy in spring 2022
- Continuing to implement the new Digital Strategy, particularly focusing on digitising the curriculum, cyber security, information-based decision support and new methods of delivering a flexible IT infrastructure, in support of continued flexible working arrangements

Sustainable finances



Over the course of this strategic plan, we will align investment with our KPIs and targets for improvement.

Our goals

- To grow and diversify our income
- To continue making significant improvements in the efficiency and effectiveness of our operations
- To closely monitor our financial health, considering the impact of the external environment on our University

During 2020/21 we:

Developed a robust set of data and financial information to understand business performance by:

- Circulating a monthly Financial Management Report that provides up-to-date performance information that is distributed to the senior leadership team and budget holders to keep them informed about progress towards targets – the latest set of numbers are also presented to the Finance and Resources Committee and the Board of Governors at each meeting
- Establishing a strategic planning and budget-setting process aligned to the strategy to ensure resources are allocated in the most effective way



Statement on supporting people with disabilities

We are committed to taking positive steps to provide an environment where employees with disabilities can maximise their potential, contribute to the best of their abilities and have equality of opportunity in recruitment, training and promotion within the University. We are also committed to promoting positive attitudes toward people with disabilities. We have an active network for staff with disabilities (which featured in our recent MetConnect) and also connect with our student disability network. We have a staff disability information page on our staff pages which is a focus for information for staff with disabilities with links to our network pages, our Disability disclosure guidance and forms and links to the DWP's Guide for line managers: Recruiting, managing and developing people with a disability or health condition and their Access to Work (AtW) scheme.

We are signed up as Disability Confident Committed. Under this scheme our commitments include:

- inclusive and accessible recruitment
- communicating vacancies
- offering an interview to people with disabilities
- providing reasonable adjustments
- supporting existing employees
- paid employment

Trade Union facility time

Facility time is defined as the provision of paid or unpaid time off from an employee's normal role to undertake trade union (TU) duties and activities as a TU representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties.

We recognise three trade unions: UCU, UNISON and GMB. Ten employees (8.06 FTE) were relevant union officials during the period 1 April 2020 to 31 March 2021.

The proportion spent by union officials on facility time was:

0% of working hours: two representatives.
1 to 50% of working hours: four representatives.
51 to 99% of working hours: three representatives.
100% of working hours: one representative.
755.5 hours were paid in facility time.
The percentage of the total pay bill spent on facility time was 0.08%.
No hours were spent on paid trade union activities.

Maintained a financial model that will allow the University to make informed decisions and ensure it can respond at pace to changes in the external environment by:

- Developing a financial model that allows us to look forward to the next three years, track cash flows and pick up early interventions where actuals differ from plan. We also use the Office for Students (OfS) model to track student numbers and other non-financial metrics to ensure these align to our strategy.
- Continuing to protect the cash and ensure excess cash is invested in line with the Treasury Policy
- Reviewing the external environment and keeping up to date with developments around pensions

During 2021/22:

We will build on the work we have undertaken in the past two years but we will also place particular emphasis on:

- Increasing and diversifying our income based on our financial model
- Ongoing cost containment ensuring that significant fixed costs are not incurred when revenue streams are not assured in the long term, eg some partnership activity
- Protecting our cash reserves for future investment
- Developing plans to invest in the institution once we have demonstrated the long-term financial viability of the University

Strategic Report

2020 /21

Operating and financial review

The University has had an outstanding year. We have delivered an operating surplus of £3.2m (2019-20: £4.7m operating deficit), beating our budget by £6.1m. On top of this we ended the year with £74m (2019-20: £60.1m) of cash and liquid investments in the bank. This was ahead of budget by £15.2m as a result of the strong operating performance £6.1m, improved working capital management £7.9m (this is the balance) and slower spend on some capital projects as a result of the Covid-19 pandemic worth £1.2m.

This performance has beaten the expectations of our current University strategy by two years and has moved the University closer to its objective of achieving financial sustainability. Financial sustainability is consistently generating more cash than we need to run our operation, ensuring that our expenditure is aligned closely to our income generation. By the year ended 2024-25, activities in the University will be delivering year-on-year surpluses with significant cash reserves to invest in our University. In addition, we will have over 10,000 students on campus with a strong collaborative partnership network.

Adjusted Operating Performance Summary

	2019-20 £'000	2020-21 £'000
Total Comprehensive Income	(73,323)	21,761
Actuarial loss / (gain) in respect of pension scheme	64,639	(26,244)
Pension interest	2,155	2,324
Notional costs and staff adjustments relating to pension fund deficit	1,784	5,377
Operating performance deficit	(4,745)	3,218

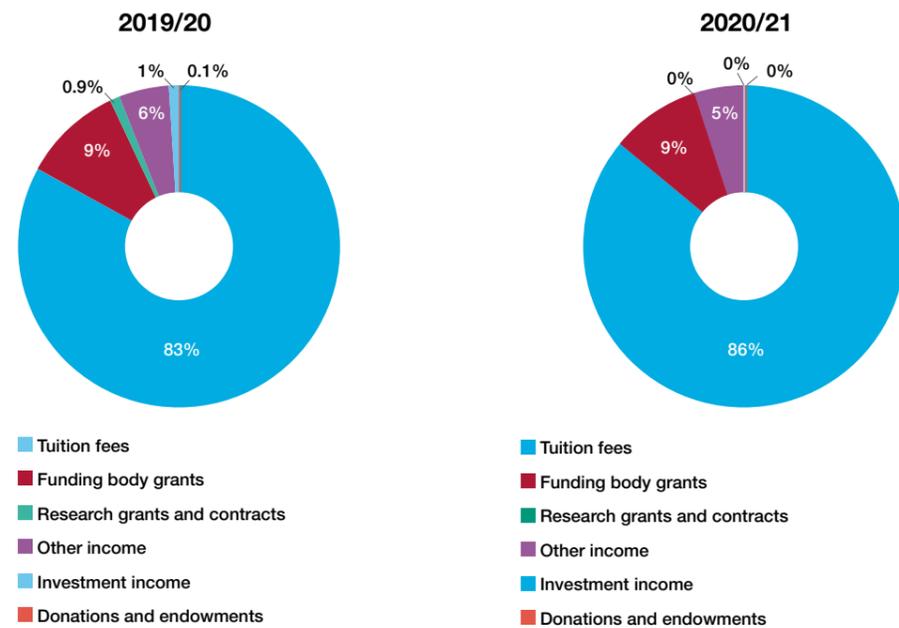
Income

Total income for 2020-21 was £110.9m, an increase of £15.8m (16.6%) on 2019-20 and an increase of £23.2m (26.5%) since 2018-19. This change was driven mainly by an increase in tuition fees income resulting from better student recruitment and retention, particularly in the spring semester of 2021.

	2018-19 £'000	2019-20 £'000	2020-21 £'000
Tuition fees	71,979	79,145	94,839
Funding body grants	8,454	8,849	9,683
Research grants and contracts	459	441	312
Other income	5,844	5,990	5,677
Investment income	715	657	370
Donations and endowments	209	20	11
Total income	87,660	95,102	110,892

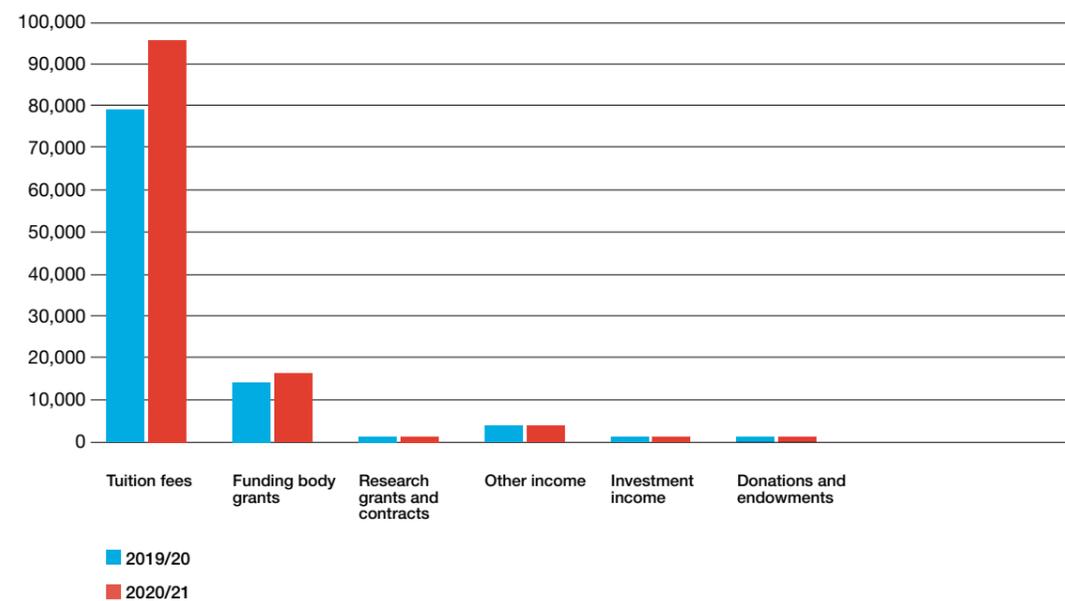
Income is predominantly driven by tuition fees in 2020/21, with 86% of income from this source, compared to 83% in 2019/20. In the year, tuition fee and funding body grant income reflects an increase of mainly UK/EU full-time undergraduate students studying at the University.

Income



Tuition fee income increased in the year by 19.8% to £94.8m (2019/20: £79.1m) and funding body grants by 9.4% to £9.7m (2019/20: £8.9m). Investment income on the other hand fell by about 43.7% and this reflects the current investment climate with significantly lower returns on investments.

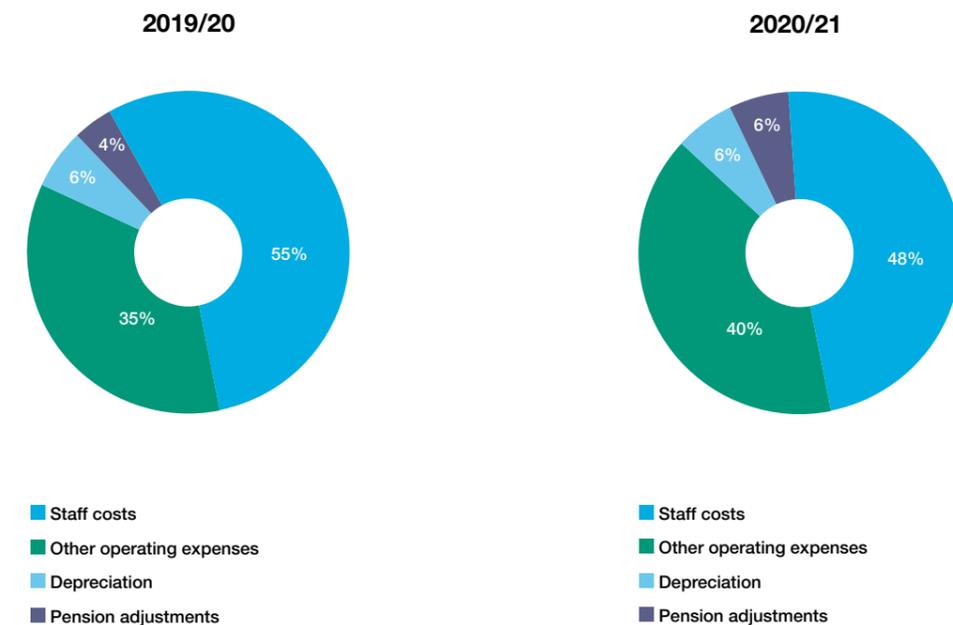
Income comparison



Expenditure

Total expenditure for 2020/21 was £115.4m, an increase of £11.6m (11.2%) from the previous year.

	2019-20 £'000	2020-21 £'000
Staff costs (including staff restructuring costs)	56,636	55,294
Other operating expenses	36,390	45,800
Depreciation	6,709	6,580
Pension adjustments	4,051	7,701
Total expenditure	103,786	115,375



Staff costs fell from £56.6m last year to £55.3m which represents a decrease of 2.4%. In 2020/21 total staff costs represented 47.9% (2019/20: 54.6%) of expenditure.

Other operating expenditure increased to £45.8m (2019/20: £36.4m), an increase of 25.9%. This was a combination of increased student recruitment agency and franchise fees which is directly related to the increase in tuition fees generated. Other operating expenditure makes up 39.7% (2019/20: 35.1%) of total expenditure.

Depreciation reduced by 1.9% from £6.7m in 2019/20 to £6.6m in 2020/21, reflecting the changing mix of our fixed assets base and the changes to our capital expenditure, which reflects purchasing equipment as well as building improvement projects. Depreciation is 5.7% (2019/20: 6.5%) of total expenditure.

The total pension adjustments increased from £4.1m to £7.7m and now represent 6.7% of expenditure compared to 3.9% last year.

Balance sheet

The University's Balance Sheet has been impacted favourably by the latest valuation of the assets and liabilities associated with the Local Government Pension Scheme at the end of July 2021. These changes represent the values at 31 July 2021 and the changes in value are reported through the financial statements which show our net assets have increased from £63m to £84.7m. This increase is mainly due to an actuarial gain in the year of about £26.2m.

Balance sheet

	2019-20 £'000	2020-21 £'000
Non-current assets		
Fixed assets	177,274	175,120
Investments	64	64
	<u>177,338</u>	<u>175,184</u>
Current assets		
Stock	47	57
Trade and other receivables	19,290	18,274
Investments	37,000	53,007
Cash and cash equivalents	23,108	20,996
	<u>79,445</u>	<u>92,334</u>
Less: Creditors: Amounts falling due within one year	(19,105)	(26,550)
Net current assets	<u>60,340</u>	<u>65,784</u>
Total assets less current liabilities	237,678	240,968
Provisions		
Pension provisions	(174,229)	(155,687)
Other provisions	(480)	(551)
Total net assets	<u>62,969</u>	<u>84,730</u>
Restricted reserves		
Income and expenditure reserve – endowment reserve	248	249
Income and expenditure reserve – restricted reserve	665	328
Unrestricted reserves		
Income and expenditure reserve – unrestricted reserve	1,434	23,531
Revaluation reserve	60,622	60,622
Total reserves	<u>62,969</u>	<u>84,730</u>

Fixed assets values reduced by £2.2m. During the year, £4.4m was spent on fixed asset additions which was offset by £6.6m of depreciation.

The balance sheet shows a strong net current assets figure of £84.7m at 31 July 2021 compared to £62.9m at the end of last year, 31 July 2020.

The University has strength in its ability to meet liabilities as they fall due with total current assets remaining strong at £92.3m (2019/20: £79.5m) an increase of £12.8m. Debtors decreased by £1.01m, cash and cash equivalents decreased by £2.1m and investment balances increased by £16m as a result of the underlying trading performance.

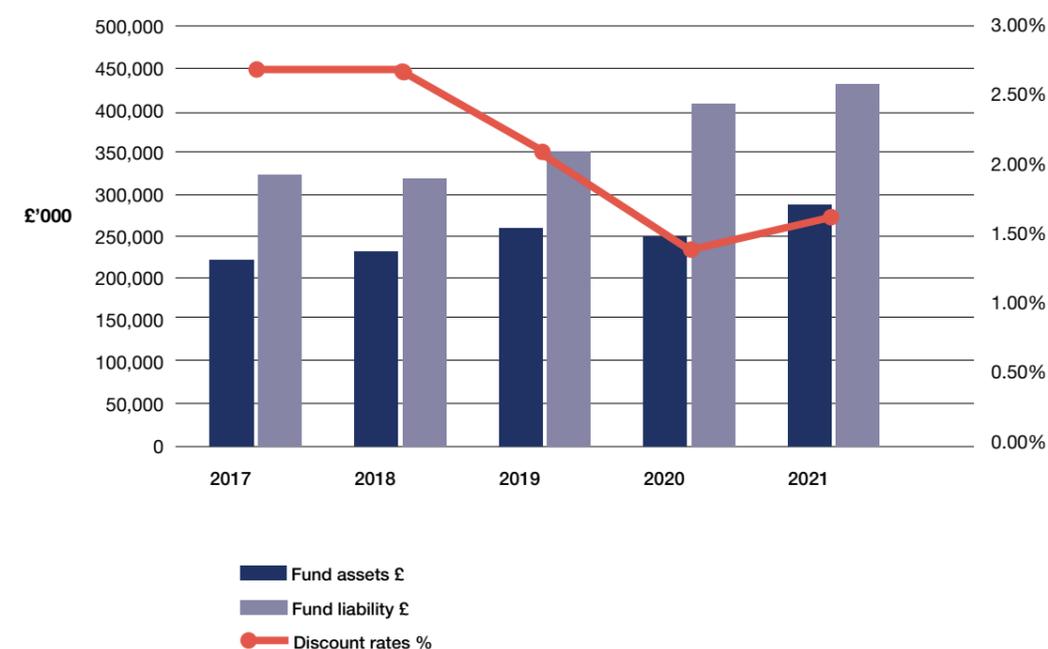
Creditors falling due within one year increased by £7.4m, from £19.1m in 2019/20 to £26.6m in 2020/21.

Pension provisions reduced by £18.5m from £174.2m to £155.7m, a decrease of 10.6% which is due to a favourable valuation resulting in actuarial gains of £26.2m.

LGPS Pension

The fund assets in the year ended 31 July 2021 increased to £284.6m (2019/20:£251.5m) which was mainly due to an increase in the return on assets. Fund liabilities increased to £439.7m (2019/20: £425.1m) and the net effect of the assets and liabilities resulted in an increase in fund assets of £22.5m, which is mainly due to an actuarial gain in the LGPS pension valuation for the year ended 31 July 2021. The actuarial gain for 2020/21 was £26.2m compared to an actuarial loss of (£64.6m) for the 2019/20 year end.

LGPS valuation



Treasury management

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

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

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

All investments are governed by the University Ethical Investment Policy that is reviewed annually and has been updated in 2021 to place stricter conditions on investing. The University also has a treasury management policy to ensure that each counterparty meets the minimum credit rating requirement set by the University, as well as restricting the amount deposited with counterparties in any single country and restricting the percentage deposit with any single counterparty.

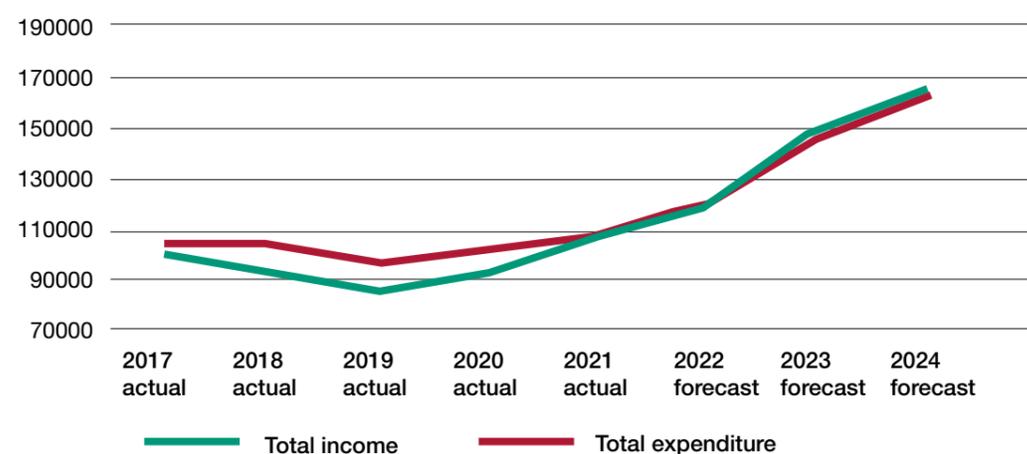
The University's foreign currency earnings represent a small proportion of its income and the overall exposure to exchange rate fluctuations is small.

Average daily cash and short-term investment balances in 2020-21 was £73.2m (2019-20: £59.7m). Interest earned on the balances was £0.4m (2019-20: £.7m) giving an average return for the year of 0.5% (2019-20: 0.6%).

Future developments

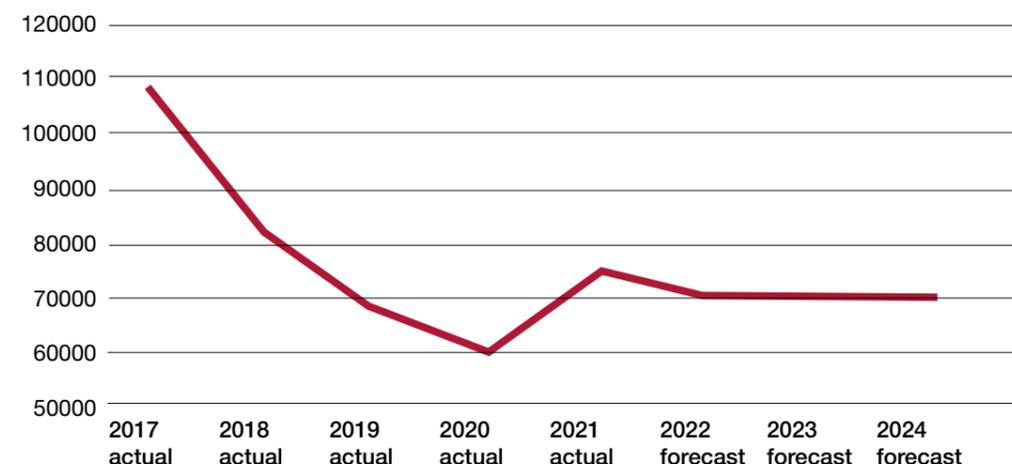
The University agreed a new Strategy – 2019/20 to 2024/25 in October 2019. This plan is underpinned by a drive towards financial sustainability. A key target is to eliminate the operating deficit by July 2022. The University is on target to achieve this.

London Met income and expenditure £'000s



Over the life of the Strategy, the University has budgeted capital expenditure plans worth some £33m. This spend will be targeted at improving the University infrastructure to enhance the student experience and drive student success. At the same time, the University has a key target to look after its cash balances and ensure it is well placed to cope with unforeseen events.

Cash Balances £'000s



Key performance indicators and progress

	Actual	Actual	Actual	Actual	Budgeted	Forecast
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Surplus as a % of turnover	-10.1%	-12.0%	-9.1%	-4.0%	0.6%	1.5%
Net cashflow from operations as a % of turnover	-10.7%	-9.0%	-7.9%	15.6%	5.0%	4.0%
Staff costs as a % of turnover	62.1%	62.6%	62.3%	55.3%	52.9%	46.1%
Cash balance at year end	£81.8m	£67.7m	£60.1m	£74.0m	£69.7m	£69.6m

Risks and uncertainties

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

In 2020, a risk register was developed to respond to issues surrounding the COVID-19 pandemic. This covers matters relating from the well-being of staff and students to the impact on finance, student recruitment and the delivery of key strategic objectives.

Key risks identified for the year ahead will continue to be influenced strongly by the COVID-19 pandemic but will also include a failure to recruit and re-enrol students to target numbers. Associated risks of failing to recruit European and international students have also been identified. In common with other parts of the sector, issues of demographic change and public policy, combined with increasing competition and the changing demands of undergraduate and postgraduate students, have contributed to these risks.

Members of the Board of Governors

The members of the Board of Governors of London Metropolitan University as at 31 July 2021 are listed below. Unless otherwise stated, all members served throughout the year.

	Date of appointment
Rohin Aggarwal (FRC)	
Mark Anderson ([Chair], FRC,GC, RC)	
Rolande Anderson (RC [Chair], FRC)	
Baron Anyangwe	
Tim Cochrane (AC [Chair])	
Rosemary Benson (SG, GC,EMP)	
Tricia Croasdell (FRC)	
Lynn Dobbs (AB [Chair], FRC, GC, EMP)	
Urmi Dutta- Roy	6 May 2021
Margaret Farragher (GC, AC)	
Renarta Guy (AC, RC)	
Harini Iyengar (AC)	
Anders Krohn	
Cathy McCabe (AC)	
Yasmeen Bashir (ST, GC)	6 July 2021
Rishi Trikha, (AG, AB, EMP)	24 June 2021
Frances Trought	
Shefaly Yogendra (GC, [Chair])	
Independent co-opted committee members	
Allan Boardman (AC)	21 January 2021
Rosemary Lemon (RC)	
Avnish Savjani (AC)	

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

Members of the Board of Governors

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

Michael Murphy's term as an Independent Governor ended on 31 December 2020.

Cecile Tschirhart's term as the Academic Governor ended on 30 April 2021.

Allan Boardman was appointed as a co-opted member of the Audit Committee commencing 21 January 2021.

Urmi Dutta-Roy was appointed as an Independent Governor, for three years, to start with immediate effect following the 6 May 2021 board meeting.

Rohin Aggarwal, an Independent Governor, was appointed as a member of the Finance and Resources Committee, to start with immediate effect following the 6 May Board meeting.

Mr Rishi Trikha was appointed as the Academic Governor for a term of three years, with immediate effect following the 24 June 2021 meeting.

Cathy McCabe's term ended on 31 July 2021.

Yasmeen Bashir was appointed as the Student Governor in accordance with their term of office as President of the Students' Union at their 24 June 2021 meeting.

The Board confirmed the appointment of the following appointments, commencing 8 September 2021:

- Independent Governor Margaret Farragher to the Audit Committee
- Independent Governor Frances Trought to the People and Remuneration Committee
- Staff Governor Rosemary Benson to the Finance and Resources Committee
- Academic Governor Rishi Trikha to the Governance Committee
- Independent Governor Tricia Croasdell to the Governance Committee
- Independent Governor Urmi Dutta-Roy as a member of the Finance and Resources Committee

Principal advisers

Bankers	Barclays Bank Plc Holloway and Kingsland Business Centre London E8 2JK
External Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Insurers	Arthur J. Gallagher Station Square One Gloucester Street Swindon SN1 1GW Zurich Municipal Southwood Crescent Farnborough Hampshire GU14 0NJ
Internal Auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ
Property Advisers	Avison Young 65 Gresham Street London EC2V 7NQ
Solicitors	JG Poole & Co LLP E-Space South 26 St Thomas Place Ely Cambridgeshire CB7 4EX Veale Wasbrough Vizards LLP 24 King William Street London EC4R 9AT

Statement of responsibilities of the Board of Governors

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

Under the University's revised Articles of Association approved in March 2020 (which took effect on 19 March 2020), the Board of Governors is responsible for "determining the educational character and mission of the University, for stewardship of its resources and for oversight of its activities" (Article 11.1).

The Companies Act 2006 and the Memorandum of Assurance and Accountability with the Office for Students "OfS" (the Memorandum) require the Board of Governors to ensure that Financial Statements are prepared for each financial year.

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

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

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

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

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

Statement of responsibilities of the Board of Governors (continued)

Statement of Board of Governor's responsibilities in respect of the Annual Report and the financial statements

The Board of Governors is responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess 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 parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

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

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

Statement of corporate governance

This statement is intended to help readers understand the [corporate governance](#) procedures that are in place at the University. It covers the period from 1 August 2020 to the date of approval of the audited financial statements.

The moral and ethical environment

The University's mission and values are defined in the University's Strategic Plan 2019/20 – 2024/25. We ensure transparency in our corporate governance arrangements by adhering with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Before joining the Board, all members provide a fit and proper person declaration in accordance with the Office for Students' public interest governance principles.

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

The Board has regard to the voluntary Higher Education Code of Governance issued by the Committee of University Chairs (CUC). The revised Higher Education Code of Governance (the 'CUC Code') was published in September 2020. The Board's Governance Committee received the revised CUC Code at its October 2020 meeting. The Board's Governance Committee carried out its annual mapping of the University's compliance with the CUC Code in May 2021, this exercise was used to inform further development of the University's governance arrangements.

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

How the University is governed

The University is a company limited by guarantee and an exempt charity, which means that the governors are simultaneously company directors and charity trustees. Its governing document is the Memorandum and Articles of Association. The current Articles were approved and adopted by the Board of Governors on 19 March 2020 to take immediate effect.

The Board consists of staff, student and independent (non-executive) members, and is structured so that the independent members form an absolute majority. The roles of Chair and Chief Executive (Vice-Chancellor) are separated. The Articles stipulate that neither staff nor student members of the Board are eligible to serve as Chair of the Board. There is thus a clear division of responsibility.

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

- A Statement of Primary Responsibilities, defining the Board's principal responsibilities under the University's Articles of Association;
- A Scheme of Delegation, which defines how responsibilities are delegated to the Board's Committees and to the Vice-Chancellor and other members of the Executive;
- Board Regulations, which set out in detail how matters which the University's Articles envisage being governed by Regulations will operate and how matters set out in the Articles will operate on a day to day basis. The Board Regulations provide an overarching framework for other University Regulations, including the Academic Regulations (approved by the Academic Board under delegated authority), the Financial Regulations and the Scheme of Delegation, and
- Financial Regulations, which provide the framework within which the University's financial policies, procedures and systems of control operate.

The Board has established an Academic Board which is responsible under delegated authority from the Board of

Statement of corporate governance (continued)

Governors for maintaining and enhancing the academic performance of the University in teaching, examining and research, and for advising the Board of Governors on matters relating to the educational character and mission of the University. The Academic Board's terms of reference are approved by the Board of Governors.

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

London Metropolitan University's Students' Union is a company limited by guarantee with charitable status. While the Students' Union is an independent organisation with considerable responsibility for and autonomy in its own affairs, the University's Board of Governors is responsible under the Education Act 1994 for general oversight. The University values its students and to that end the President of the Students' Union is a member of the Board of Governors.

Governance during the year

In the year to 31 July 2021, the Board met five times, which included a Strategy Session in October 2021. Additionally, it held three informal Digital Strategy sessions and two additional informal meetings as part of the University's response to the Coronavirus pandemic.

The Board's sub-committees are:

- Audit Committee (met four times in 2020-21)
- Finance and Resources Committee (met four times in 2020-21)
- Governance Committee (met three times in 2020-21)
- Remuneration Committee (met twice in 2020-21)

Additionally, the Audit Committee and Finance and Resources Committee met jointly to consider the University's Financial Statements in November 2021.

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

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

The Remuneration Committee was chaired by Rolande Anderson in 2020/21. In November 2020, the Committee met to consider Senior Staff performance and objectives. The Remuneration Committee met in February 2021 to consider a succession planning report. In June 2021, the Board of Governors approved a proposal to extend the remit of the Remuneration Committee to include people strategy, accordingly the Committee was renamed 'People and Remuneration Committee'.

The Audit Committee, chaired by Shefaly Yogendra in 2020/21, reviews the work of the internal and external auditors and considers their reports, together with recommendations for the improvement of the systems of internal control in conjunction with management responses and implementation plans. It reviews the University's annual financial statements and the appropriateness of its accounting policies. It also provides oversight of the risk management process on the Board's behalf. The committee receives and considers reports from the Office for Students insofar as they affect the University's business and monitors adherence to regulatory requirements, including health and safety (a health and safety report is provided to each meeting of the Audit Committee); operational matters relating to the implementation of the Health and Safety Strategy are considered by the Health and Safety Committee, which is an executive committee. Members of the Senior Leadership Team attend Audit Committee meetings as necessary, but are not members of it. The Chair of the Board is not a member and does not attend its meetings.

The Finance and Resources Committee, chaired by Tim Cochrane in 2020/21, reviews and recommends to the Board of Governors the University's annual capital and revenue budgets and the financial forecasts submitted

Statement of corporate governance (continued)

to the Office for Students. Its role includes inter alia reviewing the University's financial regulations and its draft financial statements, monitoring financial performance, and considering estates and Human Resources matters.

The Governance Committee, chaired by Margaret Farragher in 2020/21, is responsible for making recommendations to the Board about filling vacancies in Board and Committee membership and about the award of honorary degrees. It has a remit to consider any governance matters. The Committee reviews the effectiveness of the University's governance as an ongoing process, including an annual assessment of the University's compliance with the Higher Education Code of Governance, and the annual consideration of effectiveness questionnaires completed by governors and committee members.

The committee regularly reviews the diversity of the Board and its committees, and takes diversity into account when making recommendations to the Board regarding appointments in line with the target adopted by the Board of Governors in March 2020 that to reflect the London adult population¹, 55% of our Board and associated committees will be from a Black or minoritised background by 2025.

Statement on internal control

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

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

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

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

The system of internal control is informed by a continuous process to identify, evaluate and manage the University's significant risks, linked to the achievement of institutional objectives. This process covers business, operational and compliance as well as financial risk, and has been in place for the year ended 31 July 2021 and up to the date of approving these financial statements.

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

- The Board receives regular progress reports on Risk Management and confirms there is a clear policy and plan of risk management, which has been communicated to the Schools and Professional Service Departments (PSDs). The University's Risk Management Policy and Process was reviewed and approved in April 2021;
- The Corporate Risk Register is updated throughout the year and identifies the main risk owners and risk-mitigating actions. Risks are scored by likelihood and impact and are ranked accordingly. Risk registers are also maintained for each School and major PSD. The University has a 'Risk Champions' group of staff involved in maintaining local risk registers which meets quarterly. A report of the Risk Champions group is submitted to the Audit Committee and minutes of the Risk Champions group are reported to the Senior Leadership Team;
- The Board and Audit Committee have been regularly updated regarding the review of the Corporate Risk Register and revisions to the Universities risk management procedures throughout 2020/2021;
- The Senior Leadership Team receives a report of the Corporate Risk Register on a quarterly basis over the course of the year. The Chief Operating Officer is the member of the Senior Leadership Team with lead responsibility for risk management;
- The Audit Committee oversees the arrangements for risk management and at each meeting receives a report on the Corporate Risk Register as well as a report on the risk management processes in place in Schools and PSDs. Members of the Board receive a report of each meeting of the Audit Committee;
- Each year the Audit Committee approves a programme of specific internal audits for the following year. The programme of internal audit is based around a structured assessment of system risks within the University's operations and is reviewed in-year to ensure that emerging issues are addressed;

¹England and Wales Census 2011.

Statement of corporate governance (continued)

- The Audit Committee receives reports from the internal auditors at each meeting. These reports provide an independent opinion of the adequacy and effectiveness of the University's arrangements for risk management and the internal control systems, together with appropriate recommendations. The internal auditors also report as a matter of course on the progress made in implementing recommendations from previous reports;
- The Audit Committee, in its annual report to the Board of Governors, provides an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance;
- An in-depth audit of Risk Management arrangements was undertaken in 2020/21 and submitted for review by the Audit Committee's May 2021 meeting. The University's external auditors undertook an exercise to evaluate the design and operating effectiveness of the risk management framework, including consideration of the approach to managing risks related to the Covid-19 pandemic;
- In 2020/21 the Audit Committee established a deep-dive process for undertaking end to end reviews of risks within the University's Corporate Risk Register;
- The Chief Operating Officer and the University Secretary attend meetings of the Audit Committee and have direct and independent access to members of that Committee, as do the internal and external auditors. The Audit Committee held its three 'members only' sessions with the internal and external auditors throughout 2020/21.

The Board, through the Audit Committee, has reviewed the effectiveness of the system of internal control operating in 2020/21 and up to the date of approval of the financial statements.

There were no significant internal control issues during the year.

The financial statements on pages 49 to 79 were approved by the Board of Governors of London Metropolitan University on 25 November 2021, and signed on its behalf by:

Mark Anderson

Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

Date: 25 November 2021

Date: 25 November 2021

Directors' report

The Board of Governors (the Board), as the directors of London Metropolitan University, presents the University's annual report and audited financial statements for the year ended 31 July 2021

Basis of preparation of the financial statements

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

After examining the financial forecasts of the University, the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2025. For the purpose of their going concern review, the Board has focused on the period to 30 November 2022.

As at 31 July 2021, the University held cash and liquid investments totalling £74m, which provide the basis for investment in the plan. The cash flow forecast for 2021/22 shows cash and liquid investments of £69.7m at 31 July 2022, after funding £6.7m of capital investment. The forecast cash and liquid investments balance at 31 July 2023 is £69.6m, after funding £6.5m of capital investment in 2022/23. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2021/22 in June 2021 which forecast an operating surplus of £0.7m, in line with the University strategy for 2020 – 2025. From 2022/23 the University will continue to generate positive operating cash flows and capital expenditure over the time line of the strategy amounts to some £19.5m to ensure funds are available to enhance the student experience.

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

Constitution

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

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

Donations

The University makes no political or charitable donations.

Auditors

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

Engagement with others

As a university, we work constantly and closely with a wide range of stakeholders and partners. Our primary stakeholders are the students, both undergraduate and postgraduate, whom we help to progress onto future thriving lives and careers. They are diverse in their backgrounds, interests, programmes of study and future aspirations. Our student stakeholders also include future students and potential higher education (HE) students in general. We consider our suppliers and external customers as important stakeholders for our value for money and income generation respectively. We seek suppliers that align with our values and work with them to embed our

Directors' report (continued)

environmental sustainability initiatives. As with our partners, we have a broad and diverse range of community relationships with neighbors.

Creditor payment policy

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

Approval of financial statements by the Board

The financial statements on pages 49 to 79 were approved by the Board of Governors of London Metropolitan University on 25 November 2021, and signed on its behalf by:

Mark Anderson

Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of London Metropolitan University for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet and Cash Flow Statement and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2021, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of the Board of Governors, the Audit Committee, Internal Audit as to the University's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of the meetings of the Board of Governors, Audit Committee, Remuneration Committee, and Finance and Resources Committee; and
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

Identified fraud risks were communicated amongst the audit team, and we remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that tuition fee income is recorded in the wrong period. We also performed procedures to assess the risk of bias in accounting estimates and judgements. We did not identify any additional fraud risks.

When determining the required audit procedures, we considered the results of our evaluation of the design and implementation of fraud risk management controls within the University. We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics;
- We sample tested items of deferred tuition fee income and agreed to supporting evidence to confirm that the items of tuition fee income tested had been accounted for in the correct accounting period;
- Identifying whether there were any significant unusual transactions; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

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

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

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

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions or the loss of University's registration with the Office for Students. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the University'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.

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.

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report of the Governors 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, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Strategic Report of the Governors and Corporate Governance Statement which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 37, the Board of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 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](#).

Independent auditor's report to the Board of Governors of London Metropolitan University (continued)

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 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 University's expenditure on access and participation activities for the financial year disclosed in Note 25 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the University's grant and fee income, as disclosed in Note 7 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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

Fleur Nieboer for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London
E14 5GL

30 November 2021

Statement of comprehensive income and expenditure

	Notes	2020-21 £'000	2019-20 £'000
Income			
Tuition fees	1	94,839	79,145
Funding body grants	2	9,683	8,849
Research grants and contracts	3	312	441
Other income	4	5,677	5,990
Investment income	5	370	657
Total income before donations and endowments		110,881	95,082
Donations and endowments	6	11	20
Total income		110,892	95,102
Expenditure			
Staff costs	8	60,652	58,635
Staff restructuring costs	8	622	595
Other operating expenses	9	45,197	35,692
Depreciation	11	6,580	6,709
Interest and other finance costs	10	2,324	2,155
Total expenditure		115,375	103,786
Deficit before other gains and losses		(4,483)	(8,684)
Deficit for the year		(4,483)	(8,684)
Actuarial gain / (loss) in respect of pension scheme	20	26,244	(64,639)
Total comprehensive income for the year		21,761	(73,323)
Represented by income /expenditure:			
Endowment comprehensive income for the year	18	1	9
Restricted comprehensive income/expenditure for the year	19	(337)	(489)
Unrestricted comprehensive expenditure for the year		22,097	(72,843)
		21,761	(73,323)
Reconciliation of Total Comprehensive Income/ expenditure to the Operating Performance			
		2020-21 £'000	2019-20 £'000
Total Comprehensive Income		21,761	(73,323)
Actuarial (gain) / loss in respect of pension scheme	20	(26,244)	64,639
Pension Interest	10	2,324	2,155
Notional interest and staff adjustments relating to pension fund deficit	8 & 20	5,377	1,784
Operating Performance surplus/ (deficit)		3,218	(4,745)

All items of income and expenditure relate to continuing activities.

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

Statement of changes in reserves

	Income and Expenditure reserves			Revaluation Reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2019	239	1,154	74,277	60,622	136,292
– Surplus / (Deficit) for the year	9	24	(8,717)	-	(8,684)
– Other comprehensive income	-	-	(64,639)	-	(64,639)
– Release of restricted funds spent in year	-	(513)	513	-	-
Total comprehensive income for the year	9	(489)	(72,843)	-	(73,323)
Balance at 1 August 2020	248	665	1,434	60,622	62,969
– Surplus / (Deficit) for the year	1	3	(4,487)	-	(4,483)
– Other comprehensive income	-	-	26,244	-	26,244
– Release of restricted funds spent in year	-	(340)	340	-	-
Total comprehensive income for the year	1	(337)	22,097	-	21,761
Balance at 31 July 2021	249	328	23,531	60,622	84,730

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

Balance Sheet

	Notes	2020-21 £'000	2019-20 £'000
Non-current assets			
Fixed assets	11	175,120	177,274
Investments	12	64	64
		175,184	177,338
Current assets			
Stock	13	57	47
Trade and other receivables	14	18,274	19,290
Investments	15	53,007	37,000
Cash and cash equivalents		20,996	23,108
		92,334	79,445
Less: Creditors: Amounts falling due within one year	16	(26,550)	(19,105)
Net current assets		65,784	60,340
Total assets less current liabilities		240,968	237,678
Provisions			
Pension provisions	17	(155,687)	(174,229)
Other provisions	17	(551)	(480)
Total net assets		84,730	62,969
Restricted reserves			
Income and expenditure reserve – endowment reserve	18	249	248
Income and expenditure reserve – restricted reserve	19	328	665
Unrestricted reserves			
Income and expenditure reserve – unrestricted reserve		23,531	1,434
Revaluation reserve		60,622	60,622
Total reserves		84,730	62,969

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

The financial statements on pages 49 to 79 were approved by the Board of Governors of London Metropolitan University on 25 November 2021, and were signed on its behalf by:

Mark Anderson

Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

Date: 25 November 2021

Cash flow statement

	Notes	2020-21 £'000	2019-20 £'000
Cash flow from operating activities			
Deficit for the year		4,483	(8,684)
Adjustment for non-cash items			
Depreciation	11	6,580	6,709
Gain on investments	5	(5)	(70)
Exchange rate loss / (gain)		21	43
(Increase) / decrease in stock	13	(10)	7
Increase in debtors	14	1,016	(4,512)
Decrease in creditors	16	7,430	(72)
(Decrease) / increase in pension provision	8 & 20	5,377	1,784
(Decrease) / increase in other provisions	17	71	(3,841)
Adjustment for investing or financing activities			
Investment income	5	(364)	(578)
Interest payable	10	2,324	2,155
Endowment income	18	(1)	(9)
Capital grant income	2	(711)	(440)
Net cash inflow/(outflow) from operating activities		17,245	(7,508)
Cash flows from investing activities			
Capital grant receipts	18	711	440
Reclassification of Investment Income		-	609
Investment income	5	365	587
Payments made to acquire fixed assets	11	(4,426)	(1,686)
(Increase)/Decrease in current asset investments	15	(16,007)	1,018
		(19,357)	968
Cash flows from financing activities			
Repayments of amounts borrowed		-	(53)
		-	(53)
Decrease in cash and cash equivalents in the year		(2,112)	(6,593)
Cash and cash equivalents and the beginning of the year		23,108	29,701
Cash and cash equivalents and the end of the year		20,996	23,108

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

Accounting policies

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

(A) BASIS OF PREPARATION

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

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

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

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

Going concern

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

The Board has examined financial forecasts based upon these audited financial statements, estimates of income, expenditure and cash flow for the period to 31 July 2025. For the purpose of their going concern review, the Board has focused on the period to 30 November 2022.

As at 31 July 2021, the University held cash and liquid investments totalling £74m, which provide the basis for investment in the plan. The cash flow forecast for 2021/22 shows cash and liquid investments of £69.7m at 31 July 2022, after funding £6.7m of capital investment. The forecast cash and liquid investments balance at 31 July 2023 is £69.6m, after funding £6.5m of capital investment in 2022/23. All major capital projects are considered by the Board before major financial commitment is made. The forecasts are regularly updated and reported to the Board at each meeting.

The Board approved a budget for 2021/22 in June 2021 which forecast an operating surplus of £0.7m, in line with the University strategy for 2020 – 2025. From 2022/23 the University will continue to generate positive operating cash flows and capital expenditure over the time line of the strategy amounts to some £19.5m to ensure funds are available to enhance the student experience.

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

(B) BASIS OF CONSOLIDATION

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

(C) INCOME RECOGNITION

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

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

Accounting policies (continued)

Tuition fees

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

Franchise income

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

Sale of goods and services

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

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

Investment Income

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

Agency Income

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

Performance model

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

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

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

Government grants

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

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

Non-government grants, donations and endowments

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

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

Donations with restrictions – a donation is considered to have a restriction when the gift agreement contains "a requirement that limits or directs the purposes for which a resource may be used that does not meet the

Accounting policies (continued)

definition of a performance-related condition". Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income when the grant is receivable and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

(ii) Donations without restrictions

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

Capital grants

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

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

Research income

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

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

(D) ENDOWMENTS

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

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

Restricted permanent endowments

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

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

Restricted expendable endowments

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

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

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

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

(E) TAXATION

The University is an exempt charity within the meaning of part 3 of the Charities Act 2011. The University is recognised as a charity by HM Revenue and Customs. It is therefore a charity within the meaning of paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent

Accounting policies (continued)

that such income or gains are applied to exclusively charitable purposes.

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

(F) FIXED ASSETS

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

Land and buildings

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

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

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

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

- Freehold buildings – 55 years, or their remaining expected economic life, if shorter
- major alterations and building improvements – 20 years, or their remaining expected economic useful life, if shorter
- minor refurbishments and building improvements – 10 years, or their remaining expected economic useful life, if shorter

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

Equipment and furniture

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

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

- computer equipment, software, other equipment and furniture – five years
- boiler system – 25 years

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

Impairment

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

Accounting policies (continued)

Repairs and maintenance

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

Heritage assets

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

(G) LEASES

Finance leases

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

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

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in Note 22.

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

(H) STOCK

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

(I) RETIREMENT BENEFITS

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

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

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

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

(J) EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of Comprehensive Income.

Accounting policies (continued)

(K) INVESTMENTS

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

(L) CASH AND CASH EQUIVALENTS

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments held as part of the University's treasury management activities.

(M) PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

(N) FOREIGN CURRENCIES

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

(O) RESERVES

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

(P) SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

Tangible fixed assets

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

Accounting policies (continued)

Depreciation

The useful economic lives of our tangible fixed assets used in the calculation of depreciation charges are a significant area of estimate. The lives used in these financial statements for all groups of fixed assets are shown in accounting policy (F) and the impact can be seen in Note 11.

Leases

To determine whether leases entered into by the University either as lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. See Note 22.

Trade debtors

The recoverability of debtor balances outstanding at the year-end is reviewed using an estimate of the proportion of each category of debt likely to be recovered, based on the age of the debt and previous recovery rates. See Note 14.

Defined benefit pension scheme

The University contributes to the London Pensions Fund Authority (LPFA) fund which is a defined benefit scheme, and for which a provision is recorded within the balance sheet. The recognised liability is based on the valuation provided by a professionally qualified independent actuary which is based on a number of assumptions. These include the future cash flows of the Fund, the discount rate used (which is based on average AA-rated UK Corporate Bond rates that reflect the duration of our liability), mortality rates, the pensionable salary growth going forward and proposed price inflation (which is based on the Retail Price Index). Further details can be found in Note 20. The net interest expense is based on interest rates of AA-rated corporate bonds and the deficit position.

Impairment

To determine whether there are indicators of impairment of the University tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating activity, the viability and expected future performance of that activity. See Note 11.

Notes to the accounts

1. Tuition fees

Full-time students:
Home and EU
Overseas
Part-time students

	2020-21 £'000	2019-20 £'000
	84,198	67,717
	5,451	5,297
	5,190	6,131
	94,839	79,145

2. Funding body grants

Recurrent grants

Office for Students (OfS)
Research England (RE)
Department for Education

	5,063	5,329
	1,465	1,197
	3	-

Specific grants – OfS

Knowledge exchange funding
Capital grants
Inherited pension liability reimbursement
Other (hardship funds)

	821	836
	711	440
	970	1,047
	650	-
	9,683	8,849

3. Research grants and contracts

Research councils
UK based charities
European Union
Other

	7	-
	21	-
	108	132
	176	309
	312	441

4. Other income

Consultancy
Trading income
Sale of materials and other departmental income
Rental income and hire of facilities
Income from academic partnerships
Other income

	51	211
	358	1,289
	250	323
	225	981
	4,685	2,694
	108	492
	5,677	5,990

5. Investment income

Investment income on endowments
Investment income on restricted reserves
Gain on investments
Other investment income

	1	9
	3	11
	5	70
	361	567
	370	657

6. Donations and endowments

Donations with restrictions
Unrestricted donations

	-	8
	11	12
	11	20

Notes to the accounts (continued)

7. Total grant and fee income

	2020-21 £'000	2019-20 £'000
Grant Income from the OfS	7,393	6,816
Grant Income from other bodies	2,290	2,033
Fee income for taught awards (exclusive of VAT)	93,941	76,642
Fee income from non-qualifying courses (exclusive of VAT)	898	2,503
	104,522	87,994

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

8. Staff costs

Costs:	Academic Staff	31,177	29,758
	Other Staff	29,475	28,877
		60,652	58,635
Comprising:	Salaries	42,351	42,001
	Social security costs	4,351	4,275
	HMRC apprenticeship levy	196	192
	Movement in LPFA provision	6,079	2,594
	Movement in USS provision	(99)	(112)
	Other pension costs	7,774	9,685
		60,652	58,635
Staff restructuring costs		622	595
		61,374	59,230

The number of full-time equivalent staff included in staff restructuring costs was 23 (2019/20: 13.)

Vice-Chancellor and Chief Executive emoluments

Salary	234	234
Pension contributions	55	52
	289	286

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

Notes to the accounts (continued)

8. Staff costs (continued)

	2020-21	2019-20
Pay ratios		
The ratio of the Vice-Chancellor and Chief Executive's pay to the median pay of staff, where the median pay is calculated on a full-time equivalent basis is as follows:		
	Ratio	Ratio
Basic salary	6.6	7.7
Total remuneration	7.3	8.2

In calculating the pay ratios, the University has included substantive staff, hourly-paid lecturers and casual staff but excluding agency staff pay as they are paid through external agencies.

Higher paid post-holders' emoluments

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

	No.	No.
£105,001 to £110,000	2	
£115,001 to £120,000	1	1
£120,001 to £125,000	1	1
£130,001 to £135,000	1	
£145,001 to £150,000	2	1
£175,001 to £180,000	1	1
£195,001 to £200,000	1	1
£230,001 to £235,000	1	1
	10	6

The average number of full-time equivalent employees during the year was:

	No.	No.
Academic staff	445	445
Other staff	488	501
	933	946

	2020-21	2019-20
	£'000	£'000

Compensation of loss of office to higher paid post holders

Compensation recorded within staff costs	141	201
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The 2020-21 figure relates to compensation paid to one employee earning emoluments in excess of £100,000.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University considers the Board of Governors and the Senior Leadership Team as its key management personnel. Key management personnel consist of 30 people (2019/20: 30), including the Vice-Chancellor and Chief Executive. Of the 30 personnel, 15 (2019/20: 14) were remunerated as employees of the University. The remaining 15 (2019/20: 16) are independent governors and are not remunerated.

Salaries	1,645	1,541
Pension contributions	320	312
	1,965	1,853

During the year, no funds (2019-20: £353) was paid in respect of governors' expenses. No governors received expenses during the year. (2019-20: 2).

Notes to the accounts (continued)

9. Analysis of total expenditure by activity

	Staff Costs	Other operating expenses	Depreciation	Interest payable	2020-21 Total	2019-20 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	30,385	11,946	1,036	-	43,367	33,273
Academic services	9,151	7,552	408	-	17,111	20,141
Administration and central services	17,027	15,243	787	-	33,057	29,691
Premises	3,350	10,373	4,314	-	18,037	18,172
Research grants and contracts	1,361	83	35	-	1,479	354
Other expenditure	-	-	-	2,324	2,324	2,155
	61,274	45,197	6,580	2,324	115,375	103,786

	2020-21	2019-20
	£'000	£'000

Analysis of total expenditure by activity

Other operating expenses includes:

Operating lease rentals		
- land and buildings	2,600	2,920
- other	83	315

External auditor's remuneration: (excluding VAT)

- audit of these financial statements	81	82
- other audit	13	11

Internal auditor's remuneration

Students' Union grant	640	689
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Other expenditure includes:

Restructuring - staff costs	622	595
Notional interest and staff adjustments relating to pension fund deficit	1,502	909
Compensation for loss of office for higher paid staff	141	201

10. Interest and other finance costs

Interest on net defined benefit pension liability	2,319	2,143
Interest on USS pension deficit funding	5	12
	2,324	2,155

Notes to the accounts (continued)

11. Tangible fixed assets

	Land and buildings				Equipment and furniture	Total
	Freehold	Under construction	Alterations and improvements	Long leasehold		
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2020	144,887	326	60,666	1,175	43,936	250,990
Additions	-	246	2,355	-	1,825	4,426
Transfers	-	(289)	289	-	-	-
At 31 July 2021	144,887	283	63,310	1,175	45,761	255,416
Depreciation						
At 1 August 2020	10,676	-	23,470	419	39,151	73,716
Charge for year	1,762	-	2,109	19	2,690	6,580
At 31 July 2021	12,438	-	25,579	438	41,841	80,296
Net book value at 31 July 2021	132,499	283	37,731	737	3,920	175,120
Net book value at 31 July 2020	134,211	326	37,196	756	4,785	177,274
Cost of land included in above	35,050	-	-	-	-	35,050

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

From 1 August 2019, the threshold for capitalising furniture, equipment including computers and software increased from £6,000 to £10,000 per individual item (or group of items). In addition, the useful life of major capital improvements and refurbishments has reduced from 30 years to 20 years and minor capital improvements reduced from 30 years to 10 years. These amendments were made to streamline the assets captured on the fixed assets register as part of the recommendations from the 2018/19 audit and reflect the actual useful lives of fixed assets.

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

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

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

Notes to the accounts (continued)

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

12. Non-current investments

	Other non-current investments
	£'000
At 1 August 2020	64
Change in market value	-
At 31 July 2021	64

Other non-current investments

CVCP Properties plc was set up by the Committee of Vice-Chancellors and Principals (now known as Universities UK) to buy and manage their headquarters building. The University owns 64,416 £1 ordinary shares out of a total of 4,250,000 shares, which is 1.52% of the total shareholding.

13. Stock

	2020-21	2019-20
	£'000	£'000
Raw materials	41	31
Goods purchased for resale	16	16
	57	47

14. Trade and other receivables

Amounts falling due within one year:

Trade receivables	15,355	16,353
Due from OfS	567	543
Loans to staff and students	6	24
Other debtors	257	231
Prepayments and accrued income	2,089	2,139
	18,274	19,290

Notes to the accounts (continued)

15. Current investments

	2020-21 £'000	2019-20 £'000
Short term deposits	<u>53,007</u>	<u>37,000</u>

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

16. Creditors – amounts falling due within one year

	2021-20 £'000	2019-20 £'000
Unsecured loans	-	(27)
Amounts owed to OfS	-	(407)
Trade payables	(4,945)	(4,056)
Social security and other taxation payable	(2,163)	(2,081)
Other payables	(40)	(25)
Accruals	(9,622)	(5,323)
Deferred income	(9,780)	(7,186)
	<u>(26,550)</u>	<u>(19,105)</u>

17. Provisions for liabilities

	Pension provisions			Other provisions £'000
	LPFA £'000	USS £'000	Total £'000	
At 1 August 2020	(173,591)	(638)	(174,229)	(480)
Utilised in year	-	-	-	-
Additions	18,449	93	18,542	(71)
At 31 July 2021	<u>(155,142)</u>	<u>(545)</u>	<u>(155,687)</u>	<u>(551)</u>

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

LPFA Defined benefit obligations

Defined benefit obligations relate to liabilities to the London Pension Fund Authority (LPFA) Fund. Further details are given in Note 20.

Notes to the accounts (continued)

USS Obligation

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

18. Endowment reserves

Restricted net assets relating to permanent endowments are as follows:

	2020-21 £'000	2019-20 £'000
Endowment reserves		
Balance at 1 August		
Capital	221	213
Accumulated income	27	26
	<u>248</u>	<u>239</u>
Investment income	1	1
Increase in market value of investments	-	8
Balance at 31 July	<u>249</u>	<u>248</u>
Represented by:		
Capital	221	214
Accumulated income	28	34
	<u>249</u>	<u>248</u>
Analysis by purpose:		
Lectureships	22	22
Scholarships and bursaries	93	94
Research support	8	8
Prize funds	78	77
General	48	48
	<u>249</u>	<u>248</u>
Analysis by asset:		
Non-current asset investments	<u>249</u>	<u>248</u>

Notes to the accounts (continued)

19. Restricted reserve

	2021 Restricted Funds	2021 Total	2020 Total
	£'000	£'000	£'000
At 1 August	665	665	1,154
New donations	-	-	7
Investment income	3	3	11
Expenditure	(340)	(340)	(513)
Increase in market value of investments	-	-	6
Total restricted comprehensive income for the year	(337)	(337)	(489)
At 31 July	328	328	665
Analysis of restricted funds by purpose:			
Scholarships and bursaries		76	411
Prize funds		63	63
General		189	191
		328	665

20. Pension arrangements

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

A. The London Pensions Fund Authority (LPFA) fund

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

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

The University's contribution to the Fund for 2020/21 was £2,730k (2019/20: £2,809k). The University's estimate of the contribution to the Fund for 2021/22 is £2,804k.

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

Rate of salary increases	3.80% per annum
Rate of pension increases	2.80% per annum

The actuarial valuation as at 31 March 2019 showed that the market value of the Fund's assets attributable to the University was estimated at approximately £284m and that the actuarial value of those assets represented 65.8% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases.

The actuarial valuation dated 31 March 2019 was published on 31 March 2020. The next actuarial valuation is due as at 31 March 2022.

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

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR).

Notes to the accounts (continued)

The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve, as applying the Bank of England (BoE) implied inflation curve. As above, the Merrill Lynch AA-rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40-year point. This is consistent with the approach used at the previous accounting date.

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

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.35% p.a. below RPI i.e. 2.80% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030. Salaries are assumed to increase at 1.0% p.a. above CPI. This differs from the approach at the previous accounting date.

LPFA – FRS 102 statements

A full FRS 102 actuarial valuation was carried out as at 31 July 2021 by the Fund actuary, Barnett Waddingham.

The major assumptions used by the actuary were as follows:

	2021	2020	2019
Rate of increase in salaries	3.8%	3.3%	3.9%
Rate of increase in pensions in payment – RPI	3.2%	3.1%	3.4%
Rate of increase in pensions in payment – CPI	2.8%	2.3%	2.4%
Discount rate	1.6%	1.4%	2.1%

Salaries are assumed to increase at 1.0% p.a. above CPI.

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

	2021 Years after CMI 2020 update	2021 Years before CMI 2020 update	2020 Years
Retiring today			
Males	21.7	22.1	21.3
Females	24.2	24.4	24.0
Future pensioners (retiring in 20 years)			
Males	22.9	23.3	22.7
Females	25.8	25.9	25.5

Notes to the accounts (continued)

Although the post-retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore we have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted. These changes have resulted in a loss of £15.7m on the defined benefit obligation; comprising a gain of £18.8m from the change in assumed RPI and a loss of £34.5m from the change in the assumed gap between RPI and CPI inflation.

LPFA – FRS 17 statements

Fund assets

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

	Fair Value as at 31 July 2021		Fair Value as at 31 July 2020		Fair Value as at 31 July 2019	
	%	£'000	%	£'000	%	£'000
Equities	56%	159,687	53%	134,720	55%	138,720
LDI/Cashflow matching	n/a	-	n/a	-	n/a	-
Target return portfolio	22%	61,463	24%	59,415	25%	64,658
Infrastructure	9%	23,738	7%	17,267	6%	14,590
Commodities	n/a	-	n/a	-	n/a	-
Property	8%	23,738	9%	23,121	9%	23,193
Cash	5%	14,727	7%	16,946	5%	13,429
Total	100%	284,556	100%	251,469	100%	254,590

The return on the Fund (on a bid-value-to-bid-value basis) for the year to 31 July 2021 is estimated to be 15.46% (2020: 2%). Based on the above, the employer's share of assets of the fund is approximately 3.91%.

Net pension liability

The following amounts at 31 July 2021 related to London Metropolitan University are measured in accordance with the requirements of FRS102:

	2020-21 £'000	2019-20 £'000
Fair value of scheme assets (bid value)	284,556	251,469
Present value of the defined benefit obligation	(432,765)	(417,169)
Present value of unfunded obligations	(6,933)	(7,891)
Total value of obligations	(439,698)	(425,060)
Deficit in the scheme – net pension liability recorded within pension provision (Note 17)	(155,142)	(173,591)
The present value of the unfunded liabilities as at 31 July 2021 consists of £1,339k (2020: £1,543k) in respect of enhanced LGPS pensions and £5,594k (2020: £6,348k) in respect of enhanced Teachers' Pensions Scheme pensions.		
Current service cost	8,769	6,275
Past service costs, including curtailments	(136)	(1,189)
Total operating charge	8,633	5,086
Analysis of the amount charged to interest payable		
Interest cost	(5,680)	(7,449)
Interest on assets	3,361	5,306
Net charge to interest payable	(2,319)	(2,143)

Notes to the accounts (continued)

	2020-21 £'000	2019-20 £'000
Analysis of other comprehensive income		
Return on Fund assets in excess of interest	35,134	(691)
Other actuarial gains on assets	-	(3,491)
Change in demographic assumptions	5,248	(3,399)
Experience (loss) / gain on defined benefit obligation	8,165	(10,366)
Change in financial assumptions	(22,303)	(46,692)
Total other comprehensive income	26,244	(64,639)

	2020-21 £'000	2019-20 £'000
Cumulative actuarial loss recognised as other comprehensive income		
Cumulative actuarial losses recognised at the start of the year	(157,155)	(110,463)
Cumulative actuarial losses recognised at the end of the year	(179,458)	(157,155)

	2020-21 £'000	2019-20 £'000
Analysis of movement in deficit		
Deficit at beginning of year	(173,591)	(104,913)
Contributions paid by the University	3,756	5,899
Current service costs	(8,769)	(6,275)
Past service costs, including curtailments	(136)	(1,189)
Other finance charges	(2,319)	(2,143)
Administration expenses	(327)	(331)
Actuarial gains recognised in other comprehensive income	26,244	(64,639)
Deficit at end of year	(155,142)	(173,591)

	2020-21 £'000	2019-20 £'000
Analysis of the movement in the present value of the University's share of the Fund's liabilities		
At 1 August	425,060	359,503
Movement in year:		
Current service cost	8,769	6,275
Interest cost	5,680	7,449
Contributions by members	1,240	1,203
Change in demographic assumptions	(5,248)	3,399
Contributions in respect of unfunded benefits	(930)	(1,029)
Change in financial assumptions	22,303	46,692
Experience loss / (gain) on defined benefit obligation	(8,165)	10,366
Past service costs, including curtailments	136	1,189
Estimated benefits paid	(9,147)	(9,987)
At 31 July	439,698	425,060

	2020-21 £'000	2019-20 £'000
Analysis of movement in the fair value of the University's share of Fund's assets		
At 1 August	251,469	254,590
Movement in year:		
Expected rate of return on Fund assets	38,495	4,615
Administration expenses	(327)	(331)
Other actuarial gains	-	(3,491)
Contributions by members	1,240	1,203
Contributions by the employer including unfunded benefits	3,756	5,899
Estimated benefits paid including unfunded benefits	(10,077)	(11,016)
At 31 July	284,556	251,469

The total return on fund assets for the year to 31 July 2021 is £38,495,000 (2020: £4,615,000). LPFA Fund assets do not include any of the University's own financial instruments, or any property occupied by the University.

Notes to the accounts (continued)

B. The Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

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

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

The University's contribution to the TPS for 2020-21 was £4,691k (2019-20: £4,505k). The University's estimated contribution to the Scheme for 2021-22 is £4,785k.

The Government Actuary's Department was appointed as Scheme actuary by the Secretary of State to carry out an actuarial valuation of the Scheme as at 31 March 2016. The valuation was published on 5 March 2019 and has determined a new rate of employer contributions of 23.68% of pensionable pay payable from 1 Sept 2019 (the implementation date) for a four-year period from 31 March 2023 (the implementation period). As at 31 March 2016 the aggregate value of scheme liabilities has been estimated at £218.1bn and the aggregate value of assets at £196.1bn, giving a notional past service deficit of £22bn.

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

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

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

Notes to the accounts (continued)

C. The Universities Superannuation Scheme (USS)

Significant accounting policies

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

Critical accounting judgements

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

The total cost charged to the Consolidated Statement of Comprehensive Income is £289k (19/20: £260k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the [Statement of Funding Principles](#)

Discount rate (forward rates)	Years 1-10: CPI +0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Pensions increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Notes to the accounts (continued)

Mortality base table

	2018 valuation
Pre-retirement	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Post retirement	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females

Future improvements to mortality

CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable Salary growth	2.4%	2.9%

Subject to consultation, members contribution will increase from 9.8% to 11% of salary and their employers contribution from 21.4% to 23.7% from 1 October 2021 which is an increase of 0.2% and 0.3% respectively on current rates.

21. Capital commitments

At 31 July capital commitments were as follows:

	2021	2020
	£'000	£'000
Commitments contracted	517	553
Authorised but not contracted	1,443	1,623
	1,960	2,176

22. Lease obligations

Total rentals payable under operating leases	31 July 2021			31 July 2020
	Buildings £'000	Equipment £'000	Total £'000	Total £'000
Payable during the year	2,600	315	2,915	2,915
Future minimum lease payments due:				
Not later than one year	2,600	221	2,821	2,784
Later than one year and not later than 5 years	7,800	883	8,683	10,474
Later than 5 years	2,322		2,322	2,322
Total future lease payments due	12,722	1,104	13,826	15,580

Notes to the accounts (continued)

23. Events after the reporting period

As set out in Note 20 in respect of the USS pension scheme, since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed (subject to member consultation), with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £902k, an increase of £357k from the provision in these financial statements. A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every six months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £1,850k as at 31 July 2021. Negotiations continue and an increase to this level is considered remote. If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

24. Department for Education Teacher Training Bursary funds

	2021-20 £'000	2019-20 £'000
Balance unspent at 1 August	17	27
Amounts received	1,990	1,641
Disbursed to students and administration	(1,921)	(1,651)
Balance unspent at 31 July	86	17

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

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

25. Access and Participation Plan Expenditure

	2020-21 £'000	2019-20 £'000
Access investment	1,477	1,322
Direct financial support (excluding Disability costs)	1,395	2,030
Direct financial support Disability	91	71
Total Access and participation plan expenditure	2,963	3,423

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

[View the University's access and participation plan](#)

Notes to the accounts (continued)

26. Related Party Transactions

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

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

Professor Lynn Dobbs, the Vice Chancellor, is a member of the board of London Higher Education which received payments of £27,295 for subscription fees.

Urmi Dutta-Roy is a member of CIPD which received payments of £3,628 for membership and examination fees.

Cecile Tschirhart received £500 as a long-service award from the University.

Mark Anderson, the Chair to the Board is a paid advisor for Bibliu, which received payments of £7,797 for the purchase of etextbooks.

Rolande Anderson, the Vice Chair to the Board is a member of the board of St Mungo's Housing Association, which received payments of £4,200 in relation to student work placements.

Ms. Chrystalle Margallo was a member of the Board of Governors as Students' Union Representative until 2 July 2021. She was replaced by Yasmeen Bashir on 6 July 2021. The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions. The Union received payments from the University of £641,713 (2019/20: £689,300), which is a grant calculated annually according to a methodology agreed between the University and the Union. All other transactions between the two parties are conducted on a commercial basis.

27. US Department of Education Financial Responsibility Supplementary Schedule

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

The amounts presented within the schedules have been:

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

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

Notes to the accounts (continued)

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line item /related disclosures	Line item /related disclosures Primary reserve ratio	Page	2020-21	2019-20
Statement of Financial Position - Net assets without donor restrictions	Unrestricted Reserves	51	84,153	62,055
Statement of Financial Position - Net assets with donor restrictions	Restricted Reserves	51	577	913
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	51 (Note 11)	175,120	177,273
Note of the Financial Statements -Statement of Financial Position -Property, Plant and Equipment - pre-implementation	Property, plant and equipment - pre-implementation (bal)		(172,120)	(175,590)
Note of the Financial Statements - Statement of Financial Position - Property, Plant and Equipment - post-implementation with outstanding debt for original purchase	N/A	N/A	-	-
Note of the Financial Statements - Statement of Financial Position - Property, Plant and Equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post implementation without outstanding debt for original purchase (19/20 additions + 20/21 additions Note 11)	64 (Note 11)	(2,717)	(1,357)
Note of the Financial Statements-Statement of Financial Position - CIP	Under Construction (Note 11)	64 (Note 11)	(283)	(326)
Statement of Financial Position - Lease right-of-use assets, net	N/A	N/A	-	-
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	N/A	N/A	-	-
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	N/A	N/A	-	-
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Post-employment and pension liabilities	Pension Provisions	51	155,687	174,229
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes	66 (Note 16)	-	27

Notes to the accounts (continued)

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line item /related disclosures	Line item /related disclosures	Page	2020-21	2019-20
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes pre-implementation - Unsecured Loans (Note 16)	66 (Note 16)	-	27
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes post-implementation	N/A	-	-
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Line of Credit for CIP	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability post-implementation	N/A	N/A	-	-
Statement of Financial Position - Annuities	N/A	N/A	-	-
Statement of Financial Position - Term Endowments	Term endowments with donor restrictions (Note 18)	67 (Note 18)	(249)	(248)
Statement of Financial Positions - Life Income Funds	N/A	N/A	-	-
Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity (Note 19)	68 (Note 19)	(328)	(665)
Expendable Net Assets			64,720	59,038
Statement of Activities -, Total Operating Expenses, -(Total from Statement of Activities prior to adjustments)	Total expenses (SOCIE)	49	115,375	103,786
Statement of Activities _ Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss) (- Note 5 Gain on Investments - Note 19 Increase in MV) + Actuarial Loss in Respect of Pension Scheme (SOCIE)	60 (Note 5); 68 (Note 19); 49	(26,249)	64,575
Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment gain (Note 5 Gain on Investments - Note 19 Increase in MV)	60 (Note 5); 68 (Note 19)	5	64
Statement of Activities - Pension-related changes other than periodic pension	Actuarial Gain in Respect of Pension Scheme (SOCIE)	49	26,244	(64,639)
Total Expenses and Losses			115,375	103,786

Notes to the accounts (continued)

27. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Line item /related disclosures	Line item /related disclosures	Page	2020-21	2019-20
	Equity Ratio			
Statement of Financial Position - Net Assets without Donor Restrictions	Unrestricted Reserves	51	84,153	62,055
Statement of Financial Position - Total Net Assets with Donor Restriction	Restricted Reserves	51	577	913
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivables	N/A	-	-
Modified Net Assets			84,730	62,968
Statement of Financial Position - Total assets	Total assets (Non-Current + Current, Balance Sheet)	51	267,518	256,782
Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	N/A	N/A	-	-
Statement of Financial Position - Goodwill	N/A	N/A	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	N/A	-	-
Statement of Financial Position - Related party receivables and Related party note disclosure	Unsecured related party receivables	N/A	-	-
Modified Assets			267,518	256,782
	Net Income Ratio			
Statement of Activities - Change in Net Assets Without Donor Restrictions	Unrestricted Comprehensive Expenditure for the Year (SOCIE)	49	22,097	(72,844)
Change in Net Assets Without Donor Restrictions			22,097	(72,844)
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenues and Gains (SOCIE) + Release of Restricted Funds (SOCIR) - Investment Income on Endowments and Restricted Reserves (Note 5) - Gain on Investments (Note 5)	49; 50; 60	111,223	95,517
Total Revenues and Gains			111,223	95,517

London Metropolitan University

166–220 Holloway Road
London
N7 8DB

londonmet.ac.uk

   @LondonMetUni
 /LondonMetUniversity

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