

Contents

Introduction	2–35
Strategic Report	36–43
Members of the Board of Governors	44-45
Principal advisers	46
Statement of responsibilities of the Board	47–48
Statement of corporate governance	49–51
Directors' report	52
Independent Auditor's Report to the Board of Governors of London Metropolitan University	53-55
Statement of comprehensive income and expenditure	56
Statement of change in reserves	57
Balance sheet	58
Cash flow statement	59
Accounting policies	60-65
Notes to the accounts	66-82



Introduction from the Chair of the Board of Governors

Foreword from the Vice-Chancellor

I am delighted and very proud to introduce you to our Annual Report and Accounts for the financial year 2019/20.



It has been a year of change and challenge, the first year of our new strategic plan against which we have made significant progress and, of course, a year in which we have all been impacted by the worldwide pandemic. Therefore alongside our financial performance you will find in our report a detailed account of the progress we have made, and how the University has adapted to the pandemic and worked to support staff, students and, importantly, our community.

Whilst it is true that many of the elements of university life that have been significantly affected in financial terms by COVID-19 are not major elements of our business, our Board is proud of how our staff and students have responded to the challenge. The University's leadership, steered by the Vice-Chancellor, calmly led the way in ensuring we closed down safely, in advance of Government guidance and most of the rest of the sector, delivering a high-quality remote learning experience for our students. The leadership have subsequently planned re-opening with the same level of caution and foresight, and with the safety of our staff and students as the paramount concern. Our students have continued to study through the

challenges of COVID-19 and we are proud of their resilience, tenacity and the success they have had in making transformational changes to their lives.

The Board remain steadfastly committed to our agenda of equality and social justice and we are very pleased to see the progress that the University is making in ensuring that we continue to deliver on this promise, with a positive impact on the lives of students and the local community. This has been a critical year in advancing equality and in supporting the Black, Asian and Minority Ethnic community. Where we have had historical links or ties we have taken action to ensure we no longer contribute to that pain, and to ensure we play our part in driving progress and taking a stand.

This is an exciting time at London Met. Our student numbers are growing, we are quickly re-establishing ourselves in the international market, we are back working with local partners and engaging to impact and support our local community. The University has developed exciting new partnerships in the UK and overseas and is leading the sector in making sure our curriculum reflects the diverse context of London, the UK and the world. Together we have re-established research as an important component of academic life at the University and the institution is returning to long-term financial sustainability.

This is a resilient institution and, as we progress against our plan, we are working to ensure that our period of stewardship is one that ensures a future longevity, so the role the University plays in London and the wider world will continue unabated.

Mark Anderson

Chair of the Board of Governors



In October 2019 the Board approved the University's new strategy. The strategy built on our many strengths but was also designed to take London Metropolitan University on a change journey of its own.

We retained our commitment to social inclusion and social mobility, but over the six years of the plan we committed to building a university that has academic achievement and financial sustainability at its heart. We knew that this would be challenging because we would be operating in a highly uncertain environment. We had predicted that this uncertainty was fuelled by our changing relationship with the European Union and constant shifts in government policy, regulation and funding.

We had not expected to face significant additional uncertainty as a result of the Covid-19 pandemic and the associated trends in our sector. We responded quickly and effectively to the first phase of Covid-19, temporarily closing our buildings and moving fully to remote delivery of teaching and services to students and remote working for staff. We are continuing to develop and implement plans for 2020/21 to respond to the pandemic while striving to ensure an excellent academic experience for our students and the safety of the whole of our University community.

We continue to be one of the most socially inclusive universities in the country. With this in mind, Covid-19 has made it even more critical that we remain true to our mission to transform lives through the power of education and to our values by remaining ambitious, inclusive, collaborative and creative. It is also increasingly important, as we respond to a global emergency, that every decision we make and every activity that we undertake must still support our key priorities and

make effective use of our resources. As we assess the impact of the work we have undertaken in the first year of our strategy it is very pleasing to see that we have met or exceeded every one of the stretching targets we set for 2019/20. We are not complacent and we note that our levels of graduate employment and our degree awarding gaps still give cause for concern. However, we are putting measures in place to improve performance in these

Our first-year performance indicates that without Covid we would have been well on track to deliver our five-year strategy. However, to sustain improvement in our results in a period of such uncertainty is unlikely, especially if it is some time before the virus is eliminated or eradicated. These are challenging, brutally difficult times and it would be unwise to assume that we can chart a smooth upward trajectory while the pandemic is prevalent.

It has not been an easy year. Staff and students have worked very hard in what have often been difficult circumstances, whether down to working space, equipment, and/or family circumstances and responsibilities. We owe an enormous debt of gratitude to them all.

Professor Lynn Dobbs October 2020 It is very pleasing to see that we have met or exceeded every one of the stretching targets we set for 2019/20.

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 2019/20 we:

Strengthened 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
- Widening the Senior Management Team (SMT) to ensure effective decision-making and commitment to organisational goals and values
- Introducing an executive leadership programme with a specific focus on managing in a crisis, facilitating compassionate leadership and driving forward equality and diversity

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 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 teaching efficiency, delivery patterns and workloads
- Clarifying the academic requirements for roles including Heads of Student Experience, Course Leaders, Heads of Subject and Principal Lecturers (ongoing)
- Reviewing the personal tutor system (ongoing)
- Providing training and support for staff in key academic roles to meet our inclusive curricula requirements and offer the training and development to deliver remotely

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

- Reviewing and updating our recruitment and selection policy and practice to ensure that new staff are of the highest calibre
- Incorporating the recommendations from the Race in the Workplace Review by Baroness McGregor-Smith to improve representation
- Introducing mandatory candidate diversity statements to ensure that new staff share our goals and values

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

- Developing full, transparent and fair academic workloads for introduction in September
- Moving staff on fixed-term contracts onto permanent contracts where possible

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

- Holding an extensive programme of focus groups and consultation sessions with staff right across the University
- Communicating directly with staff, sending regular emails from the VC that cover a range of announcements and updates on developments within the University
- All-staff collaborate sessions

Moved 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 year-round programme of EDI events to mark key dates in the calendar, such as Black History, LGBTQ History, International Women's Day and even 'virtual' Pride month.
- Beginning a root and branch review of EDI policies to ensure they are gold standard, including extending staff maternity and paternity benefit to the best in the Sector
- Developing a mentoring programme for Black, Asian and Minority Ethnic staff aspiring to leadership in partnership with City University.

During 2020/21 we will build on the the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Using staff survey results to drive forward improvement across the University
- Enhancing our staff engagement mechanisms
- Supporting staff health and wellbeing with a particular emphasis on supporting staff during the University's response to Covid
- Continuing to strengthen senior and middle management teams
- Putting measures in place 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
- Designing and implementing a major initiative 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 2019/20 we:

Significantly strengthened the way that we involve our Students' Union and our students in our governance and decision-making, and introduced mechanisms to improve communication with students by:

- Putting in place a student success strategy which puts our commitment to students as partners centre stage
- Introducing a regular student newsletter and regular student Q&A sessions with the Deputy Vice-Chancellor (DVC)
- Introducing a committee into our governance structure which is co-chaired by students
- Agreeing a new Relationship Agreement with the Students' Union to underpin its future operations
- Supporting the Students' Union to strengthen their management, governance arrangements and links to the Senior Leadership Team

Began to establish a new sector-leading centre for equity and inclusion to enable and oversee inspirational and inclusive teaching practice, while closely monitoring and driving forward improved student outcomes by:

- Overhauling the governance of our Access and Participation Plan (APP) through the introduction of a new monitoring and evaluation system
- Developing a culture of data driven, evidence-based, evaluation practice
- Establishing a university task force to develop a cohesive approach to transitions and continuation across recruitment, student services and schools
- Adopting the Education for Social Justice (ESJ) framework, developed by our students and staff, to transform our curriculum as inclusive, anti-oppressive and support addressing the degree awarding gap
- Developing an ambitious staff training programme to complement the ESJ in both professional and pedagogy practices in equality and inclusion
- Developing a number of inclusion-enhancing programmes in partnership with students which promote sense of belonging

Created a visible and vibrant University-wide taught postgraduate community by:

- Appointing a postgraduate taught (PGT) lead to focus on developing a PGT community
- Participating in the Postgraduate Taught Experience Survey (PTES)
- Providing postgraduates with more facility space

Provided a world class offer by:

- Reviewing our curricula to ensure that all of our programmes are fully inclusive and highly engaging, especially for underrepresented groups
- Involving students, industry experts and practitioners in the codesign and co-production of our courses
- Developing plans to provide every one of our students with the opportunity to undertake a work placement or to volunteer in a local organisation

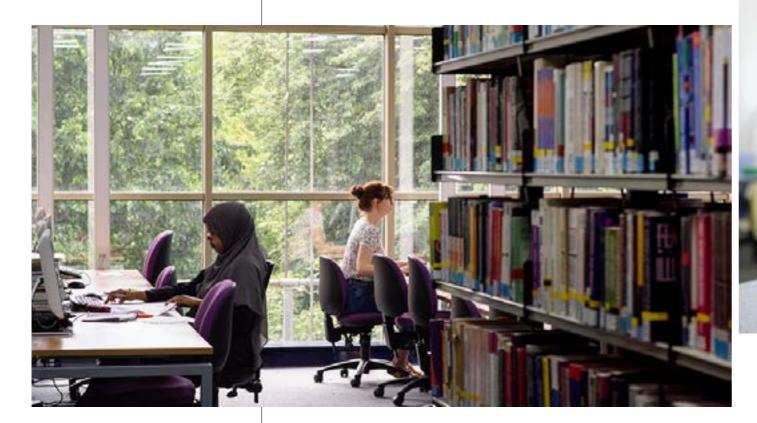
Established new initiatives to support the wellbeing and mental health of all students by:

- Agreeing a new Mental Health Plan that builds upon the existing work around student wellbeing
- Aligning our activity to the new Student Mental Health Charter and the sector guidance issued by Universities UK
- Participating in a project led by London Higher and JISC to ensure better referrals for students between mental health services
- Establishing partnerships with key local providers including the NHS so we can collaborate on future initiatives
- Implementing new online support mechanisms for students that will be relevant during the Covid-19 pandemic and beyond

During 2020/21 we will build on the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Embedding school offices within academic schools
- Prioritising student satisfaction with a particular emphasis on ensuring that remote learning meets the needs and wishes of students
- Putting organisational and academic measures in place to improve continuation
- Launching and operationalising our Centre for Equity and Inclusion and the associated Education for Social Justice Framework and Curriculum Change Project
- Introducing subject area planning to strengthen our offer
- Strengthening our academic and pastoral guidance systems
- Planning the introduction of electronic engagement monitoring
- Designing a new delivery framework to increase graduate level employment with a particular emphasis on Black, Asian and Ethnic Minority achievement

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 highquality 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 2019/20 we:

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

- Reviewing and strengthening our research centres
- Strengthening the roles of staff leading on research in the Schools
- Creating a forum for PhD and professional doctorate students to have their voices heard
- Establishing a Research and Postgraduate Office that is now the first port of call for all researchers, from first-year postgraduate research students to professors

Established a Graduate School for research and professional doctorate students underpinned by excellent training and support by:

- Setting up a Graduate School under a senior professor
- Introducing the role of Postgraduate Research Student Coordinator in schools
- Providing training for students, and promoting activities and opportunities including a Postgraduate Forum (student voice), and a Staff and Student Research Conference (July 2020)
- Modifying doctoral regulations to test of progress at an earlier stage aimed at increasing expectations and achievement

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

 Linking research excellence to our work to giving back to our city

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

- Providing one to one advice to colleagues to support their bidding aspirations
- Forming a Peer Review College to give additional support

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

 Developing a new strategy where news is regularly shared, and where new events (including a research forum and a research showcase) have been put in place to showcase our work.

During 2020/21 we will build on the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Developing and introducing mechanisms to encourage more academic staff to deliver high quality research, integrating the importance of research into our staff development processes
- Increasing administrative capacity to support academic staff to bid for research funding
- Supporting our knowledge exchange offer
- Submitting to the Research Excellence Framework (March 2021)

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 2019/20 we:

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

- Launching the London Met Lab: Empowering London as our key driver for change in our communities and wider city
- Focusing on six key challenges facing London. The challenges identified are Crime, Social Wealth, Health Improvement, Discrimination, Poverty & Deprivation and Environment
- Identifying "Challenge Champions" members of staff with expertise in these areas to take forward this agenda
- Prioritising four Boroughs Islington, Tower Hamlets, Hackney and Waltham Forest – this does not exclude work with other boroughs

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

• Sitting on FE/school, charity, local council and social enterprise boards or steering groups across the capital

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

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

• Developing specific research, work placements, memorandums of understandings (MOUs), partnership agreements, clinic ideas and outreach programmes.

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

- Developing a new work-based learning module "Empowering London" which concentrates on working in the community and the issues London faces.
- Providing training for staff and students on working with the community, community activism and development and providing opportunities to get involved.

Managed growth and diversification





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 2019/20 we:

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

 Establishing Partners in Education with 29 FE colleges and schools across London. Applications from these feeder institutions have increased by 1000 in the first year

Built study abroad and full-degree recruitment in international markets

 Establishing a new student recruitment directorate to build study abroad and full-degree recruitment in international markets

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





 Developing a new partnership with QAHE delivering Business and Health and Social Care programmes in London, Birmingham and Manchester, in the first two intakes they have recruited nearly 800 students which has evening and weekend delivery as its core delivery principal.

Undertaken sector-leading marketing and conversion work

- Drawing on the brand exercise that was completed in 2019
 we have begun the changes to move the external messaging
 on from 'Do something you love' to 'the real London'. The
 messaging and collateral will form the basis of our Clearing
 campaign in the summer of 2020.
- Redesigning our conversion work with applicants in partnership with the private sector leader in this field, developing segmented, personalised and dynamic communication with potential new students across phone, text, live chat, social media and email.

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

 Undertaking a procurement exercise to identify a provider that will be in place by September 2021 (particularly for the study abroad market)

During 2020/21 we will build on the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Developing our recruitment, marketing and admissions infrastructure to support our growing student numbers and partnership development
- Protecting our international recruitment within the context of the pandemic
- Strengthening and adding depth to our partnerships
- Undertaking a review of partnerships to ensure quality and financial viability
- Securing student housing to support our international aspirations

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

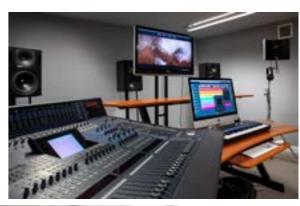
During 2019/20 we:

Kept our estate in good order by:

 Undertaking immediate remedial work on the Tower Block to ensure its safety for staff and students and by starting further work to rectify the compartmentation issues during the campus closure

Undertook detailed work to establish priorities for future investment by:

 Gaining the views of key stakeholders on the key priorities for a new Estates Strategy. This activity was paused as a result of the Covid-19 pandemic. It is proposed that this project is given additional time for completion given the changes to the use of our estate during lockdown and we will begin this consultation in early 2021 with a view to gaining Board approval in Autumn 2021





- Developing a new IT/Digital Strategy. This activity was paused as a result of the Covid-19 pandemic. Given the emphasis on digital support for students and staff over the period of lockdown, this project has been re-energised with a view to gaining Board approval in January 2021
- Reviewing immediate investment needs in the library to support students during the current pandemic and what electronic resources will best support their needs going forward. Further work on the future strategy for the library will be a key component of the developing Digital Strategy

Managed capital and other investment projects within a framework of affordability

 We have paused spend while we assess the full impact of the pandemic

During 2020/21 we will build on the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Completing fire-safety work in the Tower
- Improving teaching facilities for social professions, performance spaces and media facilities, and developing new film studios
- Developing an Estates Strategy
- Ensuring that we have certainty about the future location of our School of Arts, Architecture and Design and about the future use of the Accelerator
- Adding depth to our emerging Digital Strategy
- Undertaking a process review to support our world class aspirations and ensure financial viability
- Investing in our infrastructure to develop detailed datasets to support our student success

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, taking account of the impact of the external environment on our University

During 2019/20 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 SLT 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 planning and budget setting process aligned to the Strategy to ensure resources are allocated in the most effective way.

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:

- Working hard to protect the University's cash reserves
- Developing a financial model that allows it to produce quarterly in-year forecasts and looks forward to the next three years. This allows us to track cash flows and pick up early interventions where actuals differ from plan. We also use the OFS model to track student numbers and other non-financial metrics to ensure these are aligned to our Strategy.

During 2020/21 we will build on the work we have undertaken in 2019/20 but we will also place particular emphasis on:

- Driving up and diversifying income
- Managing costs
- Protecting our cash reserves
- Developing plans to invest in the institution once the pandemic is under control and we have demonstrated the long-term financial viability of the University.

Our response to Covid-19

2020 may have been an incredibly difficult year, but it has not only shown how the University has come together as a community, but also how we've been able to support our local community.

The show must go on—even in lockdown

Lockdown initially meant huge disappointment for London Met's theatre students; their final year would normally end with a much-anticipated performance festival and they assumed it would be cancelled. Despite all UK theatres closing, staff and students worked incredibly hard to pull together Taboo: A festival of Faux-pas - a livestreamed theatre showcase which took place over three nights in May 2020. The show was streamed from a custom-built website so that the students still had the opportunity to recreate the look and feel of the 'The Institute', a renowned finishing school which taught proper etiquette and social behaviour and the setting for their performances. A lot of work was done behind the scenes to make sure everything ran smoothly. Staff and students taught themselves how to use complicated streaming software and created digital animations to make sure the showcase was as entertaining at home as it would have been in person.

The students rehearsed together via webcam, using sets and costumes created from things that they had to hand in their own homes. The hard work paid off – the shows have gained over 2,000 interactions to date.

"We had viewers from USA, Japan, Germany, Bulgaria, Finland, Israel, Poland, Belgium, Switzerland and across the UK, so this seems to have given us a chance to reach audiences we could not have done in a theatre," reported London Met theatre student Eva Windahl in an article in *The Evening Standard*, 29 May 2020.

Despite the uncertainty for her industry, Eva remains positive: "I feel that graduates like us could help existing companies to adapt and thrive in the current circumstances, and that makes me feel somewhat hopeful. Hardship seems to be bringing people together and presenting new opportunities for emerging artists like us to be seen."

Right

A theatre performance at London Met in 2019

Belov

The opening screen for the University's virtual theatre show





Our response to Covid-19

Making masks for the maternity ward

Sandra Denicke-Polcher, London Met's deputy head of architecture was approached with an unusual request by friend Anna Lawin-O'Brien, a consultant at the Whittington Hospital. Anna, together with obstetric consultant colleague Carolyn Paul, had started an initiative to sew cloth masks for maternity ward staff – both as a morale-booster and to highlight the shortage of PPE, and needed help.

As well as whipping up masks on her sewing machine herself, Sandra also enlisted the help of the University's School of Art, Architecture and Design and was astonished at the response; locked-down students stepped up to produce a huge range of beautiful masks which were gratefully accepted. "The masks which we are producing are going to maternity wards to protect staff and new mothers; to hospital cleaners: and for NHS staff to use while travelling on public transport, to minimise their risk of getting sick outside the hospital and having to drop out of the workforce," Sandra told us. One of her students commented that "making masks has given me a real reason and sense of purpose."

To date, over 2,000 masks have been produced and the scheme was extended to other hospitals and a local homeless shelter. Their initiative was highlighted in the *British Journal of Midwifery* (BJM) in May 2020.

Carolyn and Anna commented: "To everyone in the sewing community, a huge thank you for your efforts. Your handmade cotton facemasks are beautiful statements of your appreciation for our maternity team. Thanks to you there will be smiles under our masks and our hearts will be a little lighter!"

The initiative continues and can be followed on **Instagram @masks_for_maternity**.

Dietetics staff introduce innovative placements

Facing lockdown restrictions, the risks of spreading the virus further plus the huge demands placed on the NHS meant that many universities had no choice but to cancel their student health science placements.

But London Met dietetics and nutrition staff had other ideas – they quickly came up with a range of innovative solutions so that their students could still experience placements – and be on time to graduate into a workplace very much in need of extra support during COVID-19.

Academic staff found that they also had to balance the needs of students who were now volunteering or in paid employment within key health settings, as well as those who had caring responsibilities or who found themselves having to shield. Addressing the complex requirements of the professional bodies and the University's own learning outcomes criteria, academic staff worked closely with IT staff to plan a series of virtual placements and clinical experiences, each carefully designed for each stage of study.

Professional actors were engaged in some cases to play the role of patients, and case studies (including new COVID-related material) were explored to give the students as much up-to-date clinical experience as possible. Simulated activities that took place included menu planning, design of nutrition and diet resources, student presentations, team building and more – all designed to make the experience as comprehensive and as close to working life as possible.

"I really enjoyed doing the virtual placement as it meant that I had flexibility as to when I could do it and I decided to take it earlier in June rather than September as June was the thick of lockdown and I had a lot of time on my hands," commented dietetics and nutrition student. "Also, I liked that the timetable was flexible, and you could work at your own pace during the week. The patient case studies we were given were complex, but I enjoyed working through these at home as I had access to all my resources and could really delve into the case," she concluded.

The approach has also highlighted one or two advantages to a virtual environment too – "there were some invaluable aspects to it, such as being able to record and later watch your interaction. This is a powerful feedback mechanism that is not available in traditional placement but was possible online," commented one student.





Top and rightDietetics students in a practical session in the Science Centre





Our response to Covid-19



Food donated locally

London Met helped its local community during the COVID-19 crisis by donating food stocks to Islington Council. The food, which would normally have been sold in London Met's canteens and catering outlets, was distributed to vulnerable people and organisations in need around the Borough of Islington. Cllr Una O'Halloran, Islington Council's **Executive Member for Community** Development commented: "The current coronavirus crisis is the greatest public health crisis this country has seen for generations... the council is working hard with our community partners to make sure that everyone in the borough who needs help gets it, and donations like this one from London Met are crucial in supporting that effort."

Food and drink donations ready to go

Right (next page)

Students in the University's Science Centre

Below (next page) Staff at the Whittington Hospital

Equipment from The University donated protective the Science Centre donated to The **Whittington Hospital** in March

equipment from its Science Centre to the Whittington Hospital as many hospitals found themselves critically short of safety equipment and PPE. Goggles and other equipment were donated from London Met's Science Centre, one of the largest and most advanced science teaching facilities in Europe.

Sophie Cloutterbuck, Director of London Engagement at London Met, said: "We're delighted to be able to give back to our local community by donating crucial equipment to keep London safe. In this unprecedented crisis, it's important that we all come together to do our part. This donation is one way in which all of us at London Met can show our enormous gratitude for the exceptional work being done by our NHS."



London Met staff translate crucial documents for **Covid-19 trials**

Two researchers, Dr Stephen Hills and Dr Yolanda Eraso have aided the efforts against COVID-19 by providing translation services in the clinical trial process for the Whittington Hospital NHS Trust.



Facilitating access to patients from different backgrounds and ethnicities to take part in this clinical trial is not only relevant to the health of patients, but to the rigour of the data overall. RECOVERY, which is coordinated by the University of Oxford, is the world's largest clinical trial on potential treatments for Covid-19. Adult patients who have been admitted to hospital with Covid-19 or suspected by their doctors to have the virus, are invited to participate on this trial in more than 170 NHS hospitals.

Turkish, Spanish, Portuguese, Farsi, Chinese and Arabic were amongst the languages that London Met's volunteer team translated so that patients could have translated information sheets on the trial.

Selected highlights and achievements throughout the year.









Michalina Ageros **Interpreting Suite**

We welcomed a brand-new interpreting suite to our growing portfolio of facilities in September 2019. The suite, which offers state-of-the-art equipment, will enable interpreting students to study in an environment similar to ones they'll be working in when they graduate.

It was fondly named after our influential lecturer and colleague Michalina Ageros, who's a pioneer in the field of conference interpreting. She has worked professionally for the EU and UN and was part of the first-ever cohort of conference interpreters at the Sorbonne in France, putting our students in safe hands.

Social work students are making it app-en

In response to the government's Building a Digital Ready Workforce (BDRW) initiative, commissioned by NHS England, our academics and students created an innovative app called Starting your Social Work Journey to encourage others to join the next generation of social workers and instil important digital literacy skills.

Senior lecturer in social work and leader of the project Dr Denise Turner commented that "our app provides people considering undertaking social work with a flexible, mobile resource to help them decide, whilst simultaneously enhancing their digital competency. We are particularly proud that this app has been student-

Nazanin's Story screened

In October we welcomed Richard Ratcliff to screen Nazanin's Story at the Great Hall. The play details the ongoing story of London Met alumna Nazanin Zaghari-Ratcliffe, who has been in an Iranian prison since 2016. The aim was to raise awareness for her situation and reunite her with her family.

Nazanin studied Communications Management (Public Relations) MA at London Met. so her situation resonates particularly with the London Met community. Our Vice-Chancellor Professor Lynn Dobbs, who was there on the night said "We want to bring together students, staff and members of the community with one aim - to help reunite Nazanin Zaghari-Ratcliffe with her family."

Charity football tournament held to honour tragic death of student

Speaking at a recent conference on child sexual and criminal exploitation, senior lecturer in criminology and knife crime expert, Dr James Alexander, together with a colleague Costel Rusu, organised (and played in) a football tournament with the St Matthew's Project charity. Held in the Science Centre sports hall on 11 October, the match was to raise awareness for the charity and also a tribute to our student Zakaria Sharif Ali, who sadly lost his life in a stabbing last November.

Leading barrister unveils University's new mock courtroom

In November London Met alumnus and international human rights barrister Dr Tunde Okewale MBE officially opened London Met's new mock courtroom. The new space is allowing students to train in an authentic setting, replicating a court environment.

Firefighter turned nutritionist named named Nutritionist of the **Year by the Caroline Walker Trust**

London Met PhD student Greg Lessons has been named Nutritionist of the Year by the Caroline Walker Trust (CWT) for his work in designing an innovative dietary and lifestyle intervention programme to improve the health of London's firefighters.

Greg said: "To be awarded the title of Nutritionist of the Year 2019 is fantastic and I'm thrilled beyond belief! I was judged against four eminent UK nutritionists and I'm so proud to have been chosen."



Previous page (from top to bottom)

The University's new interpreting suite London Met staff launching the Starting your Social Work Journey app Winners at the charity football tournament

Dr Tunde Okewale MBE unveils London Met's new mock courtroom

Firefighter turned nutritionist and London Met graduate Greg Lessons

London Met introduces partnership with the Tate Exchange

The Pecking Order, a new multimedia installation curated by Dr Jacek Ludwig Scarso as part of his ongoing collaboration with the Tate Exchange, ran for five days in December 2019. It was described as a "playful and absurdist" live multimedia installation and featured Theatre and Performance Practice and Theatre and Film students. Our students portrayed humanoid birds in different spaces across Tate Modern, drawing on surveillance techniques such as CCTV cameras and internet data monitoring in this performative intervention.

Animal lanterns light up the night in unique collaboration

Our Interior Design and Interior
Architecture undergraduate students
were delighted to have been working with
the Sir John Cass Primary School Art
Club on Tuesday evenings to make giant
animal lanterns that were the highlight
of the show on the streets of Aldgate's
Winter Fair. Product Design and Fashion
Accessories and Jewellery students also
hosted a stall exhibiting and selling their
work to raise money for trips and for
charities such as Refugee Impact.

#MadeAtUni – Accelerator makes list for one of the top 100 ways universities have improved daily life

London Met's Accelerator (the University's business start-up support arm) has been named as one of the top 100 ways in which universities have improved everyday life, as part of Universities UK's MadeAtUni campaign. Featuring on the UK's Best Breakthrough List, the business incubator was highlighted for its impact on technology and innovation. It has supported many successful start-ups including Arctic Power Berries, whose natural berry powders are now sold in Harrods, Selfridges and Ocado; and TRIMIT, the first app-powered barber shop, where you can book a luxury barber van to come to your home.

Rich Hall visits London Met

The University was delighted to welcome award-winning comedian, documentary filmmaker and star of the BBC's QI Rich Hall in December. Hall gave a well-attended talk about his latest project – a new BBC documentary that marks the 30th anniversary of the end of the Cold War.

London Met celebrates LGBTQIA+ History Month

Queers and allies joined together to celebrate the launch of LGBTQIA+ History Month at London Met. The University kicked off February with a month of talks, screenings, drag nights and other festivities with a screening of Pride (2014) and a Q and A with activist Reggie Blennerhassett, who was portrayed in the film by Chris Overton.



One of the animal lanterns from the Aldgate Winter Fair

Below left

Outside the University's Accelerator building in Shoreditch

Below right

Rich Hall engages the audience in the University's Great Hall









WELCOME TO

TATE EXCHANGE





Top to bottom Much-missed lecturer Dr Paul Matewele Members of the panel from the Centre for Life Writing and Oral History launch Exploring some of the amazing material available in London Met's Archive of the lifeh in Britain

The University's Pro Vice-Chancellor Dr Zainab Khan





In memory of Paul Matewele

The University was incredibly sad to hear of the death from Covid-19 of much-loved colleague, Dr Paul Matewele. Paul taught human sciences for over 30 years and is a huge loss to colleagues and all the students he inspired over the years. "He hugely shaped my view on life, work, and many other things", commented one student.

Black voices matter

A new Centre for Life Writing and Oral History (CLiOH) was launched by the University in March. CLiOH will run a range of meetings, seminars and screenings open to scholars, students and the public, all of them building on London Met's commitment to social justice, widening participation and diversity. Helping to introduce the Centre during an event that London Met held to promote more Black voices in literature, Lemara Lindsay-Prince, commissioning editor of #Merky Books (a collaboration between rapper Stormzy and Penguin) noted that "we stand on the shoulders of giants - and let's see who else we can bring through the door."

The AIB goes digital

Founded in 1984, London Met's Archive of the Irish in Britain (AIB) is a unique academic and community resource, containing a rich collection of documents, recordings, books and photographs. Thanks to a recent digitisation project, the majority of the material is now freely accessible. Researchers such as BBC screenwriter Martin McNamara have found the Archive's collections essential – such as being able to view Paul Hill of the Guildford Four's prison letters.

Women of Achievement Award

Pro Vice-Chancellor Dr Zainab Khan's work to widen participation and further equality in higher education has reaped rewards – Zainab was highly commended in the Asian Women of Achievement Awards 2020. Prior to her academic career, Zainab trained as a barrister and holds a PhD in legal philosophy. "I feel very privileged to be recognised in this way and spurred on to do even more to champion the contribution of all marginalised groups," noted Dr Khan.

Scientific volunteers from our community

The University's community was quick to offer support in many ways in the face of Covid-19. Associate Professor Sheelagh Heugh has been volunteering with Public Health England (PHE) since March, where she is using her expertise to help with the expansion of the COVID-19 testing regime.

Another University volunteer is Dr Ian Hancock, Lecturer in Infection Control, who is volunteering his expertise and experience of tackling major viral crises with the armed forces, with veteran based charities Serve On, Team Rubicon, Walking with the Wounded, as well as homelessness charity Crisis. Find out some of the other ways the University has been tackling the Covid crisis on page 20.



Top to bottom

The roof terrace at London Met's School of Art, Architecture and Design

London Met students in a lively performance Students collaborating at the University

National Student Survey (NSS) results show increases across the board

London Met's scores have risen across the board in this year's NSS, with teaching at the University shown to be of a particularly high standard – 88% of students agree staff are good at explaining things, and London Met has been judged sectorleading in the area of assessment and feedback. Chrystalle Margallo, President of London Met's Students' Union said: "We know that London Met is a great place to study and learn so it's fantastic to see that reflected in this year's results."

Green Impact Awards 2019/20

London Met staff joined a live stream in July to celebrate the sustainability work achieved by departments across many different areas of the University. The awards were celebrating an initiative developed by the National Union of Students (NUS) and delivered by Students Organising for Sustainability (SOS-UK) which encourages staff from UK universities to think about environmentally and socially sustainable practice, and supports them to create positive and longlasting change.

Positive Quality Assurance Agency (QAA) report

Following a Quality and Standards Review (QSR) visit in October 2019, the QAA review team reported 'high confidence' across all London Met's core practices which formed the focus of the review. They noted that "the University's Senior Leadership Team has understood the institutional challenges and in response has developed and enacted a set of appropriate plans for engaging staff and students in supporting accessible and effective services".





34 London Metropolitan University Transforming lives through the power of education londonmet.ac.uk

A new name for the School of Art, **Architecture and Design**

In April, we took the decision to remove the name of Sir John Cass from our art, architecture and design school. Professor Lynn Dobbs, Vice-Chancellor noted that "we recognise that the use of Sir John Cass' name contributes to the redemption of a man without acknowledging the enormous pain he caused as a major figure in the early development of the slave trade, and the legacy of this pain. The use of his name is incompatible with our commitment to support the Black community and to actively oppose racism in all forms." The University has also introduced a number of new initiatives to address racial inequality within London Met and within the sector.

Strategic Report

2019

Operating and financial review

The University has had an excellent year. We have reduced our operating performance deficit to £4.7m, beating our budget by £1.2m and we ended the year with £60.1m of cash and cash equivalents (current investments), ahead of budget by £1.6m.

A return to financial sustainability is a crucial strand of our strategy and this result represents a further stride in the right direction.

It should not be under-estimated that this performance has been delivered with more than a third of the year interrupted by the Covid pandemic.

Reconciliation of Total Comprehensive Income /expenditure to the Operating Performance	2018-19 £'000	2019-20 £'000
Total Comprehensive Income	(14,932)	(73,323)
Actuarial loss / (gain) in respect of pension scheme	657	64,639
Pension Interest	2,635	2,155
Notional Costs and staff adjustments relating to pension fund deficit	1,842	1,784
Provisions and other adjustments	4,914	-
Operating Performance Deficit	(4,884)	(4,745)

Income

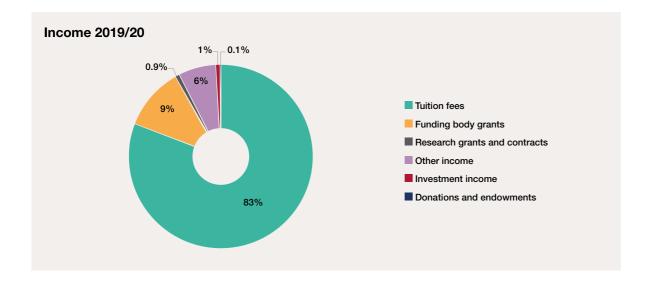
Total income for 2019/20 was $\mathfrak{L}95.1$ m, an increase of $\mathfrak{L}7.4$ m of 8.5% on the prior year and ahead of 2017/18 by $\mathfrak{L}0.8$ m. This change was driven mainly due increase in tuition fees resulting from better student recruitment and retention, particularly in the spring semester of 2020.

Income	2017-18	2018-19	2019-20
	£'000	£'000	£'000
Tuition fees	76,019	71,979	79,145
Funding body grants	11,747	8,454	8,849
Research grants and contracts	249	459	441
Other income	5,659	5,844	5,990
Investment income	633	715	657
Donations and endowments	34	209	20
Total income	94,341	87,660	95,102

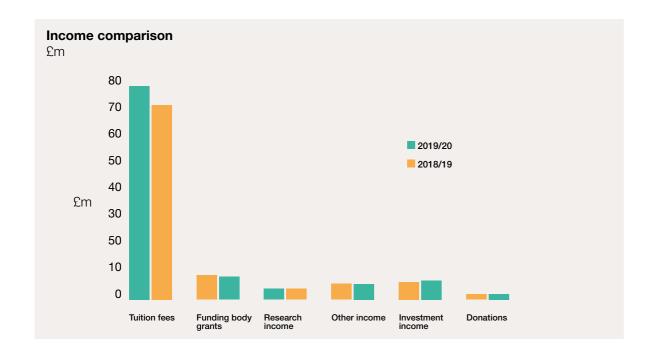
Income is predominantly driven by tuition fees in 2019/20, with 83% of income from this source, compared to 82% in 2018/19. In the year, tuition fee and funding body grant income reflects an increase of mainly UK/EU full time undergraduate students studying at the university.

londonmet.ac.uk 3

Income



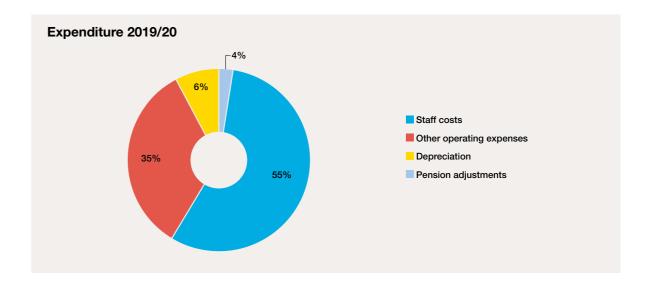
Comparatively, tuition fee income has grown this year by 10% and all other income streams have remained stable.



Expenditure

Total expenditure for 2019/20 was £103.8m, an increase of £5.6m (5.7%) from the previous year. 40% of this increase, £2.2m, is due to non-cash transactions relating to Pension Adjustments.

	2019-20	2018-19
	£'000	£'000
Staff costs (including staff restructuring costs)	56,636	54,913
Other operating expenses	36,390	33,889
Depreciation	6,709	7,555
Pension adjustments	4,051	1,848
Total expenditure	103,786	98,205



Staff costs represent 55% of expenditure and have increased by 3.1% from £54.9m in 2018/19 to £56.6m in 2019/20. This is broadly in line with nationally agreed pay awards and time served incremental increases is pay costs.

Spend on other operating expenses has increased by 7.4% to £36.4m (2018/19: £33.9m). The increase is due primarily to increased fees paid for agency and franchise fees that directly contribute to the income growth. Other operating expenses make up 35% of all expenditure.

Depreciation reduced by 11.2% from $\mathfrak{L}7.6m$ in 2018/19 to $\mathfrak{L}6.7m$ in 2019/20, reflecting the changing mix of our fixed assets base and the changes to our capital expenditure, moving away from buildings towards technology and equipment purchases. This cost is 6% of total expenditure.

The total pension adjustments increased from £1.8m to £4.1m and now represent 4% of expenditure compared to 2% last year.

Balance sheet

The University's Balance Sheet has been impacted by the latest valuation of the assets and liabilities associated with the Local Government Pension Scheme at the end of July 2021. The impact of the Covid pandemic on equity values and with interest rates at a low point historically the value of assets has been significantly outstripped by the increase in liabilities. These changes represent the values at the 31st July 2020 and the changes in value are reported through the financial statements and show our net assets have reduced from £136m to £63m.

Fixed assets values reduced by $\mathfrak{L}5m$. During the year $\mathfrak{L}1.7m$ was spent on fixed asset additions which was offset by $\mathfrak{L}6.7m$ of depreciation.

The balance sheet shows a strong net current assets figure of £60.3m at 31 July 2020 compared to £63.3m at the end of last year, 31 July 2019.

Current asset values decreased by £3.1m. Debtors increased by £4.5m, cash and cash equivalents decreased by £6.6m and investment balances reduced by £1m as a result of the overall reduction in cash invested.

Creditors falling due within one year reduced by £0.1m, from £19.2m in 2018/19 to £19.1m.

Creditors falling due after more than one year was zero as the final payment of £27k for the OfS revolving green loan will be paid in November 2020.

Other provisions fell from $\mathfrak{L}4.3m$ to $\mathfrak{L}0.5m$ and this reduction relates to the completion of the move of the Guildhall School of Business and Law onto the main site at Holloway Road and the associated costs having now been fully paid.

	2019-20	2018-19
	£'000	£'000
Non-current assets		
Fixed assets	177,274	182,296
Investments	64	673
	177,338	182,969
Current assets		
Stock	47	53
Trade and other receivables	19,290	14,778
Investments	37,000	38,018
Cash and cash equivalents	23,108	29,701
	79,445	82,550
Less: Creditors: Amounts falling due within one year	(19,105)	(19,227)
Net current assets	60,340	63,323
Total assets less current liabilities	237,678	246,292
Creditors: amounts falling due after more than one year	-	(27)
Provisions		
Pension provisions	(174,229)	(105,652)
Other provisions	(480)	(4,321)
Total net assets	62,969	136,292
Restricted reserves		
Income and expenditure reserve – endowment reserve	248	239
Income and expenditure reserve – restricted reserve	665	1,154
Unrestricted reserves		
Income and expenditure reserve – unrestricted reserve	1,434	74,277
Revaluation reserve	60,622	60,622
Total reserves	62,969	136,292

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 £3m 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 2020 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 2018-19 were £63m (2018-19: £73.0m). Interest earned on the balances was £0.6m (2018-19: £.5m) giving an average return for the year of 0.95% (2018-19: 0.75%).

Please see cash flow on the following page.

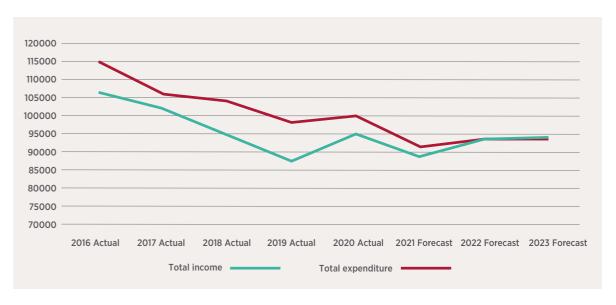
Cash Flow Statement

	2019-20 £'000	2018-19 £'000
Cash flow from operating activities		
Deficit for the year	(8,684)	(14,275)
Adjustment for non-cash items		
Depreciation	6,709	7,555
Loss on impairment	-	2,549
Gain on investments	(70)	(168)
Exchange rate loss/(gain)	43	(29)
(Increase) / decrease in stock	7	(1)
Increase in debtors	(4,512)	(2,447)
Decrease in creditors	(72)	(2,462)
(Decrease) / increase in pension provision	1,784	(332)
(Decrease) / increase in other provisions	(3,841)	224
Adjustment for investing or financing activities		
Investment income	(578)	(535)
Interest payable	2,155	2,635
Endowment income	(9)	(12)
Profit on the sale of fixed assets	-	-
Capital grant income	(440)	(563)
Net cash outflow from operating activities	(7,507)	(7,861)
Cash flows from investing activities		
Capital grant receipts	440	563
Investment income	609	-
Payments made to acquire fixed assets	587	547
(Increase) / Decrease in current asset investments	(1,686)	(7,153)
	1,018	(1,017)
	968	(7,060)
Cash flows from financing activities		
Interest paid	-	- (4.70)
Repayments of amounts borrowed	(53)	(178)
	(53)_	(178)
Decrease in cash and cash equivalents in the year	(6,592)	(15,099)
Cash and cash equivalents and the beginning of the year	29,701	44,800
Cash and cash equivalents and the end of the year	23,108	29,701
1	3,332	-,

Future developments

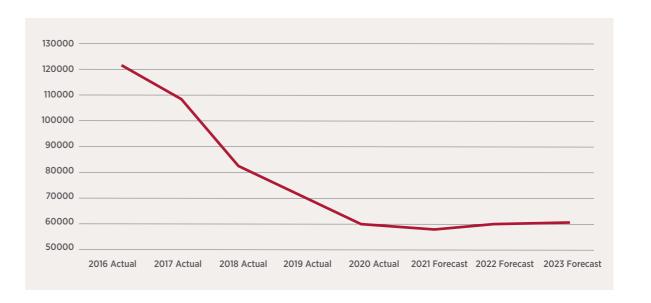
The University has agreed a new Strategy – 2019/20 – 2024/25 in October 2019. This plan is underpinned by a drive towards financial sustainability. A key target is to eliminate the operating deficit by July 2022. The University is on target to achieve this.

London Metropolitan University's Income and Expenditure £'000s



Over the life of the Strategy, the University has budgeted capital expenditure plans worth some £16m. 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



Members of the Board of Governors

The members of the Board of Governors of London Metropolitan University as at 31 July 2020 are listed below. Unless otherwise stated, all members served throughout the year.

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)

Margaret Farragher (GC, AC)

Renarta Guy (AC, RC)

Harini Iyengar (AC)

Anders Krohn

Cathy McCabe (AC)

Michael Murphy (FRC [Chair], RC)

Diini Muse (ST)

Lynn Dobbs (AB [Chair], FRC, GC, EMP)

Cécile Tschirhart, (AG, AB, FRC, EMP)

Shefaly Yogendra (GC, [Chair])

Independent co-opted committee members

Fionnuala Duggan (FRC)

Rosemary Lemon (RC)

Avnish Savjani (AC)

Baron Anyangwe (FRC)

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

Chair], FRC,GC, RC)

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

Shefaly Yogendra was appointed as Chair of the Governance Committee with effect from 1 August 2019.

Baron Anyangwe was appointed as an independent Governor with effect from 19 March 2020.

1 August 2020

Shefaly Yogendra was appointed as the Chair of the Audit Committee from 1 August 2020.

Tim Cochrane was appointed as the Chair of the Finance and Resources Committee from 1 August 2020

Margaret Farragher was appointed as the Chair of the Governance Committee from 1 August 2020.

Tim Cochrane and Margaret Farragher were appointed as members of the Remuneration Committee with effect from 1 August 2020.

Baron Anyangwe was appointed to the Audit Committee with effect from 1 August 2020.

Frances Trought was appointed as an Independent Governor with effect from 1 August 2020.

Rohin Aggarwal was appointed as an Independent Governor with effect from 1 August 2020.

The Board confirmed the appointment of the new Student Union President, Chrystalle Margallo, as the Student Governor for the duration of her term of office as Students' Union President.

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
Internal Auditors	Deloitte LLP 1 New Street London EC4A 3HQ
Property Advisers	Avison Young LLP 65 Gresham Street London EC2V 7NQ
Legal Advisors	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 Board of Governor's responsibilities in respect of the Annual Report and the financial statements

The Board of Governors is responsible for preparing the 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 the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

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;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- · securing the economical, efficient and effective management of the University's resources and expenditure.

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

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 2019 to the date of approval of the audited financial statements.

The moral and ethical environment

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

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, an initial review indicated that the University continued to comply with all substantial elements of the CUC's Code. The Board's Governance Committee carries out an annual mapping of the University's compliance with the CUC Code, this exercise will inform further development of the University's governance in 2020/21.

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 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 2020 the Board met five times. In addition, it held a Strategy Day in January 2020 and held 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 2019-20)
- Finance and Resources Committee (met four times in 2019-20)
- Governance Committee (met three times in 2019-20)
- Remuneration Committee (met once in 2019-20)

Additionally the Audit Committee and Finance and Resources Committee met jointly to consider the University's Financial Statements in November 2019.

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 2019/20. In September 2019 the Committee met to consider Senior Staff performance and objectives, and approved the Senior Staff remuneration guidance document.

The Audit Committee, chaired by Tim Cochrane 2019/20, 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 Michael Murphy in 2019/20, reviews and recommends to the Board of Governors the University's annual capital and revenue budgets and the financial forecasts submitted to the Office for Students. Its role includes inter alia reviewing the University's financial regulations and its draft financial statements, monitoring financial performance, and considering estates and human resources matters.

The Governance Committee, chaired by Shefaly Yogendra in 2019/20, 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.

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 polices 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 2020 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 revised in 2019 and approved by the Board
 of Governors in September 2019.
- 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 2019/20;
- The Senior Leadership Team conducts an in-depth review of the Corporate Risk Register in September and reviews it quarterly over the course of the year. The Chief Finance 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;
- 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 last undertaken in 2018/19. The University's
 external auditors undertook a benchmarking exercise which allowed the Audit Committee to consider the
 appropriateness of risk arrangements when compared with the rest of the sector;
- The Chief Financial Officer and the University Secretary and Registrar 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 annual 'members only' session with the internal and external auditors in May 2020.

The Board, through the Audit Committee, has reviewed the effectiveness of the system of internal control operating in 2019/20 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 56 to 80 were approved by the Board of Governors of London Metropolitan University on 26 November 2020, and signed on its behalf by:

Mark Anderson Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

Date: 26 November 2020

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 2020.

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.

The Board has examined financial forecasts based upon these audited financial statements and estimates of income, expenditure and cash flow for the period to 31 July 2024. For the purpose of their going concern review, the Board has focused on the period to 30 November 2021.

The Board approved a budget for 2020/21 in June 2020 which showed a reduced deficit. A major review of the University's strategic direction was undertaken during 2018/19 and a new Strategy 2019/20 – 2024/25 was approved by the Board and is referenced in the Strategic Report on pages 36–43 of this annual report.

As at 31 July 2020, the University held cash and investments totalling £60.1m, which provide the basis for investment in the plan. The cash flow forecast for 2020/21 shows cash and investments of £58.8m at 31 July 2021 after funding £5.5m of capital investment. The forecast cash and investments balance at 31 July 2022 is £58m after funding £5.5m of capital investment in 2020/21. All capital expenditure plans have been approved by the Board and are reported to the SLT and Board on a monthly basis. Financial forecasts are updated on a quarterly basis and reported to the Board at each meeting.

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 $\mathfrak{L}1$ 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.

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 56 to 80 were approved by the Board of Governors of London Metropolitan University on 26 November 2020, and signed on its behalf by:

Mark Anderson Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

Date: 26 November 2020

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of London Metropolitan University ("the University") for the year ended 31 July 2020 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 note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2020, and of the University's income and expenditure, gains and losses and changes in reserves, and of the 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 with the 2019 Statement of Recommended Practice Accounting for Further and Higher Education;
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Review, Statement of Corporate Governance and Director's Report as well as Members of Board of Governor, senior leadership team and principal advisers. 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:

- $\bullet \hspace{0.1in}$ we have not identified material misstatements in the other information;
- in our opinion the information given in Strategic Review, Statement of Corporate Governance and Director's report as well as Members of Board of Governor, Senior leadership team and Principal advisers for the financial year 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 University, or returns adequate for our audit have not been received from branches not visited by us; or
- · the 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 pages 47–48, 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 at frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

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 26 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 (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square

London E14 5GL

30 November 2020

Statement of comprehensive income and expenditure

	Notes	2019-20 £'000	2018-19 £'000
Income	. 10100	2000	2 000
Tuition fees	1	79,145	71,979
Funding body grants	2	8,849	8,454
Research grants and contracts	3	441	459
Other income	4	5,990	5,844
Investment income	5	657	715
Total income before donations and endowments		95,082	87,451
Donations and endowments	6	20	209
Total income		95,102	87,660
Expenditure			
Staff costs	8	58,635	54,556
Staff restructuring costs	8	595	297
Other operating expenses	9	35,692	33,162
Depreciation	11	6,709	7,555
Interest and other finance costs	10	2,155	2,635
Total expenditure		103,786	98,205
Deficit before other gains and losses		(8,684)	(10,545)
Fixed asset impairment	11	-	(2,549)
Provisions	18		(1,181)
Deficit for the year		(8,684)	(14,275)
Actuarial (loss) / gain in respect of pension scheme	19	(64,639)	(657)
Total comprehensive income for the year		(73,323)	(14,932)
Represented by income /expenditure:			
Endowment comprehensive income for the year	19	9	12
Restricted comprehensive income/expenditure for the year	20	(489)	188
Unrestricted comprehensive expenditure for the year		(72,843)	(15,132)
Revaluation reserve comprehensive loss for the year			-
		(73,323)	(14,932)
Reconciliation of Total Comprehensive Income/		2019-20	2018-19
expenditure to the Operating Performance		£'000	£'000
Total Comprehensive Income		(73,323)	(14,932)
Actuarial (loss) / gain in respect of pension scheme	21	64,639	657
Pension Interest	10	2,155	2,635
Notional interest and staff adjustments relating to pension fund deficit	8 & 21	1,784	1,842
Provisions	11 & 18	-	4,914
Operating Performance Deficit		(4,745)	(4,884)

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		
	Endowment £'000	Restricted £'000	Unrestricted £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2018	227	966	89,409	60,622	149,281
- Surplus / (Deficit) for the year	12	210	(14,497)	-	(14,275)
- Other comprehensive income	-	-	(657)	-	(657)
- Release of restricted funds spent in year	-	(22)	22	-	-
Total comprehensive income for the year	12	188	(15,132)		(14,932)
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)	<u> </u>	(73,323)
Balance at 31 July 2020	248	665	1,434	60,622	62,969

Balance Sheet

	Notes	2019-20 £'000	2018-19 £'000
Management			
Non-current assets Fixed assets	11	177,274	182,296
Investments	12	64	673
THE OUT OF THE OUT OUT OF THE OUT OF THE OUT OUT OF THE OUT OUT OUT OUT OF THE OUT OUT OF THE OUT	12	177,338	182,969
Current assets			
Stock	13	47	53
Trade and other receivables	14	19,290	14,778
Investments	15	37,000	38,018
Cash and cash equivalents		23,108	29,701
		79,445	82,550
Less: Creditors: Amounts falling due within one year	16	(19,105)	(19,227)
Net current assets		60,340	63,323
Total assets less current liabilities		237,678	246,292
Creditors: amounts falling due after more than one year	17	-	(27)
Provisions			
Pension provisions	18	(174,229)	(105,652)
Other provisions	18	(480)	(4,321)
Total net assets		62,969	136,292
Restricted reserves			
Income and expenditure reserve – endowment reserve	19	248	239
Income and expenditure reserve – restricted reserve Unrestricted reserves	20	665	1,154
Income and expenditure reserve – unrestricted reserve		1,434	74,277
Revaluation reserve		60,622	60,622
Total reserves		62,969	136,292

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

The financial statements on pages 56 to 80 were approved by the Board of Governors of London Metropolitan University on 26 November 2020, and were signed on its behalf by:

Mark Anderson Professor Lynn Dobbs

Chair of the Board of Governors

Vice-Chancellor and Chief Executive

Date: 26 November 2020

Cash flow statement

	Notes	2019-20 £'000	2018-19 £'000
Cash flow from operating activities			
Deficit for the year		(8,684)	(14,275)
Adjustment for non-cash items			
Depreciation	10	6,709	7,555
Loss on impairment		-	2,549
Gain on investments	5	(70)	(168)
Exchange rate loss/(gain)		43	(29)
(Increase) / decrease in stock	12	7	(1)
Increase in debtors	13	(4,512)	(2,447)
Decrease in creditors	15/16	(72)	(2,462)
(Decrease) / increase in pension provision	17	1,784	(332)
(Decrease) / increase in other provisions	17	(3,841)	224
Adjustment for investing or financing activities			
Investment income	5	(578)	(535)
Interest payable	9	2,155	2,635
Endowment income		(9)	(12)
Capital grant income		(440)	(563)
Net cash outflow from operating activities		(7,508)	(7,861)
Cash flows from investing activities			
Capital grant receipts		440	563
Reclasification of Investment Income		609	-
Investment income		587	547
Payments made to acquire fixed assets		(1,686)	(7,153)
(Increase)/Decrease in current asset investments		1,018	(1,017)
		968	(7,060)
Cash flows from financing activities			
Repayments of amounts borrowed		(53)	(178)
		(53)	(178)
Decrease in cash and cash equivalents in the year		(6,593)	(15,099)
Cash and cash equivalents and the beginning of the year		29,701	44,800
Cash and cash equivalents and the end of the year		23,108	29,701

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.

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 a period of at least 12 months from the date of approval of the financial statements.

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 2024. For the purpose of their going concern review, the Board has focused on the period to 30 November 2021.

As at 31 July 2020, the University held cash and investments totalling $\pounds 60.1$ m, which provide the basis for investment in the plan. The cash flow forecast for 2020/21 shows cash and investments of £58.8m at 31 July 2021 after funding £5.5m of capital investment. The forecast cash and investments balance at 31 July 2022 is £58m after funding £5.5m of capital investment in 2021/22. 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 Covid 19 pandemic did not have any impact as teaching moved smoothly to a remote platform, so there was no significant impact on fees in the year with 10% of 2019/20 outstanding tuition fees provided for as bad debt.

The Board approved a budget for 2020/21 in June 2020 which showed a deficit of $\mathfrak L$ (2.8m). The University agreed a new strategy for 2020-2025 in October 2019. Over the first three years of the strategy, the financial plan shows the University steadily moving towards an operating breakeven position in 2021/22. From 2021/22 the University will generate positive operating cash flows and capital expenditure over the time line of the plan amounts to some $\mathfrak L17m$ to ensure funds are available to enhance the student experience.

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

(B) BASIS OF CONSOLIDATION

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

(C) INCOME RECOGNITION

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

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

Tuition fees

Fee income is credited to the statement of comprehensive income 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.

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 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/altered 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 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue and Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

(F) 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 5 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.

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 23.

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.

(K) INVESTMENTS

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

(L) CASH AND CASH EQUIVALENTS

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

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

(M) PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

(N) FOREIGN CURRENCIES

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

(O) RESERVES

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

(P) SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

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.

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

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 23.

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 21. The net interest expense is based on interest rates of AA rated corporate bonds and the deficit position.

Impairment

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

	2019-20 £'000	2018-19 £'000
1. Tuition fees		
Full-time students: Home and EU Overseas Part-time students	67,717 5,297 6,131 79,145	60,259 3,430 8,290 71,979
2. Funding body grants		
Recurrent grants Office for Students (OfS) – from 1 April 2018 Research England (RE) – from 1 April 2018 National College for Teaching and Leadership	5,329 1,197 -	4,698 1,197 121
Specific grants - OfS Knowledge exchange funding Capital grants Inherited pension liability reimbursement	836 440 1,047 8,849	859 563 1,016 8,454
3. Research grants and contracts		
UK based charities European Union Other	132 309 441	228 61 170 459
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	211 1,289 323 981 2,694 492 5,990	309 2,423 441 1,101 1,268 302 5,844
5. Investment income		
Investment income on endowments Investment income on restricted reserves Gain on investments Other investment income	9 11 70 567 657	13 10 168 524 715
6. Donations and endowments		
Donations with restrictions Unrestricted donations	8 12 20	209

7. Total grant and fee Income

	2019-20	2018-19
	£'000	£,000
Grant Income from the OfS	6,816	6,277
Grant Income from Other Bodies	2,033	2,177
Fee income for taught awards (exclusive of VAT)	76,642	68,678
Fee income from non-qualifying courses (exclusive of VAT)	2,503	3,302
	87,994	80,433
	2,503	_

8. Staff costs

Costs:	Academic Staff	29,758	27,539
	Other Staff	28,877	27,017
		58,635	54,556
Comprising:	Salaries	42,001	40,801
	Social security costs	4,275	4,246
	HMRC apprenticeship levy	192	192
	Movement in LPFA provision	2,594	(60)
	Movement in USS provision	(112)	455
	Other pension costs	9,685	8,922
	•	58,635	54,556
Staff restructuring costs		595	297
· ·		59,230	54,853

The number of full-time equivalent staff included in staff restructuring costs was 13 (2018/19: 21)

Salary	234	250
Performance related pay	-	9
Payments in lieu of pension contributions	-	7
Pension contributions	52	32
	286	298

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. The total in 2018/19 is made up of both Professor Lynn Dobbs' and Professor John Raftery's emoluments (performance-related pay and payments in lieu of pension relate solely to Professor Raftery). Professor John Raftery left the University on 5 October 2018.

During a period of significant strain on the student hardship fund and the uncertainty that the pandemic brought to the sector's finances the Vice-Chancellor made a regular donation to the student hardship fund, from the beginning of April 2020 to the end of September 2020. This constituted a temporary, voluntary reduction in pay during the period of national lockdown and for several additional months. We have now commenced a new academic year and the hardship Budget has been reset and increased in line with expected demand.

Pay ratios

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

	NO.	INO.
Basic salary Total remuneration	7.7 8.2	6.6 7.6

The methodology for calculating the pay ratios has changed for the year ended 2019/20. The new methodology is set out in pp 27 to 28 of The Companies (Miscellaneous Reporting) Regulations 2018 Q&A (BEIS, November 2018) using option B for this and subsequent year's calculations. Option B is the most efficient methodology as it utilises an existing defined data set created earlier in the year for the statutory reporting of our annual gender pay gap.

The 2018/19 pay ratio was calculated using methodology B from the Q&A for comparative purposes with the following results returned: Basic ratio -6.6 and total remuneration -6.7.

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

8. Staff costs (continued)

Higher paid post-holders' emoluments

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

remuneration (excluding pension contributions) in the fol	lowing ranges was:		
		2019-20 No.	2018-19 No.
	£100,001 to £105,000		1
	£105,001 to £110,000		1
	,		1
	£115,001 to £120,000	1	1
	£120,001 to £125,000	1	2
	£125,001 to £130,000		1
	£145,001 to £150,000	1	
	£175,001 to £180,000	1	1
	£195,001 to £200,000	1	
		5	7
The everge number of full time equivelent empleyees d	luring the year was		
The average number of full-time equivalent employees d	uring the year was.	445	425
Academic staff		501	536
Other staff		946	961
Compensation of loss of office to higher paid post	holders		
Compensation recorded within staff costs		201	121

The 2019-20 figure relates to payments in lieu of notice paid to two employees earning emoluments in excess of £100,000. The 2018/19 figure relates to payments in lieu of notice paid to two employees 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 (2018/19: 25), including the Vice-Chancellor and Chief Executive. Of the 30 personnel, 14 (2018/19: 13) were remunerated as employees of the University. The remaining 16 (2018-19: twelve) are independent governors and are not remunerated.

Salaries	1,541	1,189
Pension contributions	312	159
	1,853	1,348

During the year £353 (2018-19: £7k) was paid in respect of governors' expenses. A total of 2 governors received expenses. (2018-19: four).

9. Analysis of total expenditure by activity

	Staff Costs	Other	Depreciation	Interest	2019-20	2018-19
		operating expenses	·	payable		
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	29,769	2,554	951	-	33,273	29,969
Academic services	11,883	7,682	576	-	20,141	22,487
Administration and central services	14,028	14,815	848	-	29,692	22,343
Premises	3,229	10,620	4,324	-	18,172	20,333
Research grants and contracts	323	21	10	-	354	437
Other expenditure	-			2,155	2,155	2,635
	59,231	35,692	6,709	2,155	103,787	98,205
					2019-20	2018-19
					£'000	£'000
Analysis of total expenditure by a	activity					
Other operating expenses includes:						
Operating lease rentals						
 land and buildings 					2,920	4,149
- other					315	465
External auditor's remuneration:(Exc	luding \/AT\					
audit of these financial statements	,				82	61
- other audit					11	10
- other audit services					-	17
Internal auditor's remuneration					171	155
Students' Union grant					689	556
Other expenditure includes:						
Restructuring						007
- Staff costs					595	297 359
 Non-staff costs Notional interest and staff adjustmer 	nte relating to per	neion fund deficit			909	1,842
Compensation for loss of office for h		ision fund delici	L		201	121
Compondation for 1030 of Office for th	ignor paid stall				201	141
	4.	_				
10. Interest and oth	ner finan	ce costs	i			
Interest on not defined benefit sees:	on liability				0 140	0.600
Interest on net defined benefit pension Interest on USS pension deficit fund	•				2,143 12	2,629 6
	J				2,155	2,635

11. Tangible fixed assets

	LAND AND BUILDINGS					
	Freehold	Under construction	Alterations and improvements		Equipment and furniture	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2019 Additions	144,887	- 326	60,112 554	1,175 -	43,130 806	249,304 1,686
At 31 July 2020	144,887	326	60,666	1,175	43,936	250,990
Depreciation						
At 1 August 2019 Charge for year	8,914 1,762	-	21,446 2,024	401 19	36,247 2,904	67,008 6,709
At 31 July 2020	10,676	-	23,470	420	39,151	73,717
Net book value at 31 July 2020	134,211	326	37,196	755	4,785	177,273
Net book value at 31 July 2019	135,973	_	38,666	774	6,883	182,296
Cost of land included in above	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 the 1st of August 2019 the threshold for capitalising furniture, equipment including computers and software has increased from $\mathfrak{L}6,000$ to $\mathfrak{L}10,000$ 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 actual useful lives of fixed assets.

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

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

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

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

12. Non-current investments

	Investment in OEIC		
	£'000	£,000	£'000
At 1 August 2019	609	64	673
Change in market value	(609)	-	(609)
At 31 July 2020		64	64

Investment in Open Ended Investment Company (OEIC)

The OIEC investment was sold in the year ended 31st July 2020 as it did not meet the terms of the University's Ethical Investment Policy. The proceeds were reinvested in the Barclays 95 Day Green Fund, which is presented in current assets, investments on the balance sheet.

Other non-current investments

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

13. Stock	2019-20 £'000	2018-19 £'000
Raw materials Goods purchased for resale	31 16 47	32 21 53
14. Trade and other receivables Amounts falling due within one year: Trade receivables Due from OfS Loans to staff and students Other debtors Prepayments and accrued income	16,353 543 24 231 2,139 19,290	11,300 816 56 220 2,386 14,778
15. Current investments Short term deposits	37,000	38.018

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

	2019-20	2018-19
	£'000	£'000
Unsecured loans	(27)	(53)
Amounts owed to OfS	(407)	(4,309)
Trade payables	(4,056)	(5,242)
Social security and other taxation payable	(2,081)	(2,147)
Other payables	(25)	(5)
Accruals	(5,323)	(4,596)
Deferred income	(7,186)	(2,875)
	(19,105)	(19,227)

17. Creditors – amounts falling due after more than one year

OfS revolving green fund loans (interest free, unsecured) Principal payable between one and two years	-	(27)
Total		(27)

The final OfS revolving green fund of £27k will be fully repaid in November 2020 moving the balance to creditors falling due in one year in note 16.

18. Provisions for liabilities

		Pension provisions		
	LPFA	USS	Total	Other
	£'000	£'000	£'000	provisions £'000
At 1 August 2019	(104,913)	(739)	(105,652)	(4,321)
Utilised in year Additions	(68,678)	- 101	- (68,577)	3,876 (35)
At 31 July 2020	(173,591)	(639)	(174,229)	(480)

Other provisions is related to a long-running legal case which is yet to be resolved in court and an employment dispute yet to be resolved in an tribunal. The significant reduction in other provisions is due to settlement of onerous obligations under an operating lease during the year.

LPFA Defined benefit obligations

Defined benefit obligations relate to liabilities to the London Pension Fund Authority (LPFA) Fund. Further details are given in Note 21.

USS Obligation

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

Other provisions - legal and tribunal case

This provision relates to costs in a long-running legal and a recent employment tribunal case.

19. Endowment reserves

Restricted net assets relating to permanent endowments are as follows:

	2019-20 £'000	2018-19 £'000
Endowment reserves	2 333	2 000
Balance at 1 August		
Capital	213	205
Accumulated income	26	22
	239	227
Investment income	1	3
Increase in market value of investments	8	9
Balance at 31 July	248	239
Represented by:		
Capital	214	214
Accumulated income	34	25
	248	239
Analysis by purpose:		
Lectureships	22	21
Scholarships and bursaries	94	91
Research support	8	7
Prize funds	77	74
General	48	46
	248	239
Analysis by asset:		
Non-current asset investments	248	239

20. Restricted reserve

	Restricted Funds	Donations	2020 Total	2019 Total
	£'000	£'000	£'000	£'000
At 1 August	1,154	<u> </u>	1,154	966
New donations	7	-	7	200
Investment income	11	-	11	9
Expenditure	(513)	-	(513)	(22)
Increase in market value of investments	6		6	1
Total restricted comprehensive income for the year	(489)	-	(489)	188
At 31 July	665		665	1,154
Analysis of restricted funds by purpose:				
Lectureships			_	68
Scholarships and bursaries			411	573
Prize funds			63	276
General			191	237
			665	1,154

21. 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 2019/20 was £2,809k (2018/19: £5,752k). The University's estimate of the contribution to the Fund for 2020/21 is £2,716k.

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 3.25% per annum

Rate of pension increases 2.25% 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 £251m and that the actuarial value of those assets represented 60.2% 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.

Due to the UK Statistics Authority Statement on the future of the RPI published on 4th September 2019, there is significant uncertainty in relation to future developments in RPI inflation, with a range of possible approaches for determining RPI and CPI inflation assumptions.

With respect to the calculation of the Defined Benefit Obligation at 31 July 2020, the methodology used by the Fund Actuary has changed, with a proposed long-term gap between RPI and CPI of 80 basis points, compared to 100 basis points at the prior year end. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c. £16m increase in the Defined Benefit Obligation at year end, as the CPI assumption is now 0.2% higher than it would have been under the previous methodology.

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits. The consultation closes on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

To estimate the impact of the McCloud and Sargeant cases on the Employer's LGPS accounting liabilities, an analysis carried out by the Government Actuary's Department (GAD) which considered the possible impact of the McCloud and Sargeant judgements on LGPS liabilities was applied. This analysis was carried out as at 31 March 2019 and was set out in the GAD report dated 10 June 2019.

LPFA - FRS 102 statements

The major assumptions used by the actuary were as follows:

	2020	2019	2018
Rate of increase in salaries	3.3%	3.9%	3.9%
Rate of increase in pensions in payment – RPI Rate of increase in pensions in payment – CPI	3.1% 2.3%	3.4% 2.4%	3.4% 2.4%
Discount rate	1.4%	2.1%	2.7%

Salaries are assumed to increase at 1.0% p.a. above CPI in addition to a promotional scale. The actuary has allowed for a short-term overlay from 31st July 2019 to 31 July 2020 for salaries to rise at 2.0% p.a and then to increase at 2.9%pa until 31st July 2023.

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

	2020 Years	2019 Years
Current pensioners		
Males	21.3	20.4
Females	24.0	23.3
Future pensioners (retiring in 20 years)		
Males	22.7	22.2
Females	25.5	25.2

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 2020		Fair Value as at 31 July 2019		Fair Value as at 31 July 2018
	%	£'000	%	£,000	%	£'000
Equities	53%	134,720	55%	138,720	59%	135,646
LDI/Cashflow matching	n/a	-	n/a	-	n/a	-
Target return portfolio	24%	59,415	25%	64,658	26%	60,608
Infrastructure	7%	17,267	6%	14,590	5%	11,886
Commodities	n/a	-	n/a	-	n/a	-
Property	9%	23,121	9%	23,193	9%	20,600
Cash	7%	16,946	5%	13,429	1%	3,256
Total	100%	251,469	100%	254,590	100%	231,996

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2020 is estimated to be 2% (2019: 11%). The actual return on Fund assets over the year may be different.

Net pension liability

Analysis of movement in deficit

The following amounts at 31 July 2020 related to London Metropolitan University is measured in accordance with the requirements of FRS102:

	2019-20	2018-19
	£'000	£,000
Fair value of scheme assets (bid value)	251,469	254,590
Present value of the defined benefit obligation	(417,169)	(351,524)
Present value of unfunded obligations	(7,891)	(7,979)
Total value of obligations	(425,060)	(359,503)
Deficit in the scheme - net pension liability recorded within pension	(173,591)	(104,913)
provision (note 17)		

The present value of the unfunded liabilities as at 31 July 2020 consists of £1,543k (2019: £1,603k) in respect of enhanced LGPS pensions and £6,348k (2019: £6,376k) in respect of enhanced teachers' pensions.

Current service cost	6,275	(5,694)
Past service costs, including curtailments	(1,189)	(388)
Total operating charge	5,086	(6,082)
Analysis of the amount charged to interest payable		
Interest cost	(7,449)	(8,757)
Interest on assets	5,306	6,128
Net charge to interest payable	(2,143)	(2,629)
Analysis of other comprehensive income		
Return on Fund assets in excess of interest	(691)	18,242
Other actuarial gains on assets	(3,491)	-
Change in demographic assumptions	(3,399)	17,907
Experience (loss) / gain on defined benefit obligation	(10,366)	434
Change in financial assumptions	(46,692)	(37,240)
Total other comprehensive income	(64,639)	(657)
	2019-20	2018-19
	£,000	£'000
Cumulative actuarial loss recognised as other comprehensive income		
Cumulative actuarial losses recognised at the start of the year	(110,463)	(73,223)
Cumulative actuarial losses recognised at the end of the year	(157,155)	(110,463)

Deficit at beginning of year (104,913) (102,414) Contributions paid by the University 5,899 7,171 Current service costs (6,275) (5,694) Past service costs, including curtailments (1,189) (388)

	(-, -,	(-,,
Past service costs, including curtailments	(1,189)	(388)
Other finance charges	(2,143)	(2,629)
Administration expenses	(331)	(302)
Actuarial gains recognised in other comprehensive income	(64,639)	(657)
Deficit at end of year	(173,591)	(104,913)

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

· ····································		
	2019-20 £'000	2018-19 £'000
At 1 August Movement in year:	359,503	334,410
Current service cost Interest cost	6,275 7,449	5,694 8,757
Contributions by members	1,203	1,195
Change in demographic assumptions	3,399	(17,907)
Contributions in respect of unfunded benefits Change in financial assumptions Experience loss / (gain) on defined benefit obligation Past service costs, including cutailments Estimated benefits paid At 31 July Analysis of movement in the fair value of the University's share of Fund's assets	(1,029) 46,692 10,366 1,189 (9,987) 425,060	(1,029) 37,240 (434) 388 (8,811) 359,503
At 1 August Movement in year:	254,590	231,996
Expected rate of return on Fund assets Administration expenses Other actuarial gains Contributions by members Contributions by the employer including unfunded benefits Estimated benefits paid including unfunded benefits	4,615 (331) (3,491) 1,203 5,899 (11,016)	24,370 (302) - 1,195 7,171 (9,840)
At 31 July	251,469	254,590

LPFA Fund assests do not include any of the University's own financial instruments, or any property occupied by the University.

B. The Teachers' Pension Scheme (TPS)

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

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

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

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

The University's contribution to the TPS for 2019-20 was £4,505k (2018-19: £2,941k). The University's estimated contribution to the Scheme for 2020-21 is £4,355k.

The Government Actuary's Department was appointed as Scheme actuary by the Secretary of State to carry out an actuarial valuation of the Scheme as at 31 March 2016. The valuation was published in 5th of March 2019 and has determined a new rate of employer contributions of 23.68% of pensionable pay payable from 1 Sept 2019 (the implementation date) for a four year period from 31 March 2023 (the implementation period). As at 31 March 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 of the age discrimination.

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

C. The Universities Superannuation Scheme (USS)

Significant accounting policies

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

Critical accounting judgements

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

The total cost charged to the Consolidated Statement of Comprehensive Income is £260k (2018/19: £196k). 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%.

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes – reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general – but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. For the 2019-20 financial year however, this is considered a non-adjusting event.

The key financial assumptions used in the 2018 valuation are described below.

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:

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.

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.4	24.5
Females currently aged 65 (years)	25.9	26.0
Males currently aged 45 (years)	26.3	26.5
Females currently aged 45 (years)	27.7	27.8

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 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount Rate	0.73%	2.44%
Pensionable Salary growth	2.9%	2.11%

22. Capital commitments

At 31 July capital commitments were as follows:

	2020	2019
	£'000	£'000
Commitments contracted	553	947
Authorised but not contracted	1,623	2,730
	2,176	3,677

23. Lease obligations

Total rentals payable under operating leases	31 July Buildings £'000	2020 Equipment £'000	Total £'000	31 July 2019 Total £'000
Payable during the year	2,600	315	2,915	4,613
Future minimum lease payments due: Not later than one year Later than one year and not later than 5 years Later than 5 years Total future lease payments due	2,600 10,400 2,322 15,322	184 74 ——————————————————————————————————	2,784 10,474 2,322 15,580	5,810 10,400 4,922 21,132

24. Events after the reporting period

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes – reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general – but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

25. Department for Education Teacher Training Bursary funds

2019-20 £'000	2018-19 £'000
Balance unspent at 1 August 27	54
Amounts received 1,641	1,718
Disbursed to students and administration (1,651)	(1,745)
Balance unspent at 31 July 17	27

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.

26. Access and Participation Plan Expenditure

	£'000
Access investment	1,322
Direct financial support (Excluding Disability Costs)	2,030
Direct financial support Disability	71
Total Access and participation plan expenditure	3,423

Of the total costs presented above, £1,302k are already included in the overall staff costs included in the financial accounts, see Note 8. The total costs disclosed excludes success and progression expenditure.

View the University's access and participation plan

27. 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 £37k for consultancy fees.

Cecile Tschirhart is a National Teaching Fellow of Advance HE which received £80k for course training fees, consultancy fees and corporate subscriptions.

Michael Murphy, a member of the Board of Governors and the Audit Committee, has a consultancy client, Lodestone Communications, which received payments of £69k (2018/19: £94k) in relation to professional fees.

Rolande Anderson, chair of the Remuneration Committee and a member of the Finance and Resources Committee, is a member of the board of St Mungo's Housing Association, which received payments of £5k in relation to student work placements.

Mr. Dinii Muse was a member of the Board of Governors as Students' Union Representative until 31st July 2020. He was replaced by Chrystalle Margallo on 1st August 2020. The Union is a separate legal entity which the University does not control or exercise significant influence over policy decisions. The Union received a payment from the University of £689.3k (2018/19: £556k), which is 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.

London Metropolitan University

166–220 Holloway Road London N7 8DB

londonmet.ac.uk

A company limited by guarantee with no share capital

Registered in the United Kingdom Registration number 974438

Design by TurnbullGrey