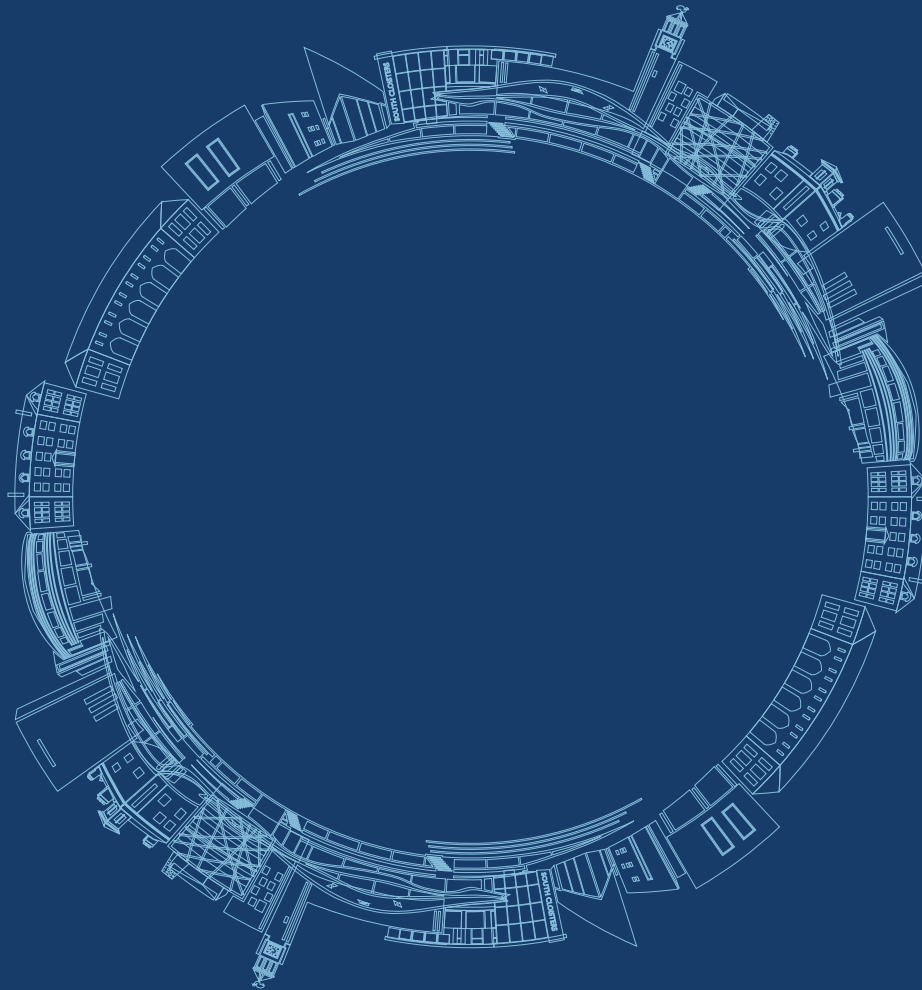
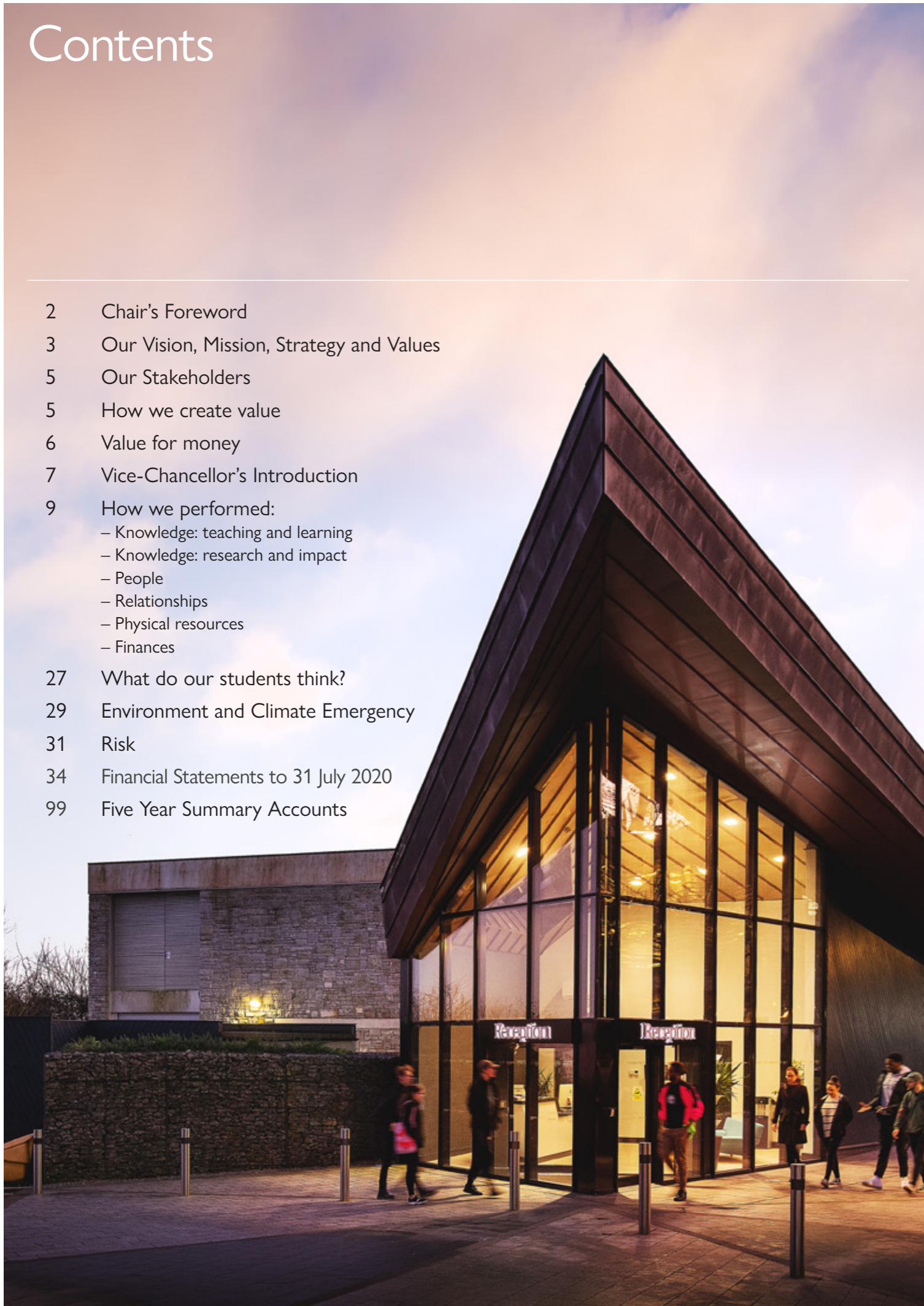


ANNUAL REPORT 2019/20  
AND FINANCIAL STATEMENTS TO 31 JULY 2020



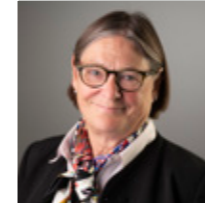
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## Chair's Foreword

This has been an extraordinary year for us all, met by an extraordinary institutional performance. I refer to the emergence of the COVID-19 global pandemic and the response of the University's leadership, our staff and our students.



On the 23 March 2020 the UK Government announced a national lockdown in an attempt to control the spread of COVID-19. But as early as January 2020 the University had implemented significant measures to manage the risk that the virus, then reported to be spreading uncontrollably in Italy and Spain, posed on our campuses and to our communities. The safety of our staff, students and our region has been paramount in our planning and response throughout.

When the lockdown was introduced, and following Government advice, we enabled students to return home where possible and ensured that staff could work remotely. With most of the academic year's teaching completed we faced the enormous and vital task of delivering our assessments and final examinations on-line. By building our technical capacity and capabilities rapidly, we did it and our examinations were delivered successfully, enabling students to progress with their academic studies within the University or to graduate with an Exeter award. The highest quality and standards were maintained throughout.

I am in awe of the way staff and students transitioned to remote working so quickly and with such adaptability. We scaled up our IT infrastructure and developed rigorous policies to protect the quality of Exeter awards whilst putting our students and fairness at the heart of our approach. Our 'no detriment' policy for student assessments was developed in partnership with our students and led the way for the sector, maintaining rigorous standards whilst recognising and addressing the very real anxiety that the crisis was causing.

Glancing through the Financial Statements included in this report may give the reader a sense that COVID-19 has had only a marginal impact on the University. This is emphatically not the case. Our staff, students and communities have been, and continue to be, impacted by the pandemic in a multitude of ways. However, because the first national lockdown occurred towards the end of the academic year, and was met by the outstanding response of staff and students transitioning to a largely on-line operation, and through the implementation of a thorough budget mitigation plan and an exceptional student recruitment performance in an incredibly challenging context, we have been able to safeguard our financial position.

The growth of our teaching and research income shown in the Financial Statements was earned at the start of the academic year, through record international student recruitment and our continued high level of research performance. COVID-19 has impacted our growth in research income, but only a little, its main financial

impact resulting from the waiver of student rents in the final term, along with reduced commercial income as a result of operating restrictions.

We report a record surplus for the year, following the record deficit for the year in 2018/19 due to accounting for different USS pension deficit recovery plans. This topsy-turvy reporting is the result of the valuation of changing liabilities rather than a reflection of real underlying performance. Pensions remain a current issue as USS is in the middle of yet another valuation and is presenting us, and much of the sector, with considerable challenges.

In August 2020, Professor Sir Steve Smith stepped down as Vice-Chancellor after 18 years of leading the University's performance. His contribution has been immense, and has touched upon every aspect of Exeter's astonishing and stellar rise over his tenure. His expertise will continue to benefit UK higher education following his appointment by the UK Government as its International Education Champion. The creation of this role is a strong indicator of the Government's belief of the importance of international students to the future of UK higher education. This, along with universities' role in delivering the UK's Industrial Strategy, especially in a post-Brexit world, gives me confidence in our long-term future.

The 2019/20 year we are reporting on here shows some of the impacts of COVID-19 but it will be in 2020/21 and beyond that our financial challenges will be the greatest. We have responded exceptionally well so far. We know our international student recruitment is lower in 2020/21 and that our COVID-19-related operating costs are higher. We have implemented a range of financial mitigations to cover this while protecting our strategic capability so that when the UK and the rest of the world emerge from this crisis we will be ready to respond to future opportunities.

COVID-19, Brexit and pensions will make 2020/21 one of our most difficult years. The University's leadership is now in the capable hands of our new Vice-Chancellor, Professor Lisa Roberts, whom I welcome to the University. She is supported by an outstanding leadership team and I have every confidence that the University will successfully navigate the challenges ahead and emerge into a post-COVID-19 world ready for the decade that lies ahead and the crucial role that universities will play.

**Sarah Turvill**  
Chair of Council and Pro-Chancellor

# Our Vision, Mission, Strategy and Values

## Our Vision

Our driving ambition is to be a Global 100 research leader and create graduates of distinction, within a community of the most talented and creative minds. We are working towards this vision over the coming years.

## Our Mission

Our Mission is to make the exceptional happen by challenging traditional thinking and defying conventional boundaries. Our Strategy establishes how we will work towards achieving this, laying the foundations for our future success as a Global 100 research leader.

## Our Strategy

### Making the Exceptional Happen

Our strategy, *Making the Exceptional Happen*, sets out how we will achieve our vision and mission and is built around five goals:

- 1 **Building research power to tackle global challenges:** We will generate research power and build on our already strong teams so that they can meet the challenges facing our world.
- 2 **Delivering an internationally excellent education:** We will provide an education that makes our talented students stand out, giving them the ability to make a difference in the world.
- 3 **Creating an impact regionally, national and globally:** We will play an important role locally, nationally and globally. We realise that engaging with communities strengthens us and increases the benefits to society.
- 4 **Supporting our people to make the exceptional happen:** We must attract, develop and retain outstanding individuals, fostering a diverse community which is unified by our values.
- 5 **Making the most of our resources:** We must manage our resources properly, investing so that our infrastructure is ready for the next generation, whilst ensuring we are environmentally responsible.

## Our Values

We have a core set of values, which are central to everything we do. These describe our defining characteristics and what makes Exeter different. They are shared by our students, colleagues, graduates, stakeholders and supporters, and guide us in our day-to-day decisions:

**Ambition:** Ambition has driven us to where we are today, and will help sustain a Global 100 position

**Challenge:** We relish challenge and reach for the previously unachievable

**Collaboration:** We work at our best when collaborating with students, colleagues and partners

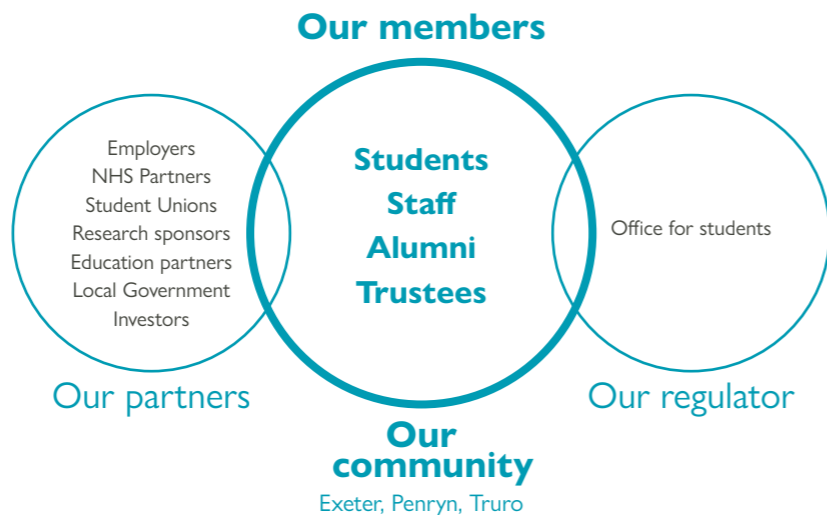
**Community:** We support and inspire each other to be the best that we can be

**Impact:** Our vision requires disruptive thinking, fresh ways of working and solutions with impact

**Rigour:** We strive to reach the highest standards of scholarships and service

## Our Stakeholders

The University serves a multitude of stakeholders. Our members – *students, staff, alumni and trustees* – are what make the University. Our activity reaches out locally, regionally, nationally and globally. We are an important part of our local community in Devon and Cornwall, making a significant economic contribution, working with local partners such as the Royal Devon and Exeter NHS Foundation Trust, the Exeter Mathematics School and Exeter City and Cornwall County Council as well as working with local and national employers.



## How we create value

We create value through the knowledge our people create and transmit, through the numerous relationships, partnerships and networks they develop, all supported by our physical and financial resources. This is reflected in a range of our outputs, from producing graduates of distinction to contributing to the solution of global challenges.

Our purpose is to transform lives and, through our *Making the Exceptional Happen* strategy, to have a real and lasting impact on the world around us and challenge our talented students to achieve more than they ever thought possible.

Our strategies - building research power to tackle global challenges, delivering an internationally excellent education, creating impact regionally, nationally and globally, supporting our people and making the most of our resources – encapsulate what we are about and how we are setting out to deliver it.

This Annual Report describes how we have developed all of our key resources – *people, knowledge, relationships, physical and financial* – over the last year, setting out our performance for the year ended 31 July 2020 in each of these areas. We hope this will give you a good understanding of what we do and how we have performed, enabling you to better judge the value for money we provide.

### OUR VALUE MODEL



## Value for money

We recognise that our students invest a great deal of money, time and emotional energy into the University which we expect to be a lifelong relationship. Value for money is rightly a significant concern to our students, as it is to us; this is even more so as a result of the Covid pandemic. The University strives to deliver the best possible outcomes by optimising the effectiveness of expenditure in support of the student experience.

The University is a large and complex global organisation which helps students and staff contribute to society through education, research and knowledge exchange. We endeavour to use all of our resources to fulfil our commitments to students, funders and partners - whilst ensuring the current and future success of the University. Each academic discipline plays a valuable part in the success of the University as a whole and funds are distributed carefully to ensure this is achieved. Financial decision making is scrutinised by the University Council and Senate, with student representation from the Students' Guild and the Students' Union.

Our strong and consistent performance in the National Student Survey, in graduate destinations and recent data relating to graduate earnings, demonstrates the value we provide to our students in return for their considerable investment in their education. The quality and impact of our research, reflected in successive Research Excellence Framework exercises and substantiated in research league tables, demonstrates the return on investment in our research. Regionally<sup>1</sup>, the University contributes £708m to the South West economy, supporting over 6,900 jobs, generated by the University's direct activity, together with the spending of our staff, students and their visiting family and friends.

Our students pay a range of fees, from home/EU undergraduates where fees are capped at £9,250 by legislation but who also benefit from £13m of taxpayers support in the form of Teaching grants, to international students from outside the EU and post graduate taught students, where fees are determined by the market. The business model of a University is based on cross flows of money between activities (e.g. teaching and research) and across different disciplines (e.g. science and humanities).

At the heart of the learning experience, teaching quality and its content, is research. The University's research activities inform our teaching; it helps attract and retain

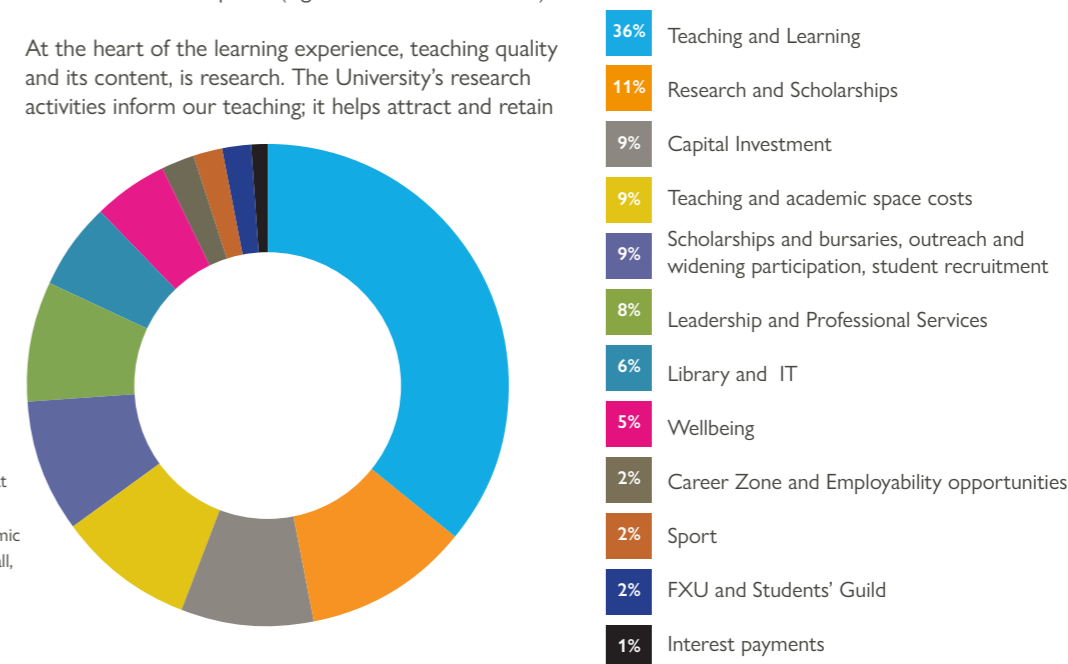
the best academic staff who use their research to inform their teaching. Research also builds the University's reputation which in turn fuels the value of an Exeter degree. For these reasons we believe that teaching and research are inseparable activities.

As a charity we reinvest our surpluses to support the delivery of our core mission. We also solicit philanthropic support of our teaching and learning activities and currently have an endowment fund of £41m, the return from which funds academic posts, scholarships and other forms of teaching and research activity. We also receive £13m of recurrent teaching grant from the Office for Students (OFS) to support the delivery of high cost disciplines, such as medicine and laboratory-based sciences, as well as to encourage participation, and provide on-going support, from under-represented groups. Student fees fund much more than direct contact-time that students receive in the form of lectures and seminars. They also fund a wide range of learning resources, such as the library, the IT network and the numerous IT applications embedded in the learning experience, as well as student services such as employability, wellbeing, sports and the estate infrastructure.

Our goal is to provide exceptional value for money by ensuring:

- that learning, teaching, support and engagement in knowledge creation, through research and scholarship, are well resourced to enable students to succeed academically on their chosen degree programme and professionally in their career
- that students develop their potential through a rich extra-curricular experience that complements their academic programme
- that the University is nationally and internationally competitive with an excellent reputation, both now and in the future. This adds value to degrees awarded at graduation and throughout a graduate's career.

Below is a breakdown of where and how the fees are spent. University fees make up a significant proportion of our income but there are other sources too.



<sup>1</sup> The region is defined as that encompassed by the heart of the South West Local Economic Partnership, covering Cornwall, Devon and Somerset

# Vice-Chancellor's Introduction



I am delighted to be introducing my first annual report since taking up the role of Vice-Chancellor on 1 September 2020. Publications such as this Annual Report offer us the opportunity not just to reflect on the successes and developments of the past 12 months, but also offer a view of what may lie ahead. It is fair to say that this year can be measured in two very distinct parts.

While we began with renewed vigour to strengthen our excellent reputation for teaching and learning, our world-leading research across the sciences and arts, and our strategic relationships at home and abroad, the year became dominated by the far-reaching effect of the COVID-19 pandemic that swept the globe.

It was, and remains, one of the greatest challenges faced not just by the Higher Education sector as a whole, but by wider society. The university, just like wider society, is monitoring the disproportionate impact the pandemic has had on particular groups within our community and is implementing positive-action schemes to ensure success for all. Yet through this often distressing and troubling time, we have seen progress through adversity. The University has adapted and innovated with unprecedented pace, to not only meet the changing requirements of our wonderful students and staff, but also to play a pivotal role in the quest to offer help and support, provide vital assistance to our health services, and pioneer truly world-leading research in the fight against the virus.

This response has been a truly University-wide endeavour. We have seen our academics positioned at the forefront of the global response to the pandemic; whether through providing commentary and expertise to the media across the world, developing new diagnostics, health professionals and the public in the wider communities, or the effect of the virus on patients with other underlying health conditions. We have also seen our medical students choose to graduate early in order to join the frontline health services, an array of fundraising efforts from across the University, and vital equipment donated to those who need it most. The University has also played an integral role in identifying and raising issues such as mental health, wellbeing and social mobility that are often the unseen challenges of our time. Throughout this period we have worked tirelessly with our partners in local government and Public Health England to make our campuses COVID-secure and to play our part in safeguarding the health of our local communities.

It has been perhaps the purest example of every part of our University community coming together and sacrificing so much in order not just to make a difference within our own neighbourhoods, but in every corner of the world. However, it is imperative that COVID-19 doesn't define us. It is no less important to recognise, support and nurture the research and teaching that makes Exeter one of the very best universities in the world.

This year the University was awarded a Queen's Anniversary Prize for Higher Education for our exceptional role in exposing the devastating effect that plastics pollution has on the health of humans and wildlife. The University is also constructing the new Mireille Gillings Neuroimaging Centre, a multimillion pound, cutting-edge facility to rapidly accelerate dementia research and improve healthcare funded by part of a £10m donation from the Dennis and Mireille Gillings Foundation. The University also welcomed The Medical Research Council (MRC) Centre for Medical Mycology, which moved from Aberdeen to join with existing Exeter scientists to create one of the largest groups of mycology (fungal research) experts in the world. The University is playing an integral role not only in the South West Institute of Technology (SWIOT), a multimillion pound partnership that will revolutionise digital technology education across the region, but also in the partnership that saw Exeter awarded the prestigious UNESCO City of Literature status. Our performance in the major league tables has remained strong, and this year we saw a Top 100 placing for Arts and Humanities in the Times Higher Education World University Rankings.

The University also welcomed a number of world-leading experts in their field, including Professor Austin Smith FRS as the new Director of the University of Exeter's Living Systems Institute and Professor Zhongdong Wang has been appointed as the new Pro-Vice Chancellor and Executive Dean at the University of Exeter's College of Engineering, Mathematics and Physical Sciences. We must, however, recognise that the higher education sector remains in an unprecedented level of uncertainty. The very real challenges associated with COVID-19 remain, and the prospect of Brexit looms large on the horizon.

In recent months we have listened further to our community including on the Black Lives Matter movement and we have had offers of support to work together on the actions, including the Advance HE Race Equality Charter which is a recognised framework to improve the representation, progression and success of BAME staff and students within higher education. We are committed to becoming an anti-racist university and whilst we have made significant efforts, there is still much to do. This will continue to be a priority for us all. To help continue our progress, we have invested in the new

role of Academic Dean for Racial Equality and Inclusion to further drive forward our work in this area.

Through this uncertainty, our focus remains on our own staff and students, strengthening our ties both in the UK and abroad to increase our access to critical research funding, and building our position on an international level. And while we must be honest in recognising these factors bring some level of financial uncertainty, it is also important to stress that the University is well-placed to adapt and come through this period in a strong position. It also critical that as we deal with the effects of the pandemic, we lift our heads and look out to the future and the challenges and opportunities this will bring, that is why a key focus for the coming year will be to develop our new University Strategy 2030.

Finally, I would like to pay tribute to Professor Sir Steve Smith and the tremendous success he achieved during his tenure as Vice-Chancellor at Exeter. I am determined to build on his outstanding work to ensure Exeter continues to lead the way in providing a first class education that is accessible to all, and strengthen and support our already exceptional research base.

This Annual Report and Financial Statements describe many of the things we have achieved over the year, and set out the sound financial position that we are in. But it is the new academic year, and perhaps beyond, where we face the most challenge and where uncertainty will continue to be a feature of the lives of our staff and students, who throughout the last year have consistently demonstrated their talent, dedication and expertise to ensure the University continues to thrive. But the future also brings opportunity and I am looking forward to working with the University community to develop an exciting and ambitious strategy for the next decade.

**Professor Lisa Roberts**  
Vice-Chancellor and Chief Executive

# How we performed: Knowledge - teaching and learning

Enabling the very best outcomes for all of our students, facilitated by excellence in teaching and learning, is fundamental to our university. At the heart of this is working in partnership with our students, fostering a culture of student support, delivering research-inspired learning and driving pedagogic innovation.

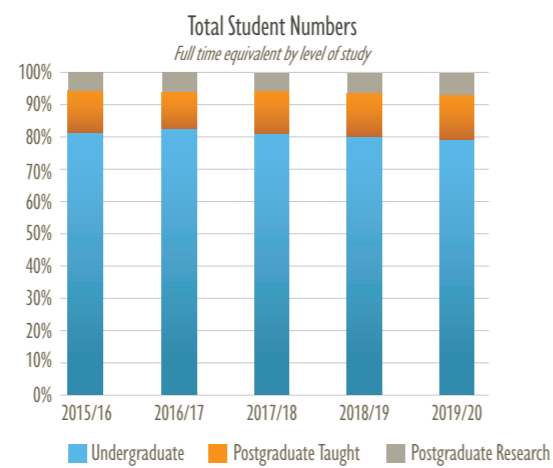
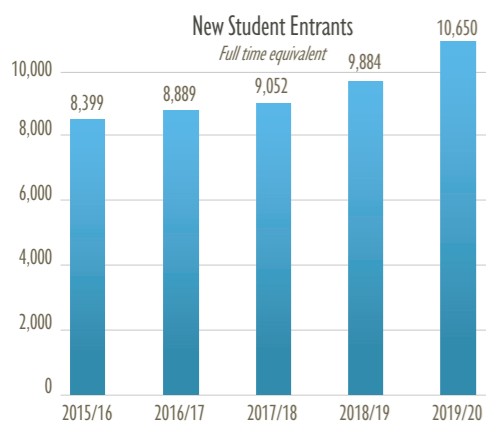
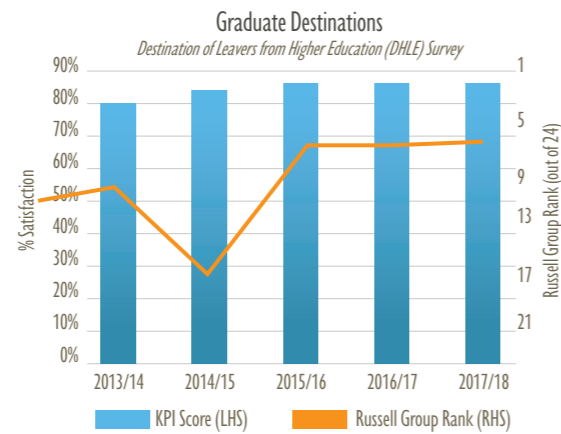
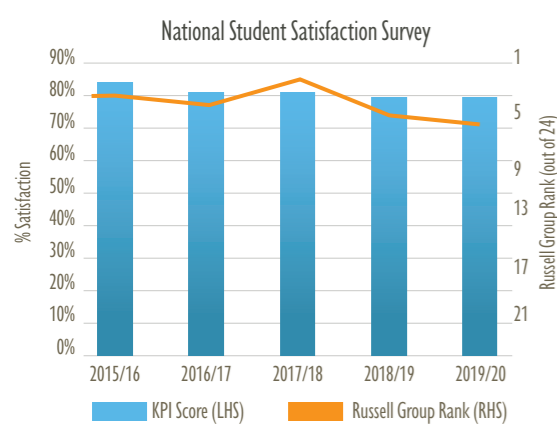
In the 2020 National Student Survey (NSS) overall satisfaction scored 85.7% (87.3% in 2019), remaining 3rd in the Russell Group. Good honours degrees (1st or 2:1) were awarded to 92% of our students (89% in 2018/19) while 85% of our graduates were in graduate-level employment 15 months after graduating according to the new Graduate Outcomes Survey (2017/18 data). These results demonstrate our high performance in delivering the best outcomes for our students.

NSS overall satisfaction is a broad measure, and our own NSS KPI mirrors the Times league table methodology which focuses on teaching quality and student experience<sup>1</sup>.

In 2020 this reduced by 0.9 percentage points compared to 2019, but our performance overall shows a remarkable degree of stability in a year of significant turmoil occasioned by industrial action and the COVID-19 pandemic towards the end of the year.

In 2019 the University admitted 10,650 new students across all study levels, 32% of whom are international students. They were enrolled in 37 disciplines in our six academic colleges across all our campuses in Devon and Cornwall. The total student body rose to 25,263 full-time equivalent students in 2019/20.

<sup>1</sup> The Times calculate a teaching quality score, weighting this 2/3rds, and a student experience score with a 1/3 weighting, based on nine questions within the National Student Survey.



Our vision is to be an international learning community within an Education-Research ecosystem, in which we aim to be known globally for empowering our students, by involving them in the core mission of the University to change the world and contribute to society through the creation, dissemination and application of new knowledge.

This vision is fundamental to our new Education Strategy 2019-2025 which we launched at the beginning of the academic year.

A particular focus this year was on the theme of Success for All our students. We developed a combined *Success for All* action plan, bringing together the key objectives and activities within our Education Strategy, Access and Participation Plan, Equality, Diversity and Inclusivity Vision, Global Strategy and Wellbeing and Welfare Review. We accelerated work to address differential experiences and outcomes among underrepresented groups, especially BAME students, as has been highlighted by the Black Lives Matter movement. We are especially delighted to be appointing a new Associate Academic Dean for Students (Racial Equality and Inclusion) in autumn 2020, who will play a key role as a senior academic leader for inclusive education and student experience.

This academic year has challenged us like none before, as it has across the Higher Education sector, with periods of industrial action and the global COVID-19 pandemic impacting the educational, professional and personal lives of our students and staff. Throughout, our priority has been the wellbeing and safety of our university community, while protecting our students' academic outcomes and supporting our colleagues to educate online and in our new blended face-to-face and online educational delivery model.

On 16th March 2020, all teaching on campus was suspended and transitioned to online delivery for the final week of Spring Term from 23rd March. This was a huge and rapid undertaking on the part of all of our academic and professional service colleagues – and students - who had to quickly adapt their teaching and learning amidst competing work, study and domestic pressures and travel disruption.

All summer examinations and assessments moved to online delivery. This required exceptional work by our academic leadership, IT, Technology-Enhanced Learning teams and others to establish rigorous pedagogic and technical solutions which maintained academic standards and provided technical resilience and confidence. This period also demonstrated the importance of partnership with our Students' Guild in Exeter and Students' Union in Cornwall, particularly evident in our approach to supporting students through examinations and assessments (see case study overleaf).

In June we sought feedback on students' online experiences, with 1,096 students responding. The outputs provided a valuable sample of student views which have since helped us focus on preparations for the following academic year. While the majority of respondents were positive about the quality of online education since the closure of campuses (40%, 30% average, 25% negative), and about their ability to effectively demonstrate their learning through online examinations (66%), we know that there has been variation in experience across our student body.

We also know that the pandemic has impacted on students' wellbeing and connectedness, with 79% of survey respondents reporting a stressful experience of lockdown. We have been exploring this through a range of channels including regular focus groups with students, which will continue throughout the new academic year. Qualitative, free-text responses received through the survey have also been invaluable to this work.

To prepare for the 2020/21 academic year, characterised by the uncertainties and uneven impacts of the COVID-19 pandemic, we established *Project Enhance*. This is a £12m investment in rapidly evolving our whole taught portfolio into a blended model incorporating live in-person teaching both on campus and online, and high-quality digital learning resources available anytime, anywhere. Through this project we have supported the enhancement of over 2125 individual modules and approved these through quality assurance procedures. We have created an *Enhancement Hub*, an online repository of training, guidance and best practice in blended learning which has received more than 46,000 hits to date.

*Project Enhance* has included a significant investment in people within our colleges, including around 40 full-time equivalent Education and Scholarship posts and around 40 Postgraduate Teaching Assistants. We also increased opportunities for our students and graduates to be involved in the co-creation of our enhanced portfolio, appointing 69 graduates as Digital Learning Developers and 107 current students to internships as Digital Learning Assistants, all working directly with academic colleagues. This has been complimented with new investment in digital infrastructure and software tools as well as £1.8m of investment in digital library resources including e-textbooks.

### Preparing students for the world of work

The University is committed to supporting our students as they prepare for life post-graduation, especially now as our graduates seek to take the next steps in their careers in an employment market constrained by the COVID-19 pandemic. Our enhanced 'Careers Forever' support program, launched in early summer, has been proactively seeking out graduates most in need of support. Throughout the pandemic we have moved our employability operations online, including the delivery of more than 100 additional webinars which were also extended through the Easter and summer vacations. Graduates also continue to have access to more than 20 virtual careers fairs focusing on multiple industrial sectors globally.



CASE STUDY

**Online Examinations and the No-Detriment Policy**

In close partnership with the Students' Guild and Students' Union, our approach to examinations in summer 2020 focused on maintaining engagement and supporting students to succeed in hugely challenging circumstances. In particular, this included the sector-leading **No-Detriment Policy**, through which we were able to provide students with a 'safety net' for their grades based on pre-pandemic performance, protecting them as far as possible from the variable impacts of the pandemic.

All examinations were undertaken online, in open-book format during the May and August examination periods, either within 24-hour windows (papers of unfixed or fixed duration), or in alternative coursework formats. Students were given the option to defer any or all May assessments to either August 2020 or May 2021.

In total, 16,107 students undertook 944 examinations in the May assessment period, representing 55,929 individual examination scripts which were then marked online by academic colleagues. A further 2,468 students undertook 797 Deferred and Referred examinations during August, representing 5,343 scripts. Prior to the May examination period, only 342 students (2%) had opted to take up the option to defer all of their assessments to a later period.

Through this supportive approach, we successfully supported more than 20,000 taught students to complete the 2019/20 academic year with robust academic outcomes, to progress into the next stage of their studies or on to employment or further study.

CASE STUDY

**The Enhancement Hub**

To support colleagues preparing their modules for blended delivery in 2020/21, we launched the **Enhancement Hub** in June 2020. Driven by our Design Principles and underpinned by blended curriculum development through Project Enhance, this is a live online resource hosting a wide range of advice, guidance and best practice for educators. The Enhancement Hub is curated by the Academic Development and Technology Enhanced Learning teams, in collaboration with an engaged group of Academic Experts from across the University. This Expert Group have been invaluable in working through key pedagogic issues and developing guidance. Enhancement Hub resources include guidance on using the array of digital tools available to colleagues for teaching, as well as extensive provision of support for teaching and learning activities, including inclusive module design and advice for teaching in COVID-secure on-campus environments. Since June, the Enhancement Hub has received over 46,000 visits from 2400 users.



CASE STUDY

**InVenTA**

Dr. Steve Palmer, Dr. Damien Mansell and Dr. Anne Le-Brocq (Geography) have developed a tool to create virtual 3D fieldwork for teaching assessment and research outputs. A previous Education Incubator project, The Interactive Virtual Environments for Teaching and Assessment (InVenTA) software utilises 3D visualisation and gaming techniques to take students and researchers to environments from Africa to the Arctic Circle, without leaving the classroom. The technology has been used in Geography and Archaeology teaching this year, has led to the recent collaboration with Learning on Screen to distribute the software nationally, and has recently been shortlisted for the *Times Higher Education* awards for Technological or Digital Innovation of the Year.



CASE STUDY

**Education Incubator: Inclusive Education**

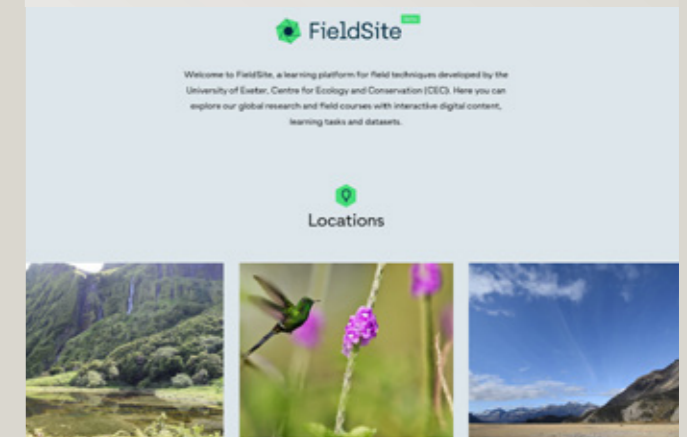
The Exeter Education Incubator sponsored 21 projects over the year, which focused on developing inclusive educational innovations and supporting positive student outcomes. Collaborating with EdTech Exeter and the Research-Inspired Learning steering group, these outcomes related to improving equality of educational opportunities, closing the BAME awarding gap at Exeter, and developing sustainable and innovative pedagogic frameworks that continue to be used across the University. The benefits of these projects have also continued into 2020-21, with several fellows commenting on how the relationships and skills they developed as part of the Incubator community prepared them to create the agile pedagogical models used as part of online blended-learning at Exeter in response to COVID-19.

The Incubator also moved its yearly 'Incubator Café' showcase online, which had over 700 staff and students attend across the week. Alongside this, 50 students worked on projects across the year, helping to conduct research, develop publications, and create online learning resources.

CASE STUDY

**FieldSite: Virtual Fieldtrips Platform**

Dr. Chris Lang (Biosciences, Penryn) and the Centre for Ecology and Conservation have created a bespoke platform, 'FieldSite', to deliver experiential and immersive content from fieldwork locations to University of Exeter students in a uniquely engaging way. Videos, 360° images, sound files and photographs are structured into guided tasks from our global field courses and research activities so students can experience them online. This platform, which is the first of its kind, is highly accessible, free to use and offers a low carbon alternative to travel. The project is supported by the Provost Fund, and the platform will be ready for release in December 2020.





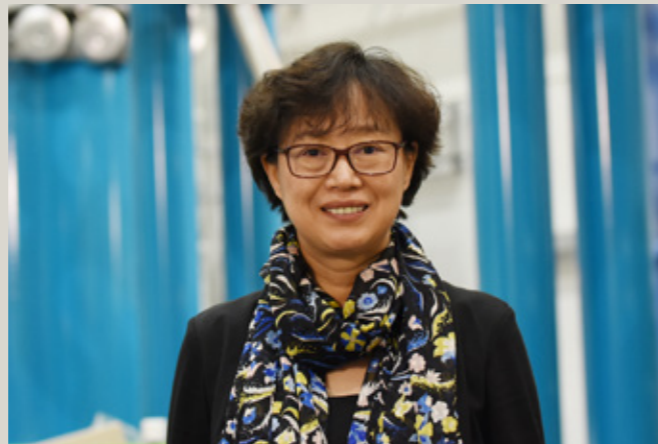
**University of Exeter's world-leading plastics research wins Queen's Anniversary Prize**

The University of Exeter was awarded a Queen's Anniversary Prize for Higher Education for the pivotal role it has played to expose the devastating effect that plastics pollution has on the health of humans and wildlife. This prestigious national honour was approved by The Queen on the advice of the Prime Minister following recommendations by the Awards Council of the Royal Anniversary Trust, which administers the Prizes scheme. Exeter's pioneering research has been led by Professors Tamara Galloway, Brendan Godley, Lorna Harries and Dr Ceri Lewis.



**Construction began on £10m Mireille Gillings Neuroimaging Centre**

Work began to construct a cutting-edge new imaging centre expected to rapidly accelerate dementia research and improve healthcare. The new Mireille Gillings Neuroimaging Centre forms part of the Medical School's clinical research infrastructure. It will transform research and diagnosis of dementia and other neurological diseases, funded by part of a £10m donation from the Dennis and Mireille Gillings Foundation.



**Professor Zhongdong Wang appointed as Executive Dean for CEMPS**

Professor Zhongdong Wang was appointed as the new Pro-Vice Chancellor and Executive Dean at the University of Exeter's College of Engineering, Mathematics and Physical Sciences. Professor Wang joined Exeter from the University of Manchester, where she was the Associate Dean for Internationalisation in the Faculty of Science and Engineering. Professor Wang started her role this academic year, taking over from Professor Ken Evans, who remains in the College.



**World-leading stem cell researcher appointed new Director of Living Systems Institute**

Professor Austin Smith FRS, one of the world's most influential and renowned stem cell researchers was appointed as the new Director of the University of Exeter's Living Systems Institute. Professor Smith joined the University of Exeter to take up the leadership post at the LSI, a £52m world-class, next generation collaborative research community.

How we performed:  
**Knowledge – research and impact**

Creating and disseminating knowledge that has an impact on society; addressing the many challenges facing humankind is central to our mission.

2019/20 has become a year seemingly divided into two segments, of pre- and post-COVID-19, both financially and strategically. All universities have faced enormous challenges, and Exeter, like so many, has had to revise and revisit research programmes, future planning, and essential work. The response to COVID-19 has shown that Exeter Research has resilience, tenacity and resourcefulness that has required many projects to be redesigned, to enable them to continue as best as possible, and many researchers rising to the challenge of COVID-19 research.

The University has lent the UK Government much needed laboratory research equipment worth circa £630k to allow testing centres and hospitals to cope with the pandemic. This represented a total of 73 pieces of equipment including 22 biosafety cabinets.

To date we have been awarded over £2m of funding from UK Research and Innovation, the Royal Academy of Engineering, National Institute for Health Research and the Wellcome Trust specifically to undertake COVID-19 facing research. Exeter researchers have been instrumental in investigating and influencing:

- next-generation antibody and antigen testing;
- mathematical modelling of the spread of COVID-19 for the NHS and in higher education institutions;
- engineering-focused early detection of COVID-19 using wastewater;
- predictive spatial modelling of transmission;
- enhancing immersive technologies to minimise the impact on regional arts organisation;
- mitigating the impact on people with dementia and their carers;
- tackling the issue of public misinformation of COVID-19;
- food security and supply chains;
- analysis of COVID-19 inequalities and the co-creation of nursing protocols;
- establishing a novel clinical trial examining the cross-protective effects of the BCG vaccine.

Our research advances knowledge, understanding and the capacity to respond to local, national and global social, economic and environmental challenges. We are making significant progress in delivering our current Research and Impact Strategy (2015-2020).

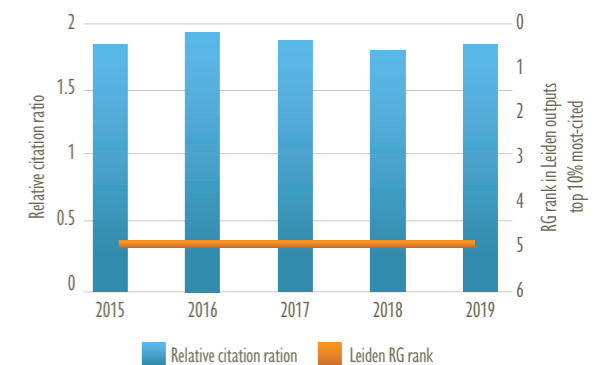
To date:

- we have established 4 institutes with a new one in development;
- we have increased research volume and quality of research across our disciplines;
- we are planning to submit over 1,250 FTE to the REF2021, a 70% increase from 2014;
- we have shown sustained growth of research income at 12% per year of the past 3 years (2016/17-2018/19)

**Research Excellence**

In the 2014 Research Excellence Framework exercise, 98% of the University's research was rated as of internationally excellent quality. The research community, whilst rapidly expanding in number, remains relatively small compared to others within the Russell Group (the UK's most research-intensive institutions, where we are currently 19 of 24 amongst the Russell Group for the number of Education & Research staff, and 18th when we include our Research-only staff).

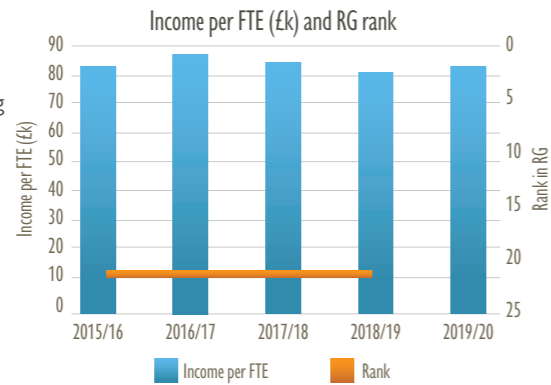
The CWTS Leiden Ranking offers key insights into the scientific performance of more than 900 major universities worldwide. We are 6th in the UK, 9th in Europe and 24th in the world in the CWTS Leiden Ranking when the quality of publications is considered. In the QS world ranking the University is ranked 164th and we are ranked 8th in the Russell Group of leading research-intensive universities. The 2019 Thomson Reuters Highly Cited Researchers list featured 18 Exeter researchers representing the top 1% of cited researchers in their fields.



In 2019/20, 676 new research awards were secured in a highly competitive peer-reviewed environment, totalling £108m. These awards fund multi-year projects, converting to income over the next few years as projects are mobilised and delivered through to completion.

Awards represent current and future income. Despite the disruptive nature of the COVID-19 pandemic, 2019/20 marks the third consecutive year where our annual awards value is greater than £100m. Funding was attracted from UKRI and national academies, Innovate UK, from the European Research Council and other Horizon 2020 schemes, the Wellcome Trust, other medical charities and over 40 industry funders such as Anglo American, AstraZeneca, BAE Systems Operations Limited, Bayer CropScience, British Telecom, Google, Hitachi, Novo Nordisk, QinetiQ, Quorn, PepsiCo Pukka Herbs, South West Water and Syngenta.

We have seen year-on-year improvement in our success with UKRI. In 2017/18, we were ranked 20th (amongst all universities and the Russell Group) by the value of new awards, improving to 19th in 2019/20. Notably, in 2019/20 we topped the list in relation to new awards from the Natural Environment Research Council (NERC).



**Research & Impact Strategy**

Entering the new decade, our new Research & Impact Strategy will: identify next-generation research questions; enable creativity and innovation; and generate sustainable solutions for the economy, society and communities worldwide. We will promote a professional environment that is inclusive, supportive, efficient and inspiring.

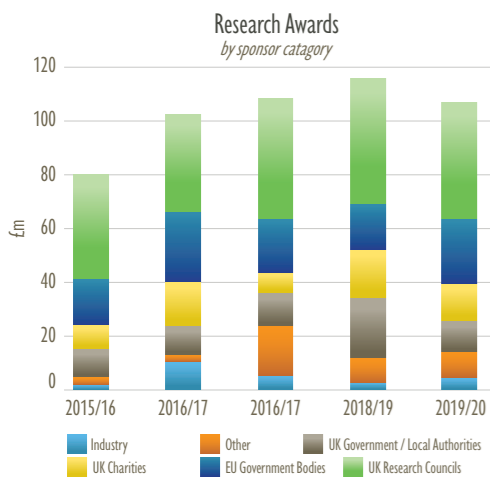
Our objectives over the next five years will be pursued in the context of three dimensions of our research mission. We will:

- Develop and support *people and ideas* to create a vibrant research culture for individual and collective benefit.
- Enhance *collaborations and partnerships* thereby enriching our research and delivering transformational benefits for society.
- Optimise our operational *structures, infrastructure, and resources* to enhance collective working and agile responses to emerging global agendas.

To achieve this, we will exploit natural synergies between our Education, Global and Research & Impact strategies strategically shaping our investments and driving our commitment to research-inspired learning, and the development of international partnerships and research of global reach and importance.

Our research resources span all our campuses in Exeter and Cornwall and all our Colleges. Our strategy aims to provide an environment to enable all our researchers to flourish. Our University Institutes co-create and co-locate inter-College research, including: the Environment and Sustainability Institute (ESI); the Global Systems Institute (GSI); the Institute for Data Sciences and Artificial Intelligence (IDSAI); the Living Systems Institute (LSI) and the new International Institute for Cultural Enquiry (IICE).

Over the course of 2019/2020 these five institutes, have continued in their aims of interdisciplinary, collaborative and impactful research at both a regional, national and international level. They already have over 173 academics working together, with the International Institute for Cultural Enquiry currently in a pilot phase. They have strengthened strategic partnerships with a diverse range from the National Trust, the UK Met Office, South West Water to the Alan Turing Institute and secured major awards from funders such the UK Government, EU Commission, Research Councils, the UK Government department of Business, Energy and Industrial Strategy and Wellcome Trust. With substantial facilities such as state of the art solar and microbiology labs, world-class tissue culture facilities and worldwide collaborations, the Institutes have been able to attract academics, fellows and postdoctorals who contribute to ongoing success.



This year's financial results have confirmed the positive trajectory of our research performance with research income of £93m. Despite the global COVID-19 pandemic, this is a 7% increase on 2018/19 when we reported £87m research income. Similarly, the contribution to indirect costs, ie the difference between income and direct costs, was £27m, a 6% increase on 2018/19.

Our strategies for growth and building our interdisciplinary capacity and capability has meant that our research income per staff FTE is gradually growing in recent years, increasing from £73.6k per FTE in 17/18 to £80.7k per FTE in 18/19 (the most recent year for which we have HESA comparator data) and, now, due to COVID-19 disruption, £79.9k per FTE for 2019/20. We are confident we are building foundations that will make our income sustainable despite a challenging funding landscape. By this measure we continue to be ranked 22nd (out of 24) in the Russell Group, reflecting both our continued growth and the balance of our STEMM/HASS base in comparison to the large civic and London institutions in our peer group.



**CASE STUDY**

**Shaping the first major reform to UK divorce laws in 50 years**

Fault has been an integral component of divorce law in England and Wales since the 17th century with the irrevocable breakdown of a marriage only proved by a legal fact such as allegation of adultery or behaviour or a specific period of separation. This has, however, had negative consequences on the individuals involved, especially children.

Professor Liz Trinder's research (Law) on fault and her Nuffield Foundation funded report, *Finding Fault* highlighted the damage to families and the rule of law. Her research led directly first to a review of the existing law and then to the UK Government's acceptance that law reform was required. It also played an important role in shaping the principles and details which underpinned the subsequent reforms to the law. The *Divorce, Dissolution and Separation Bill* passed into law in June 2020.



**World-leading neuroimaging expert joins university**

Professor Marios Politis, who consistently ranks in the global top five of neuroimaging, was appointed Professor of Neurology and Director of the Mireille Gillings Neuroimaging Centre at the University of Exeter Medical School. His research involves using cutting edge PET and MRI scanners to understand how the brain works, and to gain insight into how best to prevent and treat diseases including dementia and Parkinson's disease.



**Exeter celebrates being only UK city to be awarded UNESCO City of Literature status**

The University played a pivotal role in helped Exeter be awarded the prestigious UNESCO City of Literature status. The city was the only new place in the UK to be given the status, joining 65 cities across the world to become part of the UNESCO Creative Cities Network.

## People and Ideas

Investing in our research environment and culture enables our researchers to thrive, make outstanding contributions and build sustained and successful careers at the university. Our core values of openness and transparency underline our ethos and drive the highest standards and principles of research integrity and responsibility, and reward effort, collaboration and collegiality as well as individual success.

Independent audits provide clear evidence that the University delivers world-class research of global significance and that many of our researchers are amongst the most cited in their fields. We support a continuum of activity from discovery-based to problem-focused translational research. We recognise that the authority and subject-specific expertise of individual researchers is vital in assembling the complementary teams of interdisciplinary researchers that can unlock new knowledge and address complex problems.

To support these ambitions, and address our commitment to research underpinned by the highest standards of integrity we have taken key steps such as being a signatory to the Concordat to Support the Career Development of Researchers and the San Francisco Declaration on Research Assessment (DORA).

The Concordat sets out a vision of working practices, roles and responsibilities which will attract and sustain research careers in the UK, ensuring the continued provision of well-trained, talented and motivated researchers essential to the continuation of research excellence. Our support and development of researchers was recognised by our retention of the international 'HR Excellence in Research' award, after an eight-year review. We signed the newly revised Concordat in June 2020, building on our current 'Concordat Action Plan', particularly around training and support provisions, representation, staff inductions, careers guidance and inclusivity. Our new Action Plan will also be informed by our own institutional and national benchmarks arising from the new national Culture, Employment and Development in Academic Research Survey (CEDARS), which we ran for the first time in June 2020.

In becoming a signatory to DORA in June 2020 we have made a public commitment to the responsible use of metrics, committing, when assessing research, to consider the inherent value and impact of all research, and consider a broad range of impact measures, such as influence on policy and practice.

We have established a network of DORA Champions in our Colleges. In addition, 98% of staff currently representing our REF2021 submission are ORCID<sup>2</sup>-registered, further demonstrating our commitment to promote the visibility and integrity of our research outputs. We aspire to 100% of our submissions being ORCID-registered before our REF is submitted.

We aim to develop talent and leadership skills at all levels – from our strong postgraduate and early career research community through to our most cited research stars. Our annual Postgraduate Research Experience Survey (PRES) results in 2019 showed an overall institutional satisfaction score of 81.3% - in line with the sector and Russell Group average, but a decrease of 2.6 percentage points on the 2018 score. Supervision (87.5% satisfaction) and research skills (86% satisfaction) were our best performing. Participation in the 2020 optional survey (due Mar-Apr 2020) did not take place in favour of a series of "Pulse Check" surveys (Apr, Jul and Oct 20) to capture feedback specifically in the context of the unfolding pandemic situation and the Doctoral College response.

In 2019/20 recognition of our achievements includes the award of the Queen's Anniversary Prize for Higher Education awarded to Professors Tamara Galloway (Biosciences), Brendan Godley (Biosciences), Lorna Harries (Institute of Biomedical and Clinical Sciences) and Dr Ceri Lewis (Biosciences). Professors Regenia Gagnier (English) and Ian Bateman (Land, Environment, Economics and Policy Institute) became Fellows of the British Academy, Professor Gordon Brown (MRC Medical Mycology Centre) became a Fellow of the Royal Society and Professor John Dupré (Sociology, Philosophy and Anthropology) was invited to be a member of the American Academy of Arts and Sciences.

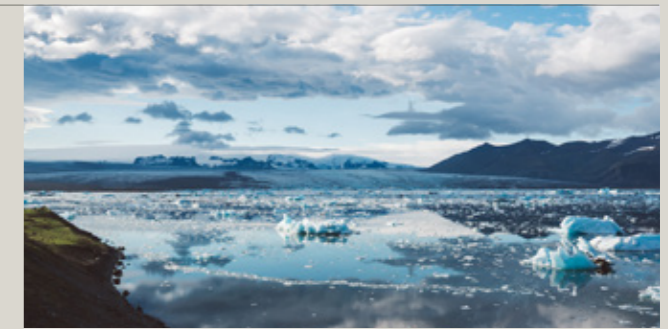
Professor Isabelle Baraffe (Physics and Astronomy) was one of the three joint recipients of the 2020 Viktor Ambartsumian International Science Prize, one of the most prestigious astronomy/astrophysics prizes. In addition, she also received the Fred Hoyle Medal and Prize 2019, from the Institute of Physics. Exeter researchers also excelled in research relating to the life sciences, environment and sustainability. Research by Dr Federico Caprotti (Geography/Turing Fellow) with collaborators at the University of Capetown, on ways to use renewable energy technologies such as solar microgrids to power sustainable businesses in off-grid areas was shortlisted for the 2020 Newton Prize. Dr Emily Duncan (Biosciences) was chosen for the Forbes "30 Under 30" list of innovators in science and health across Europe for her work on the impact of plastic pollution on marine life including sea turtles. Professor Edze Westra (Biosciences) was awarded the Microbiological Society's Fleming Award 2020 and was a finalist for the Blavatnik Award for Young Scientists in the UK in Life Sciences. Dr Kirsty Wan (Mathematics) received the Biochemical Society's 2020 Early Career Research Award.

<sup>2</sup> ORCID is a non-profit organization helping create a world in which all who participate in research, scholarship and innovation are uniquely identified and connected to their contributions and affiliations, across discipline, borders, and time. <https://orcid.org/>



### Dragons' Den star Deborah Meaden launches new Centre for Entrepreneurship

Dragons' Den star and businesswoman Deborah Meaden helped to launch the University of Exeter's new Centre for Entrepreneurship. The centre helps create the next generation of start-up founders and innovators who will thrive in the fourth industrial revolution. It also helps people start meaningful ventures which improve society and their communities, with their work informed by research from the centre's experts.



### University experts feature in prestigious ranking of world's most influential scientists

Leading climate, environment and health academics from the University of Exeter were recognised as being amongst the world's most influential researchers, Fourteen scientists from Exeter, and a further three who are affiliated to the University, featured in an authoritative new list of the most highly cited researchers worldwide, produced by Clarivate Analytics. The ranking identifies researchers selected for their "exceptional influence and performance in one or more of 21 fields in Clarivate's Web of Science database, over the period 2008-2018.

## CASE STUDY

### Spotlight on Future Leaders Fellowships (FLF)

In 2019/20 there was a concerted effort by the University of Exeter to attract FLF grants and this was achieved with exceptional success. Five Early Career Researchers secured Fellowships from UKRI's flagship fellowship scheme. These prestigious Fellowships, funded for an initial four years with the possibility of a three year extension are designed to support and advance the careers of the most talented researchers and innovators in their fields, enabling them to tackle some of the most pressing and challenging research questions whilst enabling them to develop and further establish their independent careers.

**Dr Rebecca Helm (Law):** Dr Rebecca Helm won her FLF successful application worth over £900k on '**Putting Cognitive Science to Work in the Legal System: An Evidence-Based Approach to Testimony Evaluation and Beyond**'. Rebecca's research examines how the accuracy and credibility of testimony is examined in the context of the criminal justice system. It seeks to design procedures enabling more effective evaluations that cohere with current scientific knowledge on memory and decision-making, informing new legal procedure and better integration of scientific method and research into the legal system.

**Dr Oliver Hauser (Economics): 'BIG IDEAs: Using Randomised Controlled Trials to Reduce Bias in the Workplace'** was awarded £1.06m. The central aim of Oliver's programme of research is to use causal interventions from multi-disciplines reducing bias in the workplace to create more equality at work. These interventions will lead to a better working knowledge of how we create more fairness in the workplace.

### Dr Joseph Costello (Biosciences):

**"The Redox Triangle"** will use mammalian cells to investigate how three organelles - the endoplasmic reticulum, peroxisomes and mitochondria - communicate. These organelles are the major centres in the cell which are involved in both lipid exchange and the production and detoxification of waste products in the form of reactive oxygen species. This novel and exciting area of cell biology promises to deliver fundamental insights into organelle interactions events in cells and also establish how this fits into the broader cellular signalling network and how failure to communicate may be linked to disease.

**Dr Helen Eyles (Biosciences): "Epiphytic ecology and nutrition for control of a wheat pathogen"** will identify new ways to control fungal pathogens of crop plants, reducing our reliance on fungicides in agriculture. Reducing fungicide use is becoming increasingly important, as pathogens are becoming resistant to fungicides used in agriculture. The potential significance of this research to the UK economy could be substantial given the fact that, despite growing the most resistant wheat varieties and treating them with fungicide, even in a good year for wheat growth yields can be reduced by this fungus by 10%.

**Dr Jonathan Phillips (Biosciences): "Protein Choreography"** will seek to develop a "molecular movie camera" – studying the movement of protein molecules to understand how enzymes catalyse the processes that underpin life, disease and medicine in the human body. The project will allow Dr Phillips, and his collaborating researchers at the University of Zurich to produce data-driven videos of how proteins are moving and so gain a greater understanding of the processes behind those movements. They will then use that information to design new 'allosteric' medicines and new biotechnological tools.

In the areas of health and wellbeing, Professor John Campbell (Institute of Biomedical and Clinical Sciences) received an MBE for his outstanding contributions to improving GP Services and Professors Lorna Harries and Alison Curnow (Exeter Medical School) were both recognised within the Women in Healthcare Leadership projects for their significant contributions to healthcare. The University's work with SageTech's work was recognised via the Association of Anaesthetists 2020 Award for Innovation in Anaesthesia, Critical Care and Pain.

Attomarker, a pioneering spin-out company founded by Professor Andrew Shaw (Biosciences) won the "One to Watch" award at the annual OBN Life Sciences event in November 2019. The company which has developed the world's first "pocket blood-testing laboratory", has since turned its attention to antibody testing in relation to COVID-19.

Dr Noreen Orr (Exeter Medical School) won the People's Award at the Social Research Association Annual Conference 2019 for research on the benefits and challenges of pet therapy in care homes. Dr Felicity Thomas's (History/co-director of the WHO Collaborating Centre for Culture and Health) research on social prescribing underpinned a Radio 4 feature piece which was shortlisted for the 2019 national Mind Media Awards, 2019 within the Best Radio piece on mental health category. Dr Sarah Flanagan was awarded the Balfour Medal by the Genetics Society for her work on the genetics of neonatal diabetes and congenital hyperinsulinism.

Exeter's longstanding strengths in the humanities and social sciences has also received ample recognition. Roger Maull (INDEX, the Initiative for the Digital Economy at Exeter) received the AMA-EBSCO Annual Award for Responsible Research in Marketing. Professor Fabrizio Nevola (Art History and Visual Culture) won the 2019 App Award at the Conference on Cultural Heritage and New Technologies for "Hidden Florence" a 3D augmented reality experience of the Church at San Pier Maggiore in Florence, which was destroyed in the 18th century. Professor Sinéad Moynihan's book, *Ireland, Migration and Return Migration* won the Michael J. Durkan Prize for Books on Language and Culture awarded by the American Conference for Irish Studies. Dr Natália Pinazza (Modern Languages and Cultures) received an honourable mention for the Best Edited Collection in 2020 by the British Association of Film, Television and Screen Studies. Dr Wendy O'Shea-Meddour's (English) book *Lubna and Pebble* was nominated for the CLIP Kate Greenaway Award, shortlisted for the UKLA Awards and the Teach Primary Awards, and was named as one of 2019 "Best Children's Books of the Year" by *Time Magazine*.

#### Collaborations and partnerships

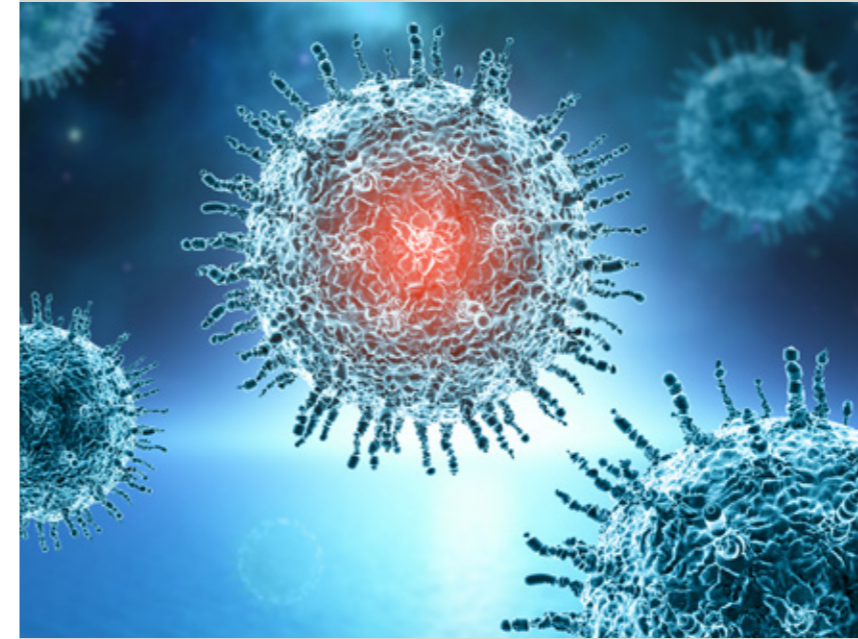
Strategic national and international partnerships bring together leading academics and the resources of outstanding universities, industry, public and third-sector partner organisations to deliver transformative impact in key global challenges, bringing multidisciplinary teams together for mutual advantage. One example of this is the Met Office and the University of Exeter. A ground-breaking new centre, the Joint Centre for Excellence in Environmental Intelligence launched in July 2020 is spearheading the development of Environmental Intelligence and promoting the UK as a global trailblazer

in this fast-growing new field. Research in the Joint Centre will focus on utilising the power of data to transform our understanding of a changing environment and find solutions to the challenges that this presents. Initial areas of research will include climate change, clean air, extreme weather events and environmental challenges related to the COVID-19 pandemic.

We became the first UK University to Join the Venice International University (VIU) based on the island of San Servolo in Venice, Italy and working with nineteen other international partners. For PhD students, as well as postdoctoral fellows and early career researchers, VIU offers the International PhD Academy, bringing together academics from around the world to collaborate on key research Focus Areas. We now have growing number of strategic PhD research partnerships. For example, in November 2019 we launched the Living System Institute and the Singapore Nanyang Technological University (NTU) Biomedical PhD Studentship scheme.

The University's reputation as 'good to do business with' has been earned through many years of successful collaboration with small and medium enterprises, large multinationals, government agencies, NGOs and charities. Minviro, who focus on driving environmental sustainability in the mining and raw materials sector founded by experts from the University received a £125k investment package from Sustainable Ventures who develop and invest in new sustainable businesses. In addition they are providing support and guidance through their Sustainable Accelerator Programme. SENISCA is an emerging spin-out from the University, initially focussing on developing anti-ageing cosmetics and cosmeceuticals, followed by a wider vision to deliver innovative, effective pharmaceutical treatments for the diseases of ageing. Their aim is to create pharmaceutical interventions to treat age-related chronic diseases.

Academics and clinicians from across the University's campuses in Devon and Cornwall have been collaborating with the NHS, Public Health England and business to help strengthen their resources to fight COVID-19. The Applied Biosystems QuantStudio machine was lent by Professor Will Gaze from Cornwall to the Royal Cornwall Hospital Trust, to work on new ways to expand its COVID-19 testing capacity. ISCA Diagnostics (a University spin-out company) developed a new test known as AspLFD (Aspergillus lateral flow device) to detect fungal lung disease in COVID-19 patients being treated in ICUs. A collaboration between University of Exeter and Portsmouth Hospitals NHS Trust in the management of dialysis services in the south of England during the COVID-19 outbreak used computer modelling to identify how to reorganise dialysis services and minimise disruption to 650 patients receiving treatment at The Wessex Kidney Centre. In one key finding, the report grouped patients together for transport, which cut the total time of non-emergency transport by up to 60%, freeing up more ambulances to respond to emergencies.



#### CASE STUDY

### Estimating dengue and COVID-19 in Brazil

A collaboration with the Brazilian Institute for Public Health, Fiocruz has improved data models for estimating the number of people with infectious diseases such as dengue and Zika. Dr Theo Economou's (Mathematics) research has resulted in the developed of a regional disease warning system, Info Dengue now used in 788 Brazilian cities.

The successful modelling framework of InfoDengue was extended on a national scale to create comprehensive influence warning system, InfoGripe. InfoGripe has been adopted by the Brazilian Ministry of Health to help local authorities monitor likely demand on hospitals and services, manage support and to support a pre-emptive vaccination programme. It is estimated that in 2019-20 alone, the Brazilian public health system saved resources in the range of \$300k - \$2m. Since March 2020, the Brazilian Ministry of Health has cited InfoGripe as one of the official data sources it uses to deal with COVID-19.



#### CASE STUDY

### Redefining the limits of human endurance and endeavour

For many years running a sub-two-hour marathon was considered impossible until research by Exeter's Professor Andrew Jones and Professor Anni Vanhatalo (both in Sport and Health Sciences) allowed the elite marathon runner, Eliud Kipchoge of Kenya achieve this feat. In collaboration with Nike's in-house scientists, Jones designed and supervised laboratory and field-based evaluations, worked with a group of elite runners on their in-race nutritional and hydration strategies and Vanhatalo and Jones evaluated a prototype Nike running shoe which showed positive effects on running economy, muscle damage markers and running performance. Kipchoge broke the world record and ran the first sub-2 hour marathon in human history in Vienna on 12<sup>th</sup> October 2019.

This collaboration with Nike has inspired new product development, namely Nike's Vaporfly 4% running shoe (and subsequent editions). These have contributed to a significant boost to Nike's footwear sales (which increased by 14% (\$3bn) to \$24.4bn between 2017 and 2019). Since January 2020, the 7 fastest men's marathons in history and 10 of the best 15 women's performances, including the official new men's and women's world marathon records, were run by athletes wearing shoes from Nike's Vaporfly range.

## How we performed: People

Our vibrant community of passionate and dedicated staff are fundamental to our success and we work hard to create a diverse and inclusive workplace. The University People Strategy helps our staff fulfil their potential, rewarding them fairly and providing a positive working environment.

The COVID-19 pandemic created challenges to ways of working and reinforced the need for a community of agile and responsive colleagues supported by high quality and compassionate leaders and managers. In 2019/20, the number of full-time equivalent staff employed by the University increased by 7% to more than 5,000 by the end of the year. The number of academics and research staff grew by 8% as a consequence of continued investment in exceptional teaching and world-leading research.

### Response to Coronavirus COVID-19 Pandemic

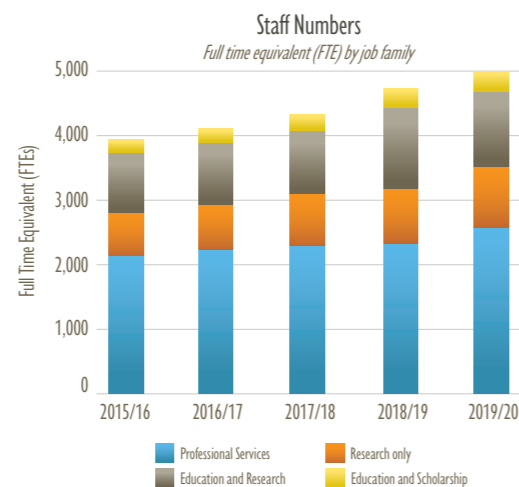
Policies and practices were quickly adapted to reflect the impact of the pandemic. Examples include extending timescales to complete probation and more flexible use of annual and special leave. To support colleagues to work at home, many of whom were balancing work with caring responsibilities and supporting their children's learning, a range of online resources and training courses on wellbeing, effective homeworking and leading a team remotely were developed. Equality Impact Assessments were undertaken to ensure equality through all COVID-19 projects. We took limited advantage of the Government Coronavirus Job Retention Scheme to furlough staff and protect jobs, however many staff were reassigned from their normal roles to priority areas. Online mandatory training has been developed to support the safe return to campus with additional training for managers.

We also delivered new bite-sized online training on topics including Disability, Domestic Violence, Mental Health Awareness and Personal Resilience during Remote Working.

Throughout this unprecedented period we have maintained our essential and close working relationship with trade union representatives.

### Executive Recruitment

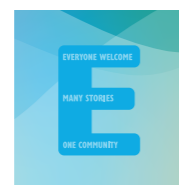
Professor Lisa Roberts became the new Vice-Chancellor on 1 September 2020. The recruitment of the Vice-Chancellor involved our community of students and colleagues representing the full range of business areas. All panel members involved in the recruitment undertook unconscious bias training. Professor Jo Gill was appointed Pro-Vice-Chancellor of the College of Humanities during the year and Professor Zhongdong Wang joined as Pro-Vice-Chancellor of the College of Engineering, Mathematics and Physical Sciences at the end of the year. These three new executive appointments improved the gender balance of the Vice-Chancellor's Executive Group.



### Armed Forces Covenant

The University became a signatory to the *Armed Forces Covenant* in September 2019 and is committed to the Armed Forces community by supporting employees who are members of the Reserve Forces, offering flexible annual leave for partners of service personnel and promoting careers in the Armed Forces as part of the University's student employability initiatives. In November, the University received the bronze award from the Defence Employer Recognition Scheme.

### Equality, Diversity and Inclusion (EDI)



We remain committed to creating an environment where all members of our community can flourish. This has been informed by several initiatives, by listening to our staff and student community and more recently events for the Black Lives

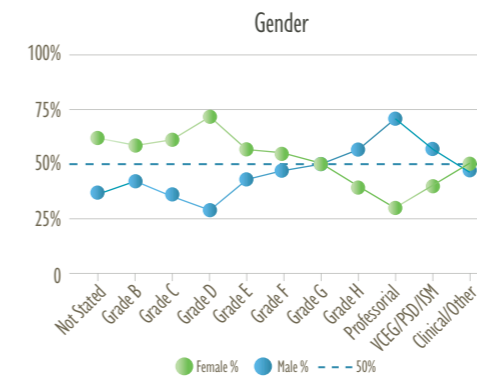
Matter movement. University Council agreed a new Equality and Diversity Impact Vision (2019 – 2025) 'Everyone Welcome, Many Voices, One Community', which is supported by strengthened governance and reporting arrangements which include members of the Vice Chancellor Executive Group chairing all four Equality Groups.

We have made a commitment to be an anti-racist University with discussions continuing across our community to develop a visibly and actively anti-racist approach expanding on the work already underway. The "Everyone Welcome, Many Voices, One Community" campaign launched videos on Diverse Friendships featured at various events secured strong engagement. Conscious of the importance of virtual communities and communications at this time, social media campaigns have marked religious holidays including Passover and Ramadan.

### Speak Out and Reporting

Three new Speak Out Guardians were appointed making a total of four across Devon and Cornwall. The Speak Out reporting tool encourages staff and students to report any instances of inappropriate behaviour informally, formally or anonymously and seek support via the Exeter Speaks Out online hub. A new joint reporting mechanism was launched for staff and students on Cornwall campuses.

### Case Study: Data informed Action



The Inclusion Data Dashboard was developed to provide a holistic overview of the trends within Inclusion-related data for our community. The information ranges from recruitment of students and staff to pay disparities and development opportunities. The tool provides live data to allow for more robust decision making and planning at all levels.

### Whole Community Approach

Working with our students and staff on progressing the EDI agenda is vitally important, and we are committed to ensuring partnership working and co-creation with our student body creates a more inclusive University than ever before. Janice Kay, Provost and Linda Peka, VCEG lead for EDI continue to meet with representatives of the Unlearn Collective, Students' Guild societies and staff networks. Discussion topics to date have included decolonising our university, support for student led initiatives and EDI student training in addition to agreeing how we can work together to create a platform for BAME, and particularly black voices and ensure our community engages with the conversation about race and driving forward our anti-racist action plan.

### Trans Awareness Training

Senior executives attended an awareness raising session delivered by local LGBTQ+ charity, the Intercom Trust with follow on sessions for staff to develop a greater shared understanding and awareness of Trans and non-binary issues affecting both staff and students. The session provided insights into how leaders can make a difference both through governance and operations. The University also arranged an event for senior leaders and members of several partner organisations including the NHS, Met Office and Police.

### Cultural Competence

The University is working with the National Centre of Cultural Competence (NCCC) at Georgetown University (USA) on a pioneering programme to apply cultural competence to advance EDI (Equality, Diversity and Inclusion). A pilot programme to establish a Community of Practice of leaders in cultural competence will work to define cultural competence within a range of contexts and define the rationales for cultural competence at Exeter. It will also seek to identify and examine the implications/benefits of culturally competent systems, behaviours and processes on outcomes and experiences for staff and students, develop actions, projects and share experience and knowledge with the wider community.

### Commitment to achieving the Race Equality Charter (REC)

This University is working towards the REC which aims to 'Improve the representation, progression and success of minority ethnic staff and students within higher education' with submission due in July 2021. To support this work a Self-Assessment Team comprising students and staff chaired by the Provost, reports to the University Inclusion Group. An Inclusive HR group chaired by the Director of HR supports the wider REC work making tangible recommendations regarding HR processes and procedures that are incorporated into the institutional REC action plan. As part of the self-assessment process a staff and student survey was undertaken in April with encouraging response levels.

### Supporting and developing Academic Leaders

An innovative and structured development programme engaged 42 existing and aspiring academic leaders entitled 'The Leadership Difference'. Along with a Heads of Department forum HOD Engage, chaired by the Provost, these programmes swiftly moved to remote delivery without loss of continuity or participation.

### Supporting and developing an inclusive research culture

The VCEG Lead for EDI and EDI team participated in the REF Individual Circumstances panel which forms part of the University's preparations for REF 2021. It is designed to ensure that all staff who have had personal circumstances that have affected their ability to research productively during the REF period have an opportunity to have those circumstances taken into consideration. All members of internal REF panels has attended a half day development workshop on Unconscious Bias. Further, we are tracking the impact on certain groups within our research community as a result of the pandemic and are taking steps to mitigate detriment and embed positive-action where possible.

## How we performed: Relationships

Partnerships with business, with local and regional agencies and relationships with alumni, funders and philanthropic individuals and trusts are vital in supporting our mission. The same is true of our international academic partnerships, addressing global challenges through research and education collaboration.

### Partnerships for growth and regeneration

Each year around 400 academics work on over 2000 projects across key sectors. Our business acceleration services partner with SETSquared, the world's number one University business incubator and with the Exeter Science Park. We have 20 active-academic-led spin-outs and annually support around 1500 student entrepreneurs.

We share facilities on campus with the South West Water, Shell, Victrex and Astra Zeneca, along with having strategic partnerships with IBM, BT, DSTL, QinetiQ, Babcock and the Satellite Applications Catapult. Our partnership with Shell Biodomain has led to £18m of research programmes in the Shell Bioeconomy Laboratory, while locally we have important collaborations with the Royal Devon and Exeter NHS Trust, the Royal Albert Memorial Museum and the Eden Project in Cornwall. A key relationship is with the UK Met Office, headquartered in Exeter, with 20 joint-posts making Exeter one of the world's most significant centres for climate research. This year we signed an agreement with the Met Office to establish a new Joint Centre for Excellence in Environmental Intelligence to exploit the explosion in environmental data and rapid advancements in artificial intelligence.

As members of the Heart of the South West and Cornwall and Isles of Scilly Local Enterprise Partnerships, we work with our partners to develop strategy, provide intelligence and identify priorities in R&D and skills. Working with Exeter City Council we have produced the Greater Exeter Industrial Strategy and are part of the Liveable Exeter Place Group, as well as being a partner in Exeter City Futures. In collaboration with local partners we helped Exeter to be recognised as a UNESCO City of Culture for its literature.

The University is a founding partner in the Exeter Science Park, the main regional focus for high-technology businesses. In 2020 we opened a new research vibration simulation facility on the park.

### Academic and Education Partnerships

Our significant portfolio of degree apprenticeships has been established in partnership with major employers, such as JP Morgan, the Bank of England, IBM and the BBC.

Our leadership of Marine-I, Environmental Futures and Big Data Impact Lab and the South West Centre of Excellence in Satellite Applications have been enabled by collaboration with the Met Office, Plymouth Marine Laboratories, Rothampsted Research and the Universities of Plymouth and Falmouth.

Our global academic partnerships include the QUEX Institute with the University of Queensland, focusing on global sustainability and wellbeing issues, the Chinese University of Hong Kong, with our Joint Centre for Environmental Sustainability and Resilience, and with Tsinghua University.

In the region we are a lead partner in the South West Institute of Technology as well as being a sponsor for the highly successful Exeter Mathematics School.

### Philanthropy

Our strong in-year philanthropic performance was delivered in the context of the coronavirus pandemic. We adapted rapidly to changing circumstances and were particularly successful in raising funds to support time-critical research into COVID-19.

For example, our COVID-19 Emergency Appeal for antibody testing was launched on 18 March (in the week before the lockdown), and reached its target of £105,000 by 2 April. £119,151 was raised in total to support Professor Andrew Shaw's research, in association with University spinout Attomarker, in developing a new antibody test. 1,307 donors gave to the appeal, which included 273 non-alumni supporters who had never given to the University previously. Our crowdfunding website captures all our COVID-19 related research<sup>3</sup>.

We secured significant donations from charitable trusts to support medical research into treating COVID-19, including a £150,000 from the Peter Sowerby Trust to support a trial for BCG-vaccinations in care homes to combat the spread of the virus. This in turn leveraged an £800,000 pledge from the Gates Foundation to support research led by Professor John Campbell in the Medical School.

<sup>3</sup> COVID-19 research crowdfunding webpage: <https://exeterCOVID-19.hubbub.net/pl/exeterantibodytesting/>



COVID-19 has had an impact on student finances, especially during the period of lockdown. The University increased funding and established new schemes to assist students during this stressful period. Financial support was also enhanced by £250,000 of philanthropic support. Alumni donations from existing 'Scholar's Funds' alongside redirecting funding from Santander Universities, with their kind agreement, has benefitted hundreds of students.

The longer term prospects for philanthropy are mixed as the financial implications of the COVID-19 become apparent. Major trusts and foundations themselves spend from their endowment, many of which will have shrunk significantly. The recovery in global financial markets will need to be sustained and confidence improved for individual donors and charities to consider renewing their philanthropic commitments. For regular giving, there is uncertainty in the job market, and discretionary spend (of which philanthropy is part) is likely to be dampened in the coming months.

We continue fundraising efforts in support of widening participation and this has included a new permanent endowment, the Sir Steve Smith Scholars Fund, launched during the year celebrating the passion of our former Vice-Chancellor, who stood down in August 2020, for social inclusion and diversity.

## How we performed: Physical resources

Our main focus has been on delivering our ambitious Capital Strategy by investing in our built estate, digital and IT services and enhancing research equipment, all in support of our sovereign strategies; creating and enhancing the capabilities to deliver world-class research and internationally-excellent education.

During 2019/20 a number of built estate projects have completed to provide world class pioneering research facilities.



### Engineering Vibration Simulation Engineering Building (VSIM)

The University is a partner in the Science Park and is delighted to have constructed its first building on the park to support an ESRC grant award of £3.2m. The project was completed in January 2020 with the 4m x 4m square large vibration table commissioned in February. This facility is believed to be the largest in Europe. The building also provides additional capacity space for new research teams to locate onto the Exeter Science Park.



### Medical Mycology group move and facilities (£12m)

The Medical Research Council Centre for Medical Mycology (MRC CMM) at the University of Exeter, recently relocated from the University of Aberdeen. MRC CMM is an internationally recognised world-leading centre of excellence in this field and one of the largest medical mycology groupings worldwide.

The MRC CMM focuses on performing cutting-edge interdisciplinary research and on training the next generation of scientists to increase research capacity in this neglected field in the UK.

The Medical Mycology Group capital project was required to accommodate a minimum of 30 new researchers from September 2019, rising to between 80 and 130 to allow expansion in subsequent years. The new research teams are located in Geoffrey Pope Building, which required reconfiguration of existing laboratory and office space to increase capacity. The changes to Geoffrey Pope Level 3 initiated several sub projects, divided into 3 phases of work to relocate existing users and create new shared facilities costing around £12m.



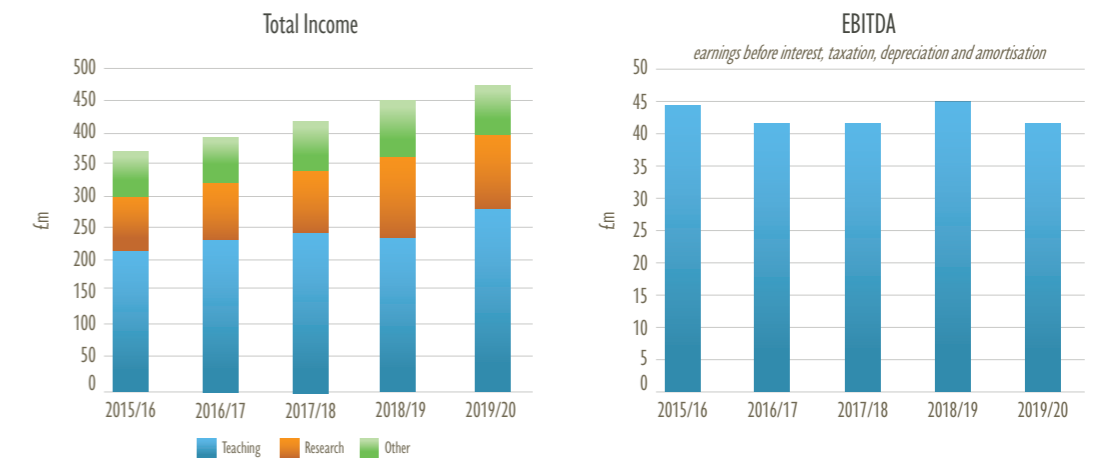
### Mireille Gillings Neuroimaging Centre

Our new Mireille Gillings Neuroimaging Centre located on the Royal Devon and Exeter NHS Trust site at Wonford completed on 31 January 2020 and clinical scans commenced on 3 March 2020. The building, and the MRI and PET/CT scanners that it houses, was generously funded by part of a £10m donation from the Dennis and Mireille Gillings Foundation. The official opening by Dennis and Mireille Gillings scheduled for the 21 April 2020 was postponed due to the Coronavirus Pandemic.

The centre will provide both research and clinical work with a research focus on neurological conditions, which will transform research and the diagnosis of dementia and other neurological diseases. Within the centre is a cutting-edge new imaging centre which provides a new Siemens T3 MRI scanner and a Siemens PET/CT scanner, which is expected to rapidly accelerate dementia research and improve healthcare.

## How we performed: Finances

Our strong finance performance in 2019/20 was earned before the COVID-19 pandemic struck. The financial consequences of lockdown, impacting on the last third of the year, has largely been mitigated through outstanding academic responses and sound financial management.



Total income of £478m increased by 6% over the year, driven by a 25% increase in international tuition fees and a 7% increase in research, grants and contract income. A successful and rapid migration to on-line delivery of teaching and examinations, coupled with policies designed to protect the quality of our academic awards whilst ensuring fairness, enabled growth of teaching income earned pre-COVID to be booked in full. The pandemic has had an impact on reducing growth of research activity, but not materially so.

The main top-line impact of the pandemic has been on residences, catering and conference income, in particular our decision to waive our contractual right to collect final term rents (and to refund the last 2 weeks of term 2). The cost of this has been partly offset by budget mitigations, including reductions in costs relating to travel and utilities, along with external funder support such as increases in our quality-related research grant. The net result of reductions in some income streams, offsetting expenditure savings, along with some additional unavoidable COVID related costs, has been a modest £3m reduction in the level of EBITDA to £42m.

At the start of the year we expected our capital investment to be £72m, but ended the year at £54m; the highest level of investment in the estate and facilities over the last 9 years. The reduction in plan was a managed result of our financial mitigations aimed at conserving cash in the face of uncertainties.

We entered the year with cash balances, representing 126 liquidity days at 31 July 2019. We ended the year with cash balances representing 99 liquidity days, the reduction reflecting record levels of capital investment ahead of cash generation. Budget mitigation has meant that this reduction is almost exactly as planned prior to COVID.

We have operated compliantly with all our lending covenants and, in support of future liquidity, we hold an undrawn low-cost £50m revolving credit facility and have arranged a substantial cash facility, also undrawn, through a Government COVID liquidity scheme.

Pension liabilities reduced by £54m over the year, to stand at £83m, and this has resulted in the University reporting large surplus for the year of £67m, reversing the deficit of £72m we reported in 2018/19. This topsy-turvy change in our surplus is a result of reporting changes to pension liability valuations that in theory crystallise over the next decade but that in practise are re-valued each year. For example, it is highly likely that in 2020/21 we will report a material increase in pension liabilities, and with it we will post a material deficit for the year. This will be driven by the outcome of the 2020 valuation of the USS pension scheme.

The financial outlook for 2020/21 is a challenging one. While student enrollments have exceeded expectations teaching income will be down compared to 2019/20, as will research income. We are incurring significant additional costs in supporting a blended learning model, along with higher costs in re-opening the campus safely. We remain exposed to the uncertainty of changing Government policy in light of the unpredictable ebbs and flows of the pandemic. Brexit uncertainty and the outcome of the USS 2020 valuation add to what will be one of our most unpredictable and challenging years.

# What do our students think?

The 2019/20 Presidents of our two students' unions give their view of the University's performance over the last year and the value students receive.



*The partnership between The University of Exeter and The Student Union is vital in continuing to build an outstanding student experience for all students studying at Exeter.*

*The Cornwall campuses bring a unique environment for students to learn and live in, most sharing a campus with Falmouth University students. The Students Union has built a strong voice for its students and is represented at all levels of the University, including senior University committees such as Council, Senate and Education Executive.*

*As the higher education landscape becomes more challenging with industrial action and global pandemics affecting the way the University interacts with students, we must always remember to include the student voice in decision making. With financial pressures increasing on the sector I know Exeter will always put the needs of their students high on their list of priorities. I have seen this first-hand being a member of the University Council in 2019/2020 where the needs of students has been met with compassion and willingness to improve the student experience for all. When COVID-19 completely changed the way the academic year would have to end, University staff worked beyond expectation to create the No-Detriment Policy which brought students the confidence and security they needed.*

*I feel that the Cornwall Campuses experience is a high priority for the University with a sport facility strategy being created, kitchen units installed for medical students in Truro and greater senior representation being positioned in Cornwall. I hope Cornwall continues to improve while preserving the sense of community that students love. It has been a real pleasure to be a part of the Exeter as a student representative.*

*Joe Rigby, SU President Exeter 2019/2020*



*I cannot think of an academic year in recent times that has posed such an immense challenge to the student experience of those studying and living at the University of Exeter.*

In just twelve short months we've seen the potential conclusion to Brexit; two rounds of UCU Industrial Action (with accompanying student occupations); a slew of challenging racist incidents, and if all that wasn't enough, a global pandemic more severe in scale than any other in a century. However, it is truly a testament to the strong bonds and spirit of collaboration that exists between the University of Exeter and her Student Unions that we have emerged from each challenge with solutions that exemplify not only our shared goals but constitute opportunities for real and progressive change on our campuses.

When in March it became certain that the newly emerging COVID-19 virus was going to severely impact the lives of almost everyone in British society, it looked as if the impacts would be particularly severe for students. I'm proud to say however, that the University of Exeter, in collaboration with the Guild and SU, began work immediately to ensure that Exeter students were shielded from the full extent of the devastation caused by COVID-19.

What emerged was a sector leading no detriment policy that put the efforts of other leading institutions to shame; a rapidly implemented and compassionate free accommodation policy; a comprehensive and efficient programme of online only exams and teaching for the remainder of the academic year, and a significant and generous hardship fund that was student focused and a life-line to many. But there are still a number of questions that remain unanswered for students: what will term really look like in September? And what will the true effects of the pandemic be on the experience of students studying in British Universities? The challenge for the sector will be recognising that this is a generation defining event, and

that an attempt to return to pre-COVID normality is to dismiss all of the lessons learnt during the course of the pandemic. We're now living in a post-COVID world and students, more than most, while certainly feel it for years to come.

Another challenge of the past twelve months that has exhibited the very best of the University of Exeter is its response this year to the growing issue of racism on British university campuses. While high profile institutions continue to refuse to recognise the scale of the issue at hand, the University of Exeter, with the support of the Guild and SU, has demonstrated that change is possible. After a few years of meetings, initiatives, commissions and informal discussions between student representatives from the Guild and SU and the University we are beginning to see the full extent of Exeter's anti-racist intent. With the introduction of the new 'Let's Talk' series; new anti-racist focused academic and professional services leads; newly introduced EDI training for all students, and the development of a manifesto of anti-racist intent, the status of the University of Exeter as a champion of anti-racist action in Higher Education will soon be indisputable. This action however does not come without challenges. There will always be those staff or students who will question the need for this action, so it is important that in these situations that we remember why we are doing this: to make the experience of every single student at Exeter unconditionally exceptional.

The challenges of the past twelve months, and the unprecedented responses from the University are indisputably the product of a truly noteworthy relationship between the institution and its students. It is a relationship based on active listening, shared common goals, and the freedom to act as each other's critical partner. A relationship based on these principles is unshakable, and I have every faith will continue to drive the most extraordinary change and develop a truly exceptional student experience at Exeter long after my term as Guild President will be over.

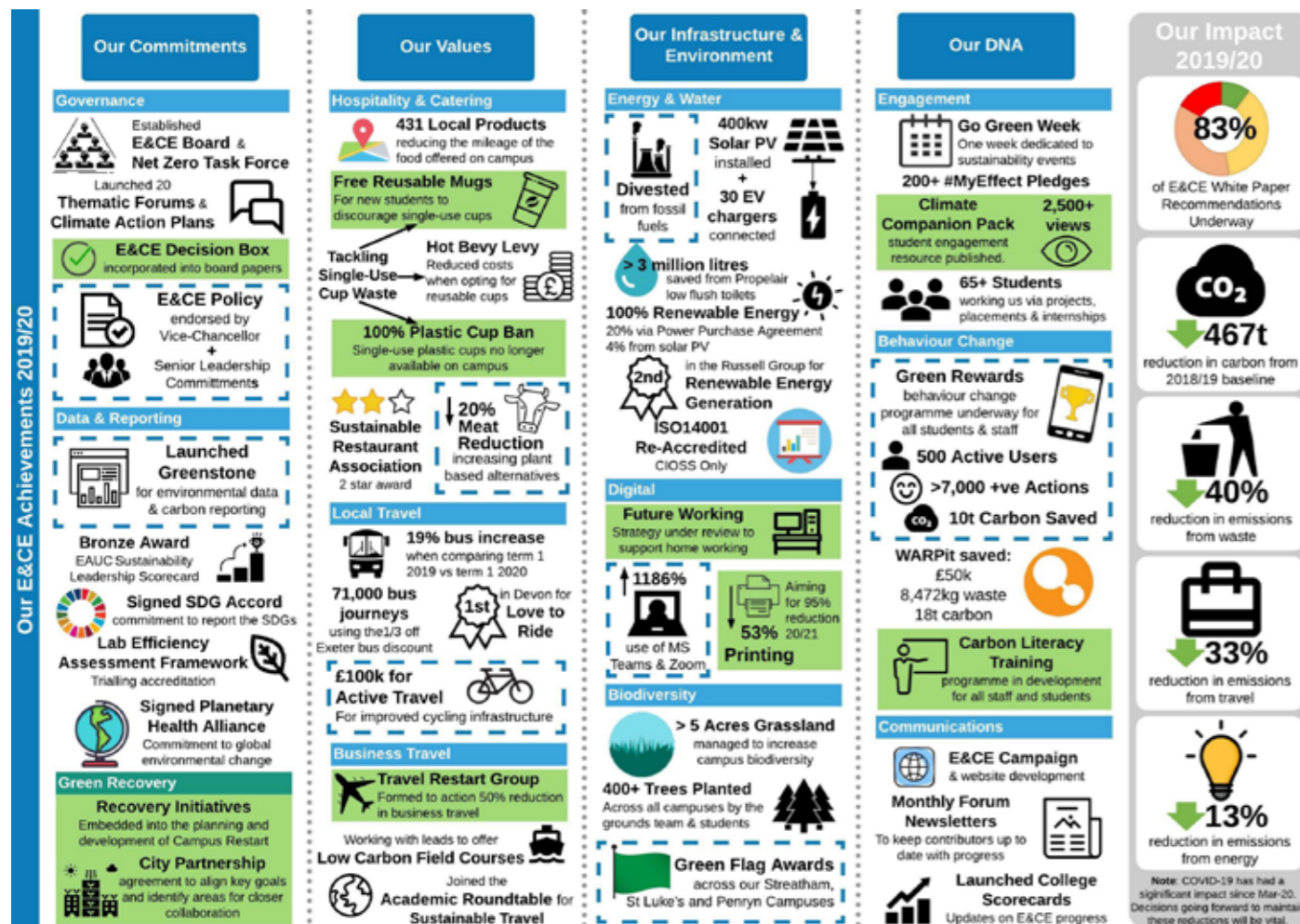
*Patrick Hoyle, Guild President 2019/20*

# Environment and Climate Emergency

In May 2019 we declared an environmental and climate emergency, following the publication of a report based on work of a pan-University group led by Professor Juliet Osborne.

Despite the impact of COVID-19, significant progress with key highlights including the launch of our Carbon Net Zero programme plan, launch of Climate Actions Plans across Colleges and Professional Service teams and delivery of operational carbon savings (planned and as a result of the campus lockdown). A key focus has been on engagement across the University community as well as developing data systems and establishing reliable and meaningful baselines against which to track performance.

The infographic summarises our performance.



4 See [www.exeter.ac.uk/media/universityofexeter/campuservices/sustainability/climateemergency/documents/Full-EnvClimE-White-Paper-11\\_11\\_19.pdf](http://www.exeter.ac.uk/media/universityofexeter/campuservices/sustainability/climateemergency/documents/Full-EnvClimE-White-Paper-11_11_19.pdf)



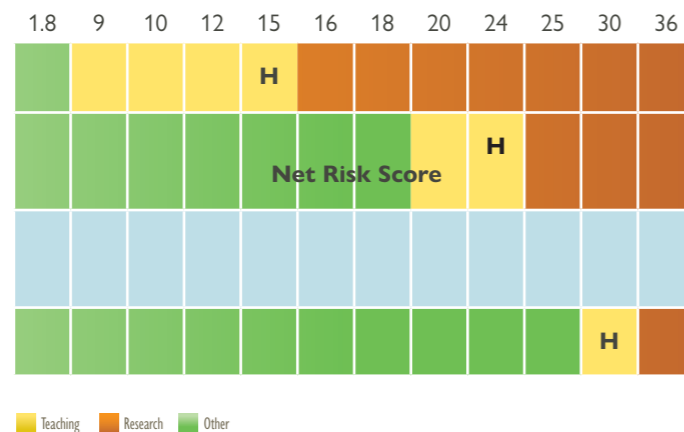
# Risk

## How we manage risk

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

The risk category classification, set out in the table below, defines our risk appetite along with our risk tolerance – the maximum level of risk accepted for each category. A score that meets the criteria for “High Amber” (marked “H” within the table) is the maximum level of risk tolerated. Risks meeting this score are discussed at the Professional Services Leadership Team (PSLT), and, where appropriate, reported onwards to the Vice Chancellors Executive Group (VCEG)<sup>5</sup>.

- Category 1** - Highly Risk Averse. Key legal, regulatory or significant financial risks
- Category 2** - Managed Risks. Risk impact may be significant but not catastrophic to strategy
- Category 3** - Unknown/External risks. Impact on but beyond the control of the University
- Category 4** - Risk Reward Focused. Potential benefits outweigh the risk



## Institutional Risk Registers

This corporate risk management model is used for all risk registers across the University, ensuring consistency in scoring, articulation and prioritisation of risks. This enables key emerging risks at college or service level to be flagged and fed up to the corporate risk register where this is appropriate. The risk landscape has been changed considerably as a result of the COVID-19 pandemic.

- The institutional risk registers are listed below
- Corporate risk register** – key strategic risks identified and reviewed at senior management level. Reviewed by relevant Dual Assurance Group(s). Reported to VCEG termly and to Council twice a year. The highest scoring principle risks on this register are detailed below.
  - College risk registers** – risks identified, reviewed and managed at college level. Reviewed at Director of College Operations level regularly, reported to VCEG termly and to Council twice a year. Red and high amber risks are also reviewed at PSLT prior to reporting to VCEG and Council, and by relevant Dual Assurance Groups.
  - Professional Service risk registers** – risks identified, reviewed and managed at service level. Reviewed at Directorate level regularly, reported to VCEG termly and to Council twice a year. Red and high amber risks are also reviewed at PSLT prior to reporting to VCEG and Council, and by relevant Dual Assurance Groups.

<sup>5</sup> VCEG is the University's senior team. PSLT is the leadership group of Professional Services covering the administration and operational support functions of the University.

## Principle Risks to University Strategy

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

| Risk                     | Threats to Information Security Systems  | Failure of Information Governance  | Taught Admissions over/under recruitment   | Not delivering on our Financial Plans   |
|--------------------------|--|--|--|---|
| Current Position         | <p>Remote working increases risk of data loss/cyber-attacks.</p> <p>New remote working tools increase risk of data loss through user error.</p> <p>Increased threat from Phishing attacks due to increased working from home. Threat intelligence highlights specific targeting of HEIs.</p> <p>There is an action plan in place to address increased risks.</p> | <p>Home working and remote sharing of data has increased the risk level.</p> <p>The introduction of the new VPN for secure access to the network has improved security in this area.</p> <p>Existing policies continue to govern the storage and sharing of data, and behaviours such as locking laptops when left unattended.</p> | <p>Higher undergraduate recruitment will impact on accommodation and teaching provision.</p> <p>A dedicated group is focussing on COVID-19 impacts and planning mitigations such as communications.</p> <p>Risks associated with higher than anticipated recruitment, particularly with regard to social distancing measures and student experience, are heightened.</p> | <p>Three Phase financial mitigation strategy developed. Phase 1 and 2 has been implemented.</p> <p>Immediate shift in financial management to from 'spend to budget' to 'spend what we need', minimising non-essential discretionary expenditure.</p> <p>New agile cashflow reporting put in place, reported weekly to VCEG.</p> <p>Forecasting based on multiple scenarios.</p> <p>Significant cash facilities in place.</p> |
| Governance and Oversight | IGS <sup>6</sup> Reported to VCEG*   | ISG Reported to VCEG   | Project Restart Silver and Gold Groups Reported to VCEG  | Reported to VCEG Reported to Council  |
| Link to Strategy         | 1 4 5  | 1 4 5  | 2 4 5  | 1 2 3 4 5   |

<sup>6</sup> ISG is Information Steering Group

### Strategy Key:

- 1 Building research power to solve global challenges
- 2 Delivering an internationally excellent education
- 3 Creating an impact regionally, nationally and globally
- 4 Supporting our people to make the exceptional happen
- 5 Making the most of our resources

| Risk                     | IT Resilience to support new ways of working  | Staff Wellbeing and mental health support  | Health and Safety COVID-19 Safe Campus   | Employability – changing metrics and COVID-19 impact   |
|--------------------------|---|--|--|--|
| Current Position         | <p>Homeworking and blended learning has a heavy reliance on IT systems and support.</p> <p>There are increasing requests for new digital resources.</p> <p>Ensuring the quality of the student experience is vital.</p> | <p>A Staff Wellbeing and Mental Health (COVID-19) Strategy has been agreed along with an associated action plan.</p> | <p>Focus for the annual health &amp; safety improvement plan has shifted to making COVID-19 safe arrangements for staff and students on campus.</p> <p>This includes risk assessing each area prior to reopening, and ensuring that relevant signage, social distancing controls, hand hygiene, and shared area arrangements are in place.</p> | <p>Metrics changes affect the performance and league tables. Ability to secure placements and the economic climate for postgraduate opportunities have been seriously impacted by COVID-19.</p> <p>The design and implementation of a new <i>Student Employment and Academic Success</i> operating model has been aligned to the strategic needs of the Colleges.</p> <p>A strategic evaluation of placement support capacity is being built into the programme design and approval processes.</p> |
| Governance and Oversight | Reported to VCEG<br>Reported to Council   | Core Business Response Groups<br>Reported to VCEG  | Health & Safety Committee<br>Reported to VCEG  | Core Business Response Groups<br>Reported to VCEG  |
| Link to Strategy         | 1 2 3 4 5   | 1 2 3 4 5  | 2 3 4 5  | 2 3 4  |

**Strategy Key:**

- 1

Building research power to solve global challenges
- 2

Delivering an internationally excellent education
- 3

Creating an impact regionally, nationally and globally
- 4

Supporting our people to make the exceptional happen
- 5

Making the most of our resources



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# Members of the Council

## Chancellor

Lord Paul Myners of Truro CBE

## Council Members year ended 31 July 2020

### Officers

Sarah Turvill, *Pro-Chancellor and Chair of Council*

Dr Sarah Buck OBE, *Pro-Chancellor*

Richard Atkins CBE, *Pro-Chancellor*

Professor Lisa Roberts, *Vice-Chancellor and Chief Executive*

(appointed 1 September 2020)

Professor Sir Steve Smith, *Vice-Chancellor and Chief Executive*

(retired from the University 31 August 2020)

Professor Janice Kay CBE, *Provost and*

*Senior Deputy Vice-Chancellor*

Professor Mark Goodwin, *Deputy Vice-Chancellor*

### Members appointed by Council

Jo Binding

Gerry Brown

Nicholas Cheffings (appointed 1 August 2019)

Graham Cole CBE

Kiron Farooki (resigned on 10 October 2019)\*

Andrew Greenway (appointed 1 August 2019)

Salam Katbi

Professor Caroline MacEwen, MD, FRCOphth, FRCS

Amoetsoe Mkwena (appointed 1 August 2020)

Sir John O'Reilly

Alison Reed

Glenn Woodcock

### Members appointed by the Senate

Professor Alex Gerbasi (appointed 1 August 2020)

Professor Anni Vanhatalo

Professor Wendy Robinson BEd Cantab, MA London, PhD

Cantab, PFHEA (appointment ended 31 July 2020)

Professor Andrew McRae (appointed 1 August 2019)

### Member of Staff other than Academic Staff

Alison Rose

### Student Members

Sunday Blake (appointed 1 August 2020)

Cara Chittenden (appointed 1 August 2020)

Patrick Hoyle (appointment ended 31 July 2020)

Joe Rigby (appointment ended 31 July 2020)

\*Kiron Farooki died in January 2020 after serving on Council since 2016. Kiron made a significant contribution to Council, serving as dual assurance lead for Human Resources and Wellbeing and will be sadly missed.

### BANKERS

National Westminster Bank PLC

18 St Thomas Centre

Cowick Street

Exeter EX4 1DE

Barclays Bank PLC

3 Bedford Street

Exeter EX11LX

### INVESTMENT MANAGERS

Rathbones Greenbank Investments

8 Fishbury Circus

London

EC2M 7AZ

### EXTERNAL AUDITOR

KPMG LLP (UK)

Regus, 4th floor

Salt Quay House

6 North East Quay

Plymouth PL4 0HP

### INTERNAL AUDITOR

PriceWaterhouse Cooper LLP

1 Embankment Place

London WC2N 6RH

## Vice-Chancellor's Executive Group as at 19 November 2020

### Vice-Chancellor and Chief Executive

Professor Lisa Roberts, BSc (Hons) PhD

(appointed 1 September 2020)

### Provost and Senior Deputy Vice-Chancellor

Professor Janice M Kay CBE, BA Newc PhD Cantab AFBPsS

### Deputy Vice-Chancellors

Professor Mark Goodwin, BA Sussex PhD LSE FAcSS

DVC for Global Engagement

Professor Tim Quine, BSc UCL PhD Strath

DVC for Education

Professor Neil Gow, FRS, FMedSci,

FRSE, FRSB, FAAM, FECMM, DSc

DVC for Research and Impact

### Pro-Vice-Chancellor and Executive Deans

Professor David Allen, BA MFA MBA PhD

Professor Clive Ballard, MBChB (Medicine),

MMedSci, MRC Psych, MD

Professor Dan Charman, BSc Newc PhD Soton

Professor Wendy Robinson, BEd Cantab,

MA London, PhD Cantab, PFHEA

Professor Jo Gill, BA Leic MA York PhD Glouc SFHEA

(appointed 1 January 2020)

Professor Zhongdong Wang, BEng, MSc Tsinghua,

PhD UMIST

(started term of office 21 September 2020)

### Pro-Vice-Chancellor Cornwall

Professor David Hosken, BSc PhD

### Registrar and Secretary

Mike Shore-Nye, BA (Hons)

### Director of Human Resources

Imelda Rogers, FCIIPD

### Director of Communications and Corporate Affairs

Jane Chafer, BSc MBA FCIM

### Chief Financial Officer

Andrew Connolly, BA (Hons) CPFA

### Deputy Registrar and Chief College Operations Officer

Linda Peka, BSc (Hons) FCPFA

### Director of Campus Infrastructure and Operational Support Services

Craig Nowell, BEng. (Hons), CEng, MIMechE

# Members of the Council



Richard Atkins CBE,  
Pro-Chancellor



Jo Binding,  
Independent Member



Gerry Brown,  
Independent Member



Sunday Blake,  
President, Students' Guild



Sarah Buck OBE,  
Pro-Chancellor



Nicholas Cheffings,  
Independent Member



Cara Chittenden,  
Exeter President,  
The Students' Union



Graham Cole CBE,  
Independent Member



Professor Mark Goodwin,  
Deputy Vice-Chancellor  
(Global Engagement)



Andrew Greenway,  
Independent Member



Professor Alex Gerbasi,  
Senate Representative



Salam Katbi,  
Independent Member



Professor Janice M Kay  
CBE,  
Provost



Professor Caroline  
MacEwen,  
Independent Member



Professor Andrew McRae,  
Senate Representative



Amoetsoe Mkwena,  
Independent Member



Sir John O'Reilly,  
Independent Member



Alison Reed,  
Independent Member



Professor Lisa Roberts,  
Vice-Chancellor and  
Chief Executive



Alison Rose,  
Professional Services  
Representative



Sarah Turvill,  
Pro-Chancellor and  
Chair of Council



Dr Anni Vanhatalo,  
Senate Representative



Glenn Woodcock,  
Independent Member

# Financial Review

## HIGHLIGHTS

### Performance

Total income: **£478m** (£449m), up **6%**

EBITDA: **£42m** (£45m), down **7%**

Surplus for the Year: **£67m** (£72m deficit)

Underlying Surplus: **£1m** (£14m)

Underlying surplus excludes changes to pension provisions

Staff cost ratio: **56%** (54%)

### Investment

Capital expenditure: **£54m** (£42m)

Capital grants: **£4m** (£5m)

### Liquidity and Debt

Total debt: **£210m** (£210m)

Total cash: **£112m** (£137m)

Cash and current asset investments

Net debt: **£98m** (£73m)

### Financial Strength

Net current assets ratio: **1.4** (1.6)

Net assets: **£515m** (£463m) up £52m

\* Comparative data for the prior year 2018/19 shown in brackets throughout this review

## Scope of the Financial Statements

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

## Results for the Year

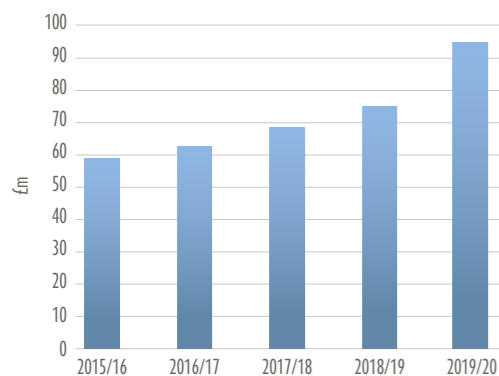
Our financial performance in 2019/20 is a result of strong growth in teaching and research activities, counteracted by some exceptional and unbudgeted COVID-related costs and underpinned by rigorous budget mitigations implemented as a result of the COVID pandemic.

This result would not have been possible without the outstanding response of staff in maintaining our ability to deliver our obligations to students and to research funders in immensely stressful and challenging circumstances.

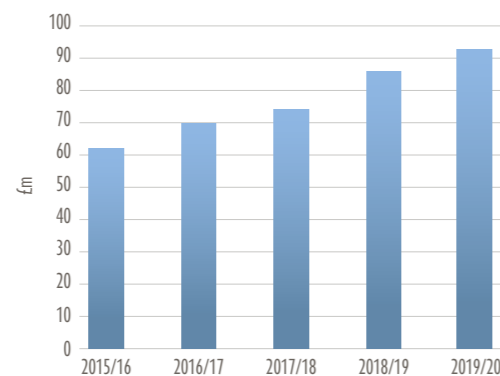
Reading these financial statements may give the impression that COVID has had minimal impact on activity and on finances. This is not the case as the section below on *Impact of COVID-19 global pandemic on our results* explains. The performance set out in this report largely reflects strong growth that was earned prior to the UK lockdown, with successful budget mitigations put in place during the last third of the year to compensate for lost income such as student rents and additional unbudgeted COVID-related costs. We have posted a £67m surplus for the year but this is an accounting rather than a real phenomenon, partially reversing the large £72m deficit we posted in 2018/19. This is explained below in the section on *Pensions*.

Total income of £478m increased by 6% over the year, driven by growth of tuition fee and research income with international fee income up 25% over the year, reflecting the early impact of a new strategy in the Business School focused on uplifting its research and teaching quality.

International Tuition Fee Income



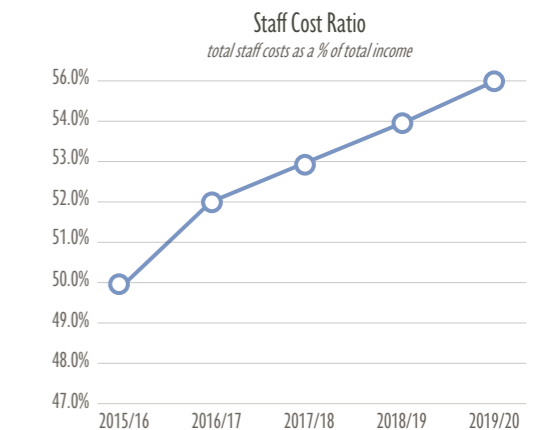
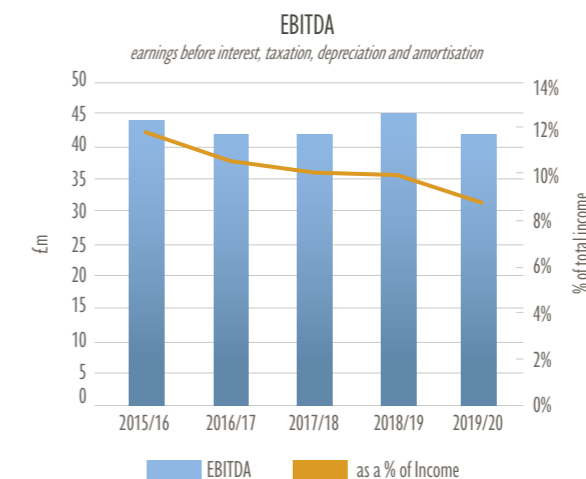
Research Grants and Contracts Income



Growth of research income reflects past and present investment in new academic staff and their success in winning multi-year research awards. In our 2018/19 Annual Report we reported a level of research awards, in effect the order book for future research activity and income, that exceeded £100m for the first time. This achievement was replicated in 2019/20. Performance at this level indicates that we are in a good position to mitigate the challenges COVID-19 restrictions have placed on future research income and continue to achieve levels that reflect recent performance.

We focus on two key measures of financial performance, EBITDA<sup>5</sup> and the staff cost ratio, in managing our finances.

EBITDA is the cash surplus, it excludes major non-cash accounting entries such as depreciation charges and pension provisions, along with receipts that are earmarked for specific purposes such as capital grants that are not available to support general activity. EBITDA is targeted at a level to fund our capital strategy and cover debt servicing costs. EBITDA of £42m was broadly in line with the original budget for the year.



|  | 2019/20<br>£000 | 2018/19<br>£000 |
|--|-----------------|-----------------|
| <b>EBITDA</b>                                      | <b>42,401</b>   | <b>45,098</b>   |
| less depreciation*                                 | (45,402)        | (43,737)        |
| less impairment                                    | (4,656)         | -               |
| less interest payable on debt                      | (5,565)         | (5,564)         |
| add/(less) movement on pension liabilities         | 65,993          | (86,828)        |
| add service concession income                      | 11,526          | 14,291          |
| less deficits from non-distributing group entities | (1,690)         | (67)            |
| add capital grants                                 | 4,096           | 4,792           |
| Less/(add) movement to market value of investments | (115)           | 1,898           |
| add surplus on endowments                          | 871             | 502             |
| (less)/add revaluation of investment properties    | (370)           | 507             |
| - less restructuring costs                         | -               | (2,620)         |
| <b>Surplus/(Deficit) for the Year</b>              | <b>67,089</b>   | <b>(71,728)</b> |

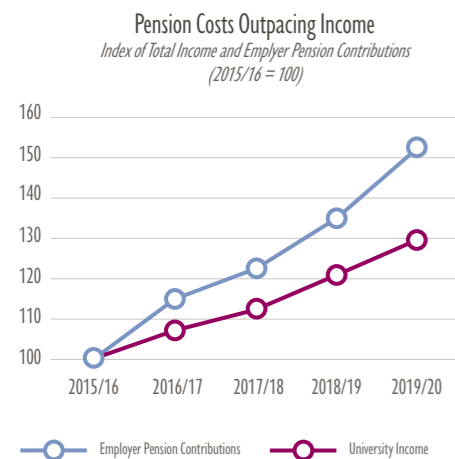
<sup>5</sup> EBITDA is earnings before interest, taxation, depreciation and amortisation.

\* Depreciation of £45.4m excludes £2.8m of research equipment funded depreciation which is a charge against EBITDA in the University's budget model.

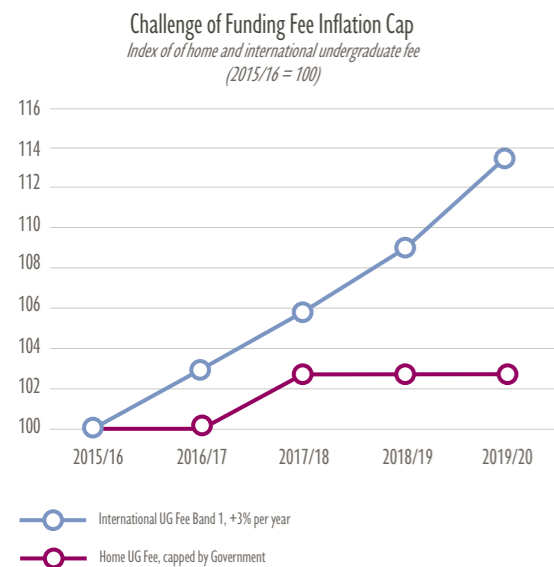
The staff-cost ratio is an important indicator of cost-base agility, which is particularly important in times of financial stress.

Virtually all of our income is earned in a market and subject to competitive forces. Over 92% of our income is variable yet our cost-base is largely fixed in the medium-term, especially staffing costs. In 2019/20 total income grew by 6% while total staffing costs grow by 11%, resulting in a further increase in the ratio to 56%. There are two powerful trends working on this ratio illustrated in the graphs below.

Powerful trends driving the staff cost ratio up:



Pension costs have grown by over 50% in the last 5 years, ahead of the 30% increase in total income. This is not an affordable or sustainable trend. It is a national issue for all universities to grapple with.



Our international fees have been inflated each year, roughly covering inflation on costs, including staffing costs.

We have been tackling these powerful trends by growing other income streams, by substituting away from low margin to high margin activity and by undertaking periodic exercises to increase efficiencies and reduce costs. But there are limits to simply growing the volume of activity to fund the inflation gap between income and costs. Our focus now is on switching from lower to higher margin activity and on making continued cost savings.

An accounting surplus for the year of £67m reflects the distortion of accounting for the deficit recovery plan arising from the 2018 Universities Superannuation Scheme (USS) valuation. This compares to the previous year's deficit of £72m, itself the product of accounting for the deficit recovery plan under the 2017 USS valuation. If these distorting pension provisions are removed the surplus for the year is £1m compared to £14m the previous year.

### Impact of COVID-19 Global Pandemic on our results

The global COVID-19 pandemic had a significant impact on our staff and students, with the UK-wide 'lockdown' impacting on the last third of the academic year when the vast majority of students returned home and staff started working from home.

The pandemic has meant we immediately shifted from a *spend what we budget* approach to financial management to *spend what we need* approach, backed by a comprehensive budget mitigation plan and a shift from medium-term financial planning to agile cashflow forecasting.

Prior to the lockdown we enjoyed record levels of international student recruitment and strong growth in our research income. Our rapid transition to online learning for the remainder of the academic year, along with the successful delivery of online assessments and final year examinations, meant that COVID had little discernible impact on our teaching income which increased by £26m or 10% over the year.

Prior to lockdown on 23 March 2020 we were forecasting growth in our research income of 11%, with the lockdown resulting in slower growth but still delivering 7%. This has been aided by supportive interventions by our funders.

Direct financial support related to COVID amounts to £2.4m, in the form of the Government's Job Retention Scheme, principally to protect jobs in commercial trading areas, and £1.5m of accelerated quality-related research grants to protect jobs in research.

The largest single financial impact of COVID features in *Other Income*, a heading that covers a multitude of different activities. Having encouraged students to return home in March, the University waived its contractual right to collect student rents for the final term, and refunded the last 2 weeks of term 2 rents. This, along with the loss of commercial and trading income resulting from campus lockdowns, resulted in other income falling by 20% over the year. Income from residences, catering and conferences is down £11m, 43% over the year.

In April we developed a 3-phase mitigation strategy to deal with the financial challenges of the pandemic, with Phase 1 applying to 2019/20 and other phases applied to following years:

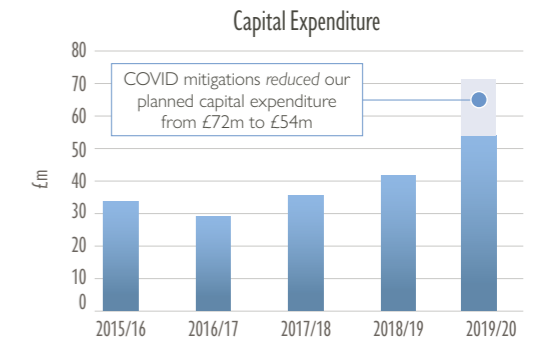
| Phase                          | Details   | Status                  |
|--------------------------------|---|-------------------------|
| Phase 1 for 2019/20            | Immediate <b>cost suppression</b> (e.g. staff recruitment freeze, deferral of capital, utilising furlough, travel reductions) to conserve cash, <b>signal restraint</b> and <b>engage staff</b>   | Implemented             |
| Phase 2 for 2020/21            | Escalations to <b>avoid/defer cost increases</b> (such as pay awards and increments for example) and <b>extend and budget for cost reductions</b> (e.g. reducing discretionary budgets, further reductions in capital spending)<br><br>Develop tools to <b>increase spending controls</b> (new budget management rules, purchasing card controls etc) and address <b>cash management</b> (secure cash facilities) | Implemented             |
| Phase 3 for 2020/21 end beyond | <i>In the event of material shortfalls, judged in the light of known October 2020 student admissions, escalate to include staff cost reductions through a suite of measures (reduced hours, in headcount etc)</i>   | Plans under development |

One of the immediate mitigations put in place was pausing much of the capital programme. This has resulted in an impairment charge of £5m, representing costs of projects previously capitalised or intended to be capitalised and now charged to the Income and Expenditure Account reflecting the uncertainties of whether these projects will be completed.

### Investment

Prior to the impact of the pandemic we were accelerating the delivery of our capital strategy. Our plan for 2019/20 would have seen capital expenditure of over £72m. As a result of taking mitigating action to conserve cash and protect the University's financial position we reduced our investment to £54m, a reduction of £18m against plan, but still an increase of £12m over the prior year.

Major projects in 2019/20 included the relocation of a new research team in Medical Mycology, acquisition and installation of new MRI and PET scanners, located at the Royal Devon and Exeter NHS Hospital Trust site and part funded through the generous gift from the Dennis and Mireille Gillings Foundation, and the completion of a new building to house a major new research facility in structural vibration. Major capital works in medical school facilities were also undertaken in order to accommodate the growth of student numbers, along with investment in buildings to facilitate the delivery of a newly refreshed and designed engineering curriculum. Work is also nearing completion on new social and academic facilities on our shared campus in Penryn.



Our financial strategy is based on funding our capital investment from cash flow generated each year, supplemented by capital grants and philanthropy, as well as a planned drawdown of cash balances to enable the strategy to be accelerated. The fact that our level of capital investment was materially lower than planned does have an opportunity cost as lower investment will, other things be equal, result in lower future growth, especially in research.

**Liquidity and Debt**

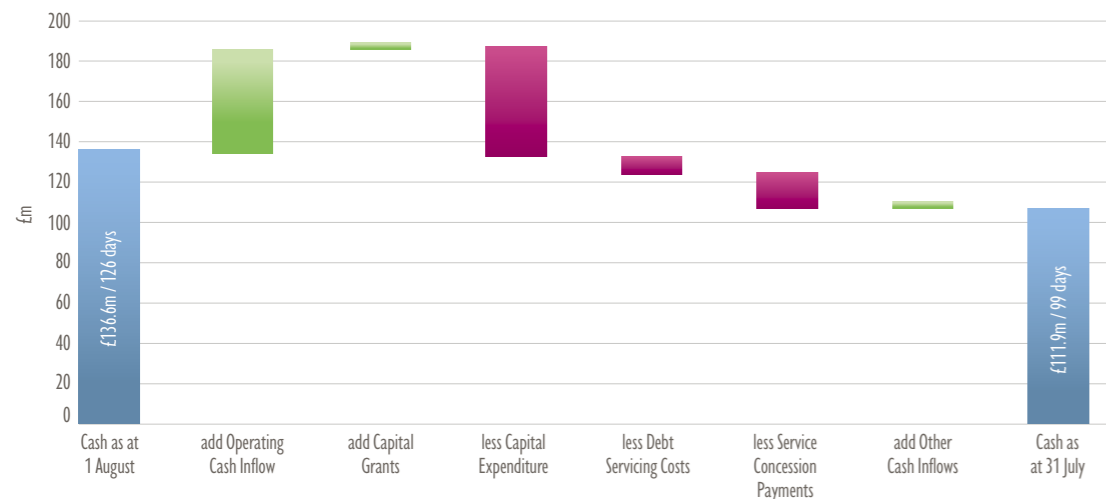
Gross long-term debt of £210m remains unchanged following the issue of private placements in 2017. We were compliant with all our lending covenants in 2019/20.

Cash balances decreased over the year by £25m, standing at a healthy £112m as at 31 July 2020 (£137m in

2018/19). This represents 99 liquidity days. This reduction reflects our pre-COVID finance strategy of drawing down cash balances to supplement cash generation in order to accelerate the delivery of the capital strategy.

We also have in place a low-cost £50m revolving credit facility which has not been utilised.

Cash and Cash Flows 2019/20 1 August 2019 to 31 July 2020



**Pensions**

Our pension liabilities total £80m (£134m in 2018/19), a material decrease over the year. These liabilities are made up of two schemes, the national Universities Superannuation Scheme (USS) and our own pension scheme, the Exeter Retirement Benefit Scheme (ERBS). Both of these are accounted and reported differently in our financial statements, reflecting their different nature.

USS is a multi-employer scheme where the notional scheme assets and liabilities cannot be separately identified. Instead we account for liabilities arising under the scheme's deficit recovery plan. These liabilities stand at £65m as at 31 July 2020, a reduction of £64m over last year. The USS scheme is undergoing a turbulent round of valuations. Normally undertaken every three years, the scheme is currently on its third valuation in as many years. In 2018/19 we accounted for the first time recognition of the 2017 valuation. This resulted in a material increase in scheme deficit and in our own estimate of deficit recovery plan liability. As a consequence the University posted a £72m deficit for the year in 2018/19. In the current year, 2019/20, we account for the first time recognition of 2018 valuation and with it a new deficit recovery plan. This has resulted in the scheme deficit falling (from £5.7 billion to £3.6 billion) and with it a reduction in our own estimate of the recovery plan liability. As a consequence of this the University has posted a surplus for the year of £67m. Putting aside this topsy-turvy change in the valuations of liabilities, what ultimately matters is the increase in funding costs which have gone up in both the 2017 and 2018 valuations. USS is currently undergoing a new 2020 valuation, whose results are expected to be finalised by July 2021. We are anticipating a substantial increase in the scheme deficit.

The University closed ERBS to future accrual in December 2016. The scheme's deficit is estimated at £15m as at 31 July 2020, an increase of £10m over the year. While the valuation of the deficit has increased over the year, the funding costs of the scheme have not increased.

Because USS valuation can have such a distorting effect on reported University surpluses, it is better to exclude changes to pension provisions to gain a sense of our underlying operating performance:

|                                       | 2019/20      | 2018/19       |
|---------------------------------------|--------------|---------------|
|                                       | £000         | £000          |
| Reported University Surplus/(Deficit) | 67,089       | (71,728)      |
| exclude pension provisions            | (65,993)     | 85,878        |
| <b>Underlying University Surplus</b>  | <b>1,096</b> | <b>14,150</b> |

**Endowments**

This year is the first full year in which we have operated our investment policy based on a best-in-class environmental, social and governance (ESG) approach covering our £40m endowment portfolio. Our portfolio has no exposure to fossil fuel producers, non-electric auto manufacturers, coal mining, tobacco or airlines.

The carbon footprint of our portfolio has been assessed as 120 tonnes of carbon per £1m invested as at 31 July 2020, a 30% reduction over the year.

Our ESG policy has had no detrimental impact on investment performance, with our portfolio returning 5.6%<sup>6</sup>, exceeding our target of 4.5% over the same period. For comparison the FTSE All-Share Index returned a -13% over the same period.

<sup>6</sup> Returns measured to 30 June 2020. Our target is based on CPI+4%.

**Future Outlook**

The COVID-19 pandemic appears to have had little discernible impact on our 2019/20 financial performance unless you dig deeply. This will not be true in 2020/21. Not only have we experienced a material reduction in the number of international students prepared or able to travel the globe, but we remain exposed to the uncertainty of changing Government policy and the unpredictable ebbs and flows of the pandemic.

At the time of writing, we expect our international tuition fee income to be down on 2019/20 levels. This has been partly offset by higher income from home and EU students. We are incurring substantial additional costs relating to supporting our capacity to deliver an online experience and to deliver a safe re-opening of the campuses. The loss of teaching income combined with the unavoidable additional COVID-related operating costs means we are continuing with our COVID Phase 2 and 3 mitigation strategies. Capital investment will continue to be constrained and we will continue to press down on all non-essential discretionary costs.

As a result of the Government's late change to the way A-level assessments were made in August 2020 we have honoured all our offers and admission and as a result admitted more home/EU undergraduates than planned. Income from home/EU undergraduate fees is projected to be 7% up over the year. However, this is partially offset by the reduced international fees and lower rent due to the volume of students opting to study remotely at all levels and fee statuses.

These impacts will endure beyond 2020/21 as we experience the roll-through impact in subsequent years. We have also removed all planned staffing growth from our plans and this will reduce the level of growth in research activity and income than otherwise would have been the case.

Overall we are currently projecting negative EBITDA in 2020/21, and then a recovery over the following two years to just under their pre-COVID levels. It is unlikely we will fully return to a level set out in our pre-COVID plans as our ability to invest in staffing growth or in capital facilities has been diminished.

Looking beyond the impact of COVID we await the outcome of the 2020 USS valuation. The statutory deadline for this is June 2021. Undertaking a valuation in the current climate is particularly demanding; it is highly likely that the past service deficit will materially increase and there may well be a need for increased funding from both staff and employers, at a time when neither can afford increases.

The UK left the EU on 1 January 2020, but does not leave the single market until 1 January 2021. We have undertaken comprehensive Brexit planning, particularly in terms of staffing and supply chain management. Undergraduate students from the EU who entered the University in 2020 will continue to benefit from the £9,250 fee and access to the Student Loan Company loan book for the duration of their studies. But students admitted in 2021 will have international fee status so we are anticipating a lower level of demand.

While there are many immediate challenges to deal with, demand for higher education in the UK remains strong and is set to continue to grow, especially with the sharp rise of the 18-year old population demographic curve over the next decade. The UK Government recognise the centrality of the research base in facing up to global challenges such as the pandemic and climate change. They also recognise the role universities have to play in delivering their industrial strategy, especially in a post-Brexit world.

We will clearly be operating in an environment of increased uncertainty during 2020/21 but we have sufficient cash and cash facilities to help us ride through this. In the medium to long-run the outlook for the University remains very positive, with opportunities to grow and contribute to the UK's resilience in addressing global challenges and economic development.

**Going Concern**

When the UK went into lockdown in March 2020 the way we conduct our financial planning switched from a focus on medium-term planning to ensure our future EBITDA was aligned with the needs of our capital strategy, to an approach based on multi-scenario cash flow forecasting.

In July 2020 Council approved a comprehensive set of financial projections, covering cash balances, EBITDA and capital expenditure. These were based on a number of scenarios, incorporated our 3-Phase mitigation strategy, tested against a number of criteria. All of these criteria were passed.

We have embedded our Phase 2 mitigations into budget management and we are developing our Phase 3 mitigations, based on a shape and size exercise. This will enable us to rebuild our financial capacity and return to investment and growth.

Our latest financial projections show that we expect to be fully compliant with all our lending covenants during 2020/21 and neither do they indicate any regulator reportable events being triggered with respect to liquidity or lending covenants.

The fact that we have significant external cash facilities in reserve provides us with a form of insurance should external events place our finances under material stress.

**Andrew Connolly**  
Chief Financial Officer

# Corporate Governance and Statement of Internal Control

## Legal Status of the University

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

## Governance

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

## Council

Council, as the governing body, is responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It is also responsible for seeking assurance that the University is compliant with relevant regulation and legislation. There are 22 members of Council, the majority of whom are from outside the University (independent members). The members include representatives of staff and students. Council met six times during 2019/20. Additionally it held a strategic away day. The annual joint meeting with Senate for 2019/20 was postponed due to the COVID-19 pandemic. The responsibilities of Council are more fully described below.

## Senate

Senate, as the senior academic body, is given devolved responsibility by the Council, for student matters, academic quality and standards, and plays a key role in the development and approval of the University's education and research strategies. There are 64 members of the Senate, including members elected by the University's academic colleges and student representatives. There were three meetings of the Senate during 2019/20.

## Responsibilities of Council

The primary responsibilities of Council are:

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

Council are responsible for preparing the Annual Report and the Financial Statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

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

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

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

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

Council are also responsible for ensuring that:

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

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

The arrangements described above were in place during the period covered by this annual report, including up to the point of the annual report approval in November 2020.

## Statement of Internal Control

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the Financial Statements.

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

The Audit Committee receives regular reports from internal audit, which include an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. The programme of internal audit work during the year has focused on our most significant risk areas and has been designed to evidence the achievement of value for money with regard to efficiency, economy and effectiveness. The Council has appointed Price Waterhouse Coopers LLP (PWC) to provide internal audit services to the University from 1 August 2019. The Audit Committee approves the strategic internal audit plan and receives internal audit reports from PWC at its regular meetings during the year. Where appropriate, individual audit reports are considered by other committees for information. Council receives regular reports on the progress of the audit plan from the Chair of Audit Committee. The internal auditors provide an annual report, which includes an opinion on internal control, risk and the adequacy and effectiveness of our arrangements for economy, efficiency and effectiveness. During the year no significant control weaknesses were identified.

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

The University's policy towards fraud, malpractice and corruption is one of zero tolerance. The University's anti bribery and fraud policies set this out in detail, whilst the Financial Regulations set out the arrangements for reporting and responding to fraud. The anti-bribery and

fraud policies are reviewed periodically and the Financial Regulations annually and are approved by the Council. The main emphasis of the fraud policy is on fraud prevention, achieved through risk assessment, process design informed by awareness of fraud risk, and by keeping staff alert to risks. There is regular reporting of fraud and irregularities at the Audit Committee.

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

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

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

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

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

## Report from the Chair of Audit Committee

Alongside its Terms of Reference, to which there was no change, the Audit Committee reviewed its twelve core objectives. A key amendment was made regarding objective B in relation to ensuring that the University is focused on the delivery of its strategic objectives, to also include scrutiny of the risks to the achievement of those objectives.

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

The Deputy Secretary to Council acts as Secretary to the Committee. The Committee met five times during 2019/20, including an additional meeting in July 2020 to review the University's response to the COVID-19 pandemic. Membership and attendance at meetings was as follows:

|  | Eligible to attend | Actually attended |
|--|--------------------|-------------------|
| Gerry Brown, Independent Member of Council and Chair                       | 5                  | 5                 |
| Graham Cole, CBE, Independent Member of Council                            | 5                  | 5                 |
| David Dupont BA (Hons) MBA, Independent External Member of Audit Committee | 5                  | 5                 |
| Simon Enoch LLB, Independent External Member of Audit Committee            | 5                  | 5                 |
| Alison Reed ACA, Independent Member of Council                             | 5                  | 5                 |
| Nicholas Cheffings, Independent Member of Council                          | 5                  | 4                 |

The Committee agreed the plan of work for 2019/20 with PWC, and during the year reviewed the outcome of 16 reports on internal audits and also continued to ensure strong focus on the completion of outstanding audit recommendations. During the latter part of the academic year, the COVID-19 pandemic impacted the audit plan, resulting in four planned reviews being deferred to 2020/21 and replaced on the recommendation of the Committee with reviews that would better reflect the risks faced by the University in the context of the pandemic.

The June 2020 meeting and the additional meeting held in July 2020 reviewed the COVID-19 response and associated interim governance arrangements. Assurance was sought and provided on the identification and mitigation of key risks related to finance, interim financial arrangements and core objectives of the University. The early seeking of the scrutiny of Audit Committee on key

responses such as the No-Detriment Policy evidenced good governance and management of the crisis. The swift and successful sector leading decision making and communication was commended. The Committee also scrutinised the resilience arrangements for the required move to online learning, with detailed assurance provided by the Chief Information and Digital Officer.

The Committee sought internal and external audit recommendations of best practice aligned to themes arising in response to the pandemic, and also set out areas of focus to ensure that the University could maintain good governance and decision making as the situation developed.

During the year a strong focus on value for money has been maintained, including within the context of the different operating model required by the pandemic. Audit Committee has scrutinised and sought assurance on the financial plans of the University, with particular focus on contingencies required due to the impact of COVID-19.

Our external auditors kept the Committee abreast of sector developments. The Committee held closed meetings with both the external and internal auditors on separate occasions.

Other key areas of work have included:

- GDPR compliance updates including data breach reports.
- Data assurance and quality.
- Updated governance of online mandatory training.
- UUK Accommodation Code.
- TRAC insights into the University's financial performance and business model.
- CIIA Internal Audit Code of Practice.
- CUC Code of Practice for HE Audit Committees.
- Students' Guild and NUS Pension Schemes.

The Committee was satisfied that these areas were being managed effectively. We have also continued to work closely with the Risk Dual Assurance team to review risk management policies and procedures, including reviewing risk discussions that are held at Council. In our Annual Report to the Vice-Chancellor, Council and the Office for Students (OfS) for 2019/20, the Committee was of the opinion that the University had a sound framework of risk management, control and governance, value for money, and the management and quality assurance of data.

**Gerry Brown**  
Chair of Audit Committee

## Reports from the Chair of Nominations Committee

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

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

It is also responsible for reviewing arrangements for developing future leaders of the University and for succession planning. In 2019–20, the Committee's Terms of Reference were updated to highlight the responsibility for promoting equality and diversity, and inclusion of the governing body and the responsibility for succession planning for Council and Committees. The Committee's recommendations are informed by a skills matrix, which details the relevant skills of Council's current membership and skills sought in new appointments.

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

The Committee met three times in the academic year 2019/20. Membership and attendance at meetings was as follows:

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

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

### Council

- The re-appointment for a further term of office for the following:  
Class I – Richard Atkins – 1 August 2020–31 July 2023 (second term of office)  
Class II – Graham Cole – 1 August 2020–31 July 2023 (second term of office).
- The appointment of Amoetsoe Mkwena as a Class II Independent Member for a three year term.

- The reappointment of Sarah Turvill as a Class 1 Officer (Pro-Chancellor) and Chair of Council for a further and final one year term, extending her period in the role to 31 July 2022.

### Committees

- The appointment of Graham Cole as a member of Remuneration Committee for the vacant Class II Independent Member position (Appendix 1 attached).
- The reappointments of David Dupont and Simon Enoch for a further three year term of office as Independent Members (co-opted members) of Audit Committee with effect from 1 August 2020 (Appendix 1 attached).

### Other

- The appointment of Penny Green as Professional Trustee and Chair of ERBS for a further three year term of office, 1 September 2020 to 31 August 2023, and the appointment of Ray O'Connell as Trustee for a further three year term of office, 1 August 2020 to 31 July 2023.
- The nomination of Margaret Laithwaite as ERBS Trustee for a three year term of office until 31 July 2023, to replace John Allwood (term ended 31 July 2020).

The Committee reviewed Dual Assurance areas and the independent leads; outcomes included the name change for the Dual Assurance Sustainability to 'Environment and Climate Emergency' and Dual Assurance to 'Education and Student Experience'.

- Professor Caroline MacEwen was appointed as Independent Lead for Human Resources.
- Following changes to portfolios, Professor Neil Gow, Deputy Vice-Chancellor (Research and Impact), took on the role of Management Lead for the Innovation and Business portfolio.
- Nicholas Cheffings was appointed as Independent Lead for Risk.
- Salam Katbi was appointed as Independent Lead for Sport.

The Committee also reviewed the diversity of the membership of Council. For 2019/20 the Independent Members of Council, including the Pro-Chancellors, are made up of seven males and six females, one of whom identifies as BAME.

The Committee also formalised a peer support scheme for new Independent Members. The arrangement is in place to provide new members with an experienced point of contact who can provide guidance and advice during the course of their first year of term of office.

The Committee received a presentation at one of the three meetings from the Head of People Development on the Developing Future Leaders programme and succession planning.

The due diligence process and Independent Role Descriptions for independent external members were also considered.

### Sarah Turvill

Chair of Nominations Committee

## Report from the Chair of Remuneration Committee

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

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

The Committee met seven times during 2019/20. The attendance of members at meetings was as follows:

|                | Eligible to attend | Actually attended |
|----------------|--------------------|-------------------|
| Richard Atkins | 7                  | 7                 |
| Sarah Turvill  | 7                  | 7                 |
| Sarah Buck     | 7                  | 7                 |
| Salam Katbi    | 7                  | 6                 |
| Graham Cole    | 4                  | 4                 |
| Kiron Farooki  | 1                  | 0                 |

The Committee publishes a full annual report as recommended by the Committee of University Chairs. This is available on the Remuneration Committee section of the University website<sup>7</sup> together with the Committee's Executive Reward Policy and Terms of Reference.

Decisions on the reward of the Vice-Chancellor are made by the Remuneration Committee, taking account of the achievement of strategic goals, the institution's national and international rankings and performance against key performance metrics. Professor Sir Steve Smith's remuneration during 2019/20 reflected his contribution to the success of the University and his higher education leadership experience. The Committee made no change to the base salary of the Vice-Chancellor this year. Details of the reward arrangements for the Vice-Chancellor are given in the Staff Costs section of the Financial Statement on page 68.

At the beginning of the year, the Committee reviewed and approved the institutional and personal targets for 2019/20 under the Executive Performance Reward Scheme. The Committee also agreed its annual report for 2018/19 and its schedule of work for 2019/20.

At its 2019 autumn term meetings, the Committee reviewed the achievement of the institutional and personal objectives for members of the Vice-Chancellor's Executive Group which had been agreed for 2018/19. Taking account of these assessments, the Committee made decisions on the percentage of performance related reward which should be paid under the Executive Performance Reward Scheme to recognise the achievement of personal and institutional objectives.

The Committee agreed the salary of the new Vice-Chancellor, Professor Lisa Roberts.

The Committee reviewed the achievements of Professor Sir Steve Smith against the 2013-20 long-term performance objectives and agreed the payment he should receive.

The Committee considered a number of reports on the Executive Performance Reward Scheme and agreed that this should be reviewed further, in consultation with the new Vice-Chancellor, in 2020/21. The Committee also agreed that a further external review of its effectiveness and the Executive Reward Policy should be commissioned in 2020/21. In view of the impact of the COVID-19 pandemic and the University's agreement with trade unions on staff pay savings, the Committee agreed that a decision on whether the Executive Performance Reward Scheme should operate in 2020/21 would be made in January 2021.

After reviewing its Policy on Pension Taxation, the Committee agreed to extend the suspension of the scheme for a further 12 months.

The Committee received a report on external work undertaken by senior executives in 2019/20.

The Committee reviewed the base salaries of members of the Vice-Chancellor's Executive Group, in accordance with the Committee's Executive Reward Policy, taking account of market data, affordability and performance. Taking account of the impact of the COVID-19 pandemic, the Committee agreed that there should be no changes to basic salary for members of Vice-Chancellor's Executive Group in the financial year beginning August 2020, with the exception of one member where an increase was agreed to recognise an increase in responsibility and to ensure parity with other roles.

The Committee agreed to a proposal from the Vice-Chancellor's Executive Group to reduce their level of reward in 2019/20 by the equivalent of 20% for four months in recognition of the impact of the COVID-19 pandemic on the University.

At its first meeting in the autumn term 2020, the Committee reviewed the achievement of institutional targets and personal objectives for 2019/20. Taking account of these assessments, and the reductions agreed at a special meeting in May 2020, the Committee agreed reward payments for the achievement of personal and institutional objectives in 2019/20.

Further information about the Executive Performance Reward Scheme is provided in the Committee's annual report available on the Remuneration Committee section of the University website<sup>8</sup>.

### Richard Atkins

Chair of the Remuneration Committee

<sup>7</sup> [www.exeter.ac.uk/about/organisation/governance/committees/remuneration\\_committee/](http://www.exeter.ac.uk/about/organisation/governance/committees/remuneration_committee/)

<sup>8</sup> [www.exeter.ac.uk/about/organisation/governance/committees/remuneration\\_committee/](http://www.exeter.ac.uk/about/organisation/governance/committees/remuneration_committee/)

# Senate

Senate is the academic authority of the University and its role is to direct and regulate the teaching and research work of the University. Senate draws its membership from senior academic and other staff and representatives of the students of the University. It is chaired by the Vice-Chancellor and meets at least 3 times a year with an additional joint meeting with Council.

## Senate Committees

Although Senate meets regularly each academic year, much of its detailed work is delegated to committees, principally Board of Faculty of Taught Programmes, the Board of the Faculty of Graduate Research and Ethics Committee.

Further information about Council and Senate Committees can be found at: [www.exeter.ac.uk/about/organisation/governance/committees](http://www.exeter.ac.uk/about/organisation/governance/committees)



# Dual Assurance

The University's business is governed through a mechanism known as dual assurance. As its name suggests, this model involves two people. The first of these is a member of VCEG, who takes responsibility for the management and development of policy in a particular area of business. The other is an independent member of Council, knowledgeable in the same area, who provides assurance to Council that this activity is well-managed and that decisions have been reached following due process and

appropriate consultation. The dual assurance mechanism is designed to minimise the number of committees, empower senior managers, speed up decision-making and make the most of the talents of independent members.

The table below shows the areas governed through dual assurance and the management and independent leads as at November 2020:

| Business Area                            | Management Lead  | Independent Lead                |
|--|--|---------------------------------|
| Finance and Investment                   | Chief Financial Officer  | Alison Reed                     |
| Research and Impact                      | DVC (Research and Impact)  | Sir John O'Reilly               |
| Innovation and Business                  | DVC (Global Engagement)  | Graham Cole                     |
| Human Resources including Wellbeing      | Director of Human Resources  | Caroline MacEwan                |
| Equality and Diversity and Inclusivity   | Deputy Registrar and Chief College Operations Officer              | Salam Katbi and Amoetsoe Mkwena |
| Estates                                  | Registrar and Secretary  | Dr Sarah Buck                   |
| Ethics                                   | DVC (Research and Impact)  | Caroline MacEwan                |
| Information Technology including Digital | Registrar and Secretary  | Andrew Greenway                 |
| Education and Student Experience         | DVC (Education)  | Richard Atkins                  |
| Global Strategy                          | DVC (Global Engagement)  | Graham Cole                     |
| Global Advancement                       | Provost  | Gerry Brown                     |
| Risk                                     | Registrar and Secretary  | Nicholas Cheffings              |
| Communication and Reputation             | Director of Communication and Corporate Affairs                    | Jo Binding                      |
| Sport                                    | Director of Campus Infrastructure and Operational Support Services | Salam Katbi                     |
| Environment and Climate Emergency        | Director of Campus Infrastructure and Operational Support Services | Glenn Woodcock                  |

# Management

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

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

The Vice-Chancellor's Executive Group (VCEG) comprises of the senior management team of the University. Led by the Vice-Chancellor and Chief Executive, it includes the Provost, three Deputy Vice-Chancellors, six Pro Vice-Chancellors, the Registrar and Secretary, the Director of Human Resources, the Chief Financial Officer, the Director of Communications and Corporate Affairs, the Deputy Registrar and Chief College Operations Officer and the Director of Campus Infrastructure and Operational Support Services. Details of VCEG membership is given at the front of these Financial Statements.

## Higher Education Code of Governance

Council has adopted the Committee of University Chairs Higher Education Code of Governance, issued in December 2014 and revised in June 2018. In accordance with the Code, the Council has adopted a Statement of Primary Responsibilities which is based on the Code's model and is adapted to reflect the powers and responsibilities derived from University Statutes.

In accordance with the Code, Council undertook a review of its effectiveness in February 2018 and produced an action plan in response to the recommendations raised.

The Corporate Governance Statement and Responsibilities of the Council of the University are set out on pages 45 to 46 and were approved by council on 19 November 2020 and signed on its behalf on 17 December 2020 by:



**Sarah Turvill**

Chair of the Council



**Professor Lisa Roberts**

Vice-Chancellor and Chief Executive

# Fundraising Standards

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

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

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

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

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

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

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

The University received no complaints about its fundraising activities for the year to 31 July 2020.

# Independent Auditor's Report

To Council of University of Exeter

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of University of Exeter ("the University") for the year ended 31 July 2020 which comprise the Group and University Statement of Comprehensive Income, the Group and University Statement of Changes in Reserves, the Group and University Balance Sheets, the Group Cash Flow Statement, and related notes including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses, and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### Basis for opinion

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

### Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and 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 Council's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and 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 Group or the University will continue in operation.

### Other information

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

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

### Council responsibilities

As explained more fully in their statement set out on page 46, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; 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 Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 34 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in Note 34 to the financial statements, has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Council in accordance with the University's statutes. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report or for the opinions we have formed.

### Victoria Sewell for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Regus, 4th Floor  
Salt Quay House  
6 North East Quay  
Plymouth PL4 0HP

17 December 2020

# Principal Accounting Policies

## Basis of Preparation

The University and Consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant. The Financial Statements are prepared in accordance with the historical cost convention except for the revaluation of heritage assets, investment property and pensions.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

## Going concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review on page 39, which together with the annual report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

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

Council have prepared cash flow forecasts for a period of 4 years and 8 months from the date of approval of these financial statements. After reviewing these forecasts Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the University will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The various factors affecting our assessment of going concern are discussed in more detail on page 44.

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

## Basis of Consolidation

The results of the University's subsidiary undertakings and undertakings in which it has a controlling interest for the financial year to 31 July 2020 have been consolidated in the Financial Statements. Details of these subsidiaries are provided in Note 15.

Jointly controlled entities are accounted for using the equity method. The University's share of income and expenditure in joint venture entities is recognised in the

Statement of Comprehensive Income for the group, and its share of assets and liabilities in joint venture entities are recognised in the consolidated Statement of Financial Position. Details of these joint ventures are provided in Note 16.

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

## Recognition of Income

### Recurrent grants and tuition fees

Recurrent grants from funding bodies represent the funding allocations, which are attributable to the current financial year and are credited directly to the income and expenditure account.

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

### Grant funding

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

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

### Donations and endowments

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

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

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line

with the restrictions, at which point the income is released to general reserves through a reserve transfer. Donations without restrictions are recognised in income when the University is entitled to the funds.

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

### Other income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

The University acts as an agent in the collection and payment of hardship funds and training bursaries from the funding bodies. Related receipts from the National College for Teaching and Leadership and subsequent disbursement to students are excluded from the income and expenditure account. Details are provided in Note 32 of transactions in the year.

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

## Accounting for retirement benefits

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

The USS is a defined benefit, multi-employer 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 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 with related expenses being recognised through the staff costs on profit and loss account. The scheme is revalued periodically by professionally qualified independent actuaries.

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

ERBS, a defined benefit scheme, was closed to future accrual in November 2016. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and compared to the fair value of any plan assets valued at bid price.

Further information on pension schemes and post-retirement benefits are disclosed in Note 29.

## Employment benefits

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

## Finance leases

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

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

## Service concession arrangements

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

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

## Operating leases

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

## Foreign currencies

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

# Principal Accounting Policies (continued)

## Taxation

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

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

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

## Tangible and intangible assets

Non-current tangible and intangible assets are stated at cost less accumulated depreciation/amortisation and accumulated impairment losses. Land and buildings that had been revalued to fair value on or prior to the date of transition to the SORP 2015, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

## Capitalisation

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

- Individually have a cost greater than £25,000; or
- Collectively have a cost equal to or greater than £25,000 where the assets are functionally

interdependent or are purchased together and intended to be used as a group under common management control; or

- Irrespective of their individual cost, form part of the initial equipping of a new building.

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

Intangible assets held by the University relate to software.

## Heritage assets

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

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

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

## Depreciation / Amortisation

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

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

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

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

## Investment property

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

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

## Investments

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

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

## Stock

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

## Cash and cash equivalents

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

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

## Financial instruments

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

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

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the Financial Statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that a transfer of economic benefits will be required to settle the obligation; and
- c) 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.

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

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

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

## Reserves

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

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

# Key Estimates and Judgements

## Key sources of estimation uncertainty

The Financial Statements are based on a number of key estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Pensions – USS

USS is a multi-employer scheme whereby the liabilities of the scheme cannot be separately attributable to individual Universities / employers. The University has a liability to fund the deficit recovery plan and this liability is recognised as a pensions provision, calculated as the discounted fair value of the contractual contributions under the recovery plan in existence at the Statement of Financial Position date.

Assumptions used to calculate the scheme liability in the current financial year are detailed in Note 29.

### Pensions – ERBS

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected inflation rates, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the University's retirement benefit obligation and pension assets/liabilities. Assumptions used in the current financial year are detailed in Note 29.

## Useful economic lives of tangible assets

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

### Impairment of debtors

The University makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the ageing profile of debtors, our knowledge of individual debtors and our historical experience.

### Provisions – Exeter Science Park Loan Guarantee

The University has recognised a provision in respect of the loan guarantee with Exeter Science Park Limited, based on the estimated liability as at the 31 October 2023, the date at which this liability would transfer to the University. Further details are included in Note 28.

### Critical accounting judgements in applying the University's accounting policies

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

# Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2020

|   | Notes | Group                                  |                                     | University                             |                                     |
|---|-------|--|-------------------------------------|--|-------------------------------------|
|   |       | Year Ended<br>31 July<br>2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 | Year Ended<br>31 July<br>2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 |
| <b>INCOME</b>   |       |  |                                     |  |                                     |
| Tuition fees and education contracts  | 1     | 274,463                                | 247,898                             | 274,463                                | 247,898                             |
| Funding body grants   | 2     | 53,241                                 | 47,006                              | 53,241                                 | 47,006                              |
| Research grants and contracts   | 3     | 93,152                                 | 86,965                              | 93,152                                 | 86,965                              |
| Other income  | 4     | 49,991                                 | 62,751                              | 49,868                                 | 62,532                              |
| Investment income   | 5     | 2,064                                  | 1,413                               | 2,063                                  | 1,413                               |
| Endowments and donations  | 6     | 4,733                                  | 3,245                               | 5,508                                  | 5,610                               |
| <b>Total income</b>   |       | <b>477,644</b>                         | <b>449,278</b>                      | <b>478,295</b>                         | <b>451,424</b>                      |
| <b>EXPENDITURE</b>  |       |  |                                     |  |                                     |
| Staff costs   | 7     | 270,149                                | 244,521                             | 270,119                                | 244,483                             |
| Staff costs – movement on pension provisions  | 7     | (68,173)                               | 85,878                              | (68,173)                               | 85,878                              |
| Operating expenses  | 8     | 147,406                                | 142,261                             | 147,534                                | 142,257                             |
| Depreciation and amortisation   | 9     | 48,189                                 | 46,323                              | 48,189                                 | 46,323                              |
| Impairment charge   | 9     | 4,656                                  | -                                   | 4,656                                  | -                                   |
| Interest and other finance costs  | 10    | 7,745                                  | 6,514                               | 7,745                                  | 6,514                               |
| <b>Total expenditure</b>  |       | <b>409,972</b>                         | <b>525,497</b>                      | <b>410,070</b>                         | <b>525,455</b>                      |
| <b>Surplus/(deficit) before other gains/(losses) and share of operating surplus in joint ventures</b> |       | <b>67,672</b>                          | <b>(76,219)</b>                     | <b>68,225</b>                          | <b>(74,031)</b>                     |
| (Loss)/gain on investments  | 15    | (486)                                  | 2,491                               | (486)                                  | 2,491                               |
| Share of operating (deficit)/surplus in joint venture   | 16    | (97)                                   | 2,000                               | -                                      | -                                   |
| <b>Surplus/(deficit) for the year</b>   |       | <b>67,089</b>                          | <b>(71,728)</b>                     | <b>67,739</b>                          | <b>(71,540)</b>                     |
| Revaluation (deficit)/surplus on heritage assets  | 13    | (5)                                    | 1,847                               | (5)                                    | 1,847                               |
| Actuarial loss in respect of pension schemes  | 29    | (15,235)                               | 4,933                               | (12,059)                               | 3,899                               |
| <b>Total comprehensive income/(expenditure)</b>   |       | <b>51,849</b>                          | <b>(74,814)</b>                     | <b>55,675</b>                          | <b>(73,592)</b>                     |
| <b>Represented by:</b>  |       |  |                                     |  |                                     |
| Endowment comprehensive income for the year   | 23/24 | 756                                    | 2,498                               | 756                                    | 2,498                               |
| Restricted comprehensive income/(expenditure) for the year  |       | 33                                     | 33                                  | 33                                     | 33                                  |
| Unrestricted comprehensive income/(expenditure) for the year  | 25    | 51,808                                 | (79,525)                            | 55,264                                 | (78,563)                            |
| Revaluation reserve comprehensive (expenditure)/income for the year                                   | 26    | (748)                                  | 2,180                               | (378)                                  | 2,440                               |
|   |       | <b>51,849</b>                          | <b>(74,814)</b>                     | <b>55,675</b>                          | <b>(73,592)</b>                     |

All items of income and expenditure relate to continuing activities

# Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2020

| Group  | Restricted    | Unrestricted | Revaluation     | Total         |                 |
|--|---------------|--------------|-----------------|---------------|-----------------|
|  | Endowment     | Income and   |                 |               | Income and      |
|  | Reserve       | Expenditure  | Expenditure     | Reserve       |                 |
|  | £'000         | £'000        | £'000           | £'000         | £'000           |
| <b>Balance at 1 August 2018</b>                                  | <b>38,228</b> | <b>17</b>    | <b>478,278</b>  | <b>21,107</b> | <b>537,630</b>  |
| Surplus/(deficit) from the Statement of Comprehensive Income     | 2,498         | 33           | (76,699)        | 2,440         | <b>(71,728)</b> |
| Other comprehensive income                                       | -             | -            | (3,086)         | -             | <b>(3,086)</b>  |
| Transfers between revaluation and income and expenditure reserve | -             | -            | 260             | (260)         | -               |
| <b>Total comprehensive income / (expenditure)</b>                | <b>2,498</b>  | <b>33</b>    | <b>(79,525)</b> | <b>2,180</b>  | <b>(74,814)</b> |
| <b>Balance at 1 August 2019</b>                                  | <b>40,726</b> | <b>50</b>    | <b>398,753</b>  | <b>23,287</b> | <b>462,816</b>  |
| Surplus/(deficit) from the Statement of Comprehensive Income     | 756           | 33           | 66,678          | (378)         | <b>67,089</b>   |
| Other comprehensive income                                       | -             | -            | (15,240)        | -             | <b>(15,240)</b> |
| Transfers between revaluation and income and expenditure reserve | -             | -            | 370             | (370)         | -               |
| <b>Total comprehensive income / (expenditure)</b>                | <b>756</b>    | <b>33</b>    | <b>51,808</b>   | <b>(748)</b>  | <b>51,849</b>   |
| <b>Balance at 31 July 2020</b>                                   | <b>41,482</b> | <b>83</b>    | <b>450,561</b>  | <b>22,539</b> | <b>514,665</b>  |
| University   | Endowment     | Restricted   | Unrestricted    | Revaluation   | Total           |
|  | Reserve       | Income and   | Income and      | Reserve       |                 |
|  | £'000         | Expenditure  | Expenditure     | £'000         | £'000           |
| <b>Balance at 1 August 2018</b>                                  | <b>38,228</b> | <b>17</b>    | <b>477,864</b>  | <b>7,134</b>  | <b>523,243</b>  |
| Surplus/(deficit) from the Statement of Comprehensive Income     | 2,498         | 33           | (76,511)        | 2,440         | <b>(71,540)</b> |
| Other comprehensive income                                       | -             | -            | (2,052)         | -             | <b>(2,052)</b>  |
| <b>Total comprehensive income / (expenditure)</b>                | <b>2,498</b>  | <b>33</b>    | <b>(78,563)</b> | <b>2,440</b>  | <b>(73,592)</b> |
| <b>Balance at 1 August 2019</b>                                  | <b>40,726</b> | <b>50</b>    | <b>399,301</b>  | <b>9,574</b>  | <b>449,651</b>  |
| Surplus/(deficit) from the Statement of Comprehensive Income     | 756           | 33           | 67,328          | (378)         | <b>67,739</b>   |
| Other comprehensive income                                       | -             | -            | (12,064)        | -             | <b>(12,064)</b> |
| <b>Total comprehensive income / (expenditure)</b>                | <b>756</b>    | <b>33</b>    | <b>55,264</b>   | <b>(378)</b>  | <b>55,675</b>   |
| <b>Balance at 31 July 2020</b>                                   | <b>41,482</b> | <b>83</b>    | <b>454,565</b>  | <b>9,196</b>  | <b>505,326</b>  |

# Consolidated and University Statement of Financial Position

For the year ended 31 July 2020

|   | Notes | Group                   |                         | University              |                         |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |       | Year Ended 31 July 2020 | Year Ended 31 July 2019 | Year Ended 31 July 2020 | Year Ended 31 July 2019 |
|   |       | £'000                   | £'000                   | £'000                   | £'000                   |
| <b>Non-current assets</b>                               |       |                         |                         |                         |                         |
| Intangible assets                                       | 11    | <b>8,485</b>            | 11,937                  | <b>8,485</b>            | 11,937                  |
| Tangible fixed assets                                   | 12    | <b>741,060</b>          | 713,757                 | <b>741,060</b>          | 713,245                 |
| Heritage assets   | 13    | <b>9,088</b>            | 9,093                   | <b>9,088</b>            | 9,093                   |
| Investments   | 15    | <b>40,979</b>           | 38,073                  | <b>41,181</b>           | 38,788                  |
| Investment in joint venture                             | 16    | <b>9,047</b>            | 13,081                  | -                       | -                       |
|   |       | <b>808,659</b>          | <b>785,941</b>          | <b>799,814</b>          | <b>773,063</b>          |
| <b>Current assets</b>                                   |       |                         |                         |                         |                         |
| Stock   |       | <b>656</b>              | 506                     | <b>656</b>              | 506                     |
| Receivables falling due within one year                 | 17    | <b>64,358</b>           | 58,421                  | <b>64,668</b>           | 58,278                  |
| Receivables falling due after one year                  | 17    | <b>17,755</b>           | 15,792                  | <b>17,755</b>           | 15,792                  |
| Investments   | 18    | <b>25,414</b>           | 29,274                  | <b>25,414</b>           | 29,274                  |
| Cash and cash equivalents                               |       | <b>86,494</b>           | 107,277                 | <b>85,485</b>           | 106,535                 |
|   |       | <b>194,677</b>          | <b>211,270</b>          | <b>193,978</b>          | <b>210,385</b>          |
| Less: Creditors: amounts falling due within one year    | 19    | <b>(135,937)</b>        | (128,463)               | <b>(135,732)</b>        | (128,043)               |
| <b>Net current assets</b>                               |       | <b>58,740</b>           | <b>82,807</b>           | <b>58,246</b>           | <b>82,342</b>           |
| <b>Total assets less current liabilities</b>            |       | <b>867,399</b>          | 868,748                 | <b>858,060</b>          | 855,405                 |
| Creditors: amounts falling due after more than one year | 20    | <b>(270,099)</b>        | (269,363)               | <b>(270,099)</b>        | (269,185)               |
| <b>Provisions</b>                                       |       |                         |                         |                         |                         |
| Pension provisions                                      | 30    | <b>(80,235)</b>         | (134,169)               | <b>(80,235)</b>         | (134,169)               |
| Other provisions  | 30    | <b>(2,400)</b>          | (2,400)                 | <b>(2,400)</b>          | (2,400)                 |
| <b>Total net assets</b>                                 |       | <b>514,665</b>          | <b>462,816</b>          | <b>505,326</b>          | <b>449,651</b>          |
| <b>Restricted Reserves</b>                              |       |                         |                         |                         |                         |
| Endowment reserve                                       | 23/24 | <b>41,482</b>           | 40,726                  | <b>41,482</b>           | 40,726                  |
| Income and expenditure reserve                          |       | <b>83</b>               | 50                      | <b>83</b>               | 50                      |
| <b>Unrestricted Reserves</b>                            |       |                         |                         |                         |                         |
| Income and expenditure reserve                          | 25    | <b>450,561</b>          | 398,753                 | <b>454,565</b>          | 399,301                 |
| Revaluation reserve                                     | 26    | <b>22,539</b>           | 23,287                  | <b>9,196</b>            | 9,574                   |
| <b>Total Reserves</b>                                   |       | <b>514,665</b>          | <b>462,816</b>          | <b>505,326</b>          | <b>449,651</b>          |

The Financial Statements on pages 62 to 98 were approved by Council and were signed on its behalf on 17 December 2020 by:



**L Roberts**  
Vice-Chancellor and Chief Executive



**S Turvill**  
Chair of the Council



**A Connolly**  
Chief Financial Officer

# Consolidated Statement of Cash Flows

For the year ended 31 July 2020

|  |       | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|--|-------|----------------------------|----------------------------|
|  | Notes | £'000                      | £'000                      |
| <b>Cash flow from operating activities</b>                 |       |                            |                            |
| Surplus/(deficit) for the year                             |       | <b>67,089</b>              | (71,728)                   |
| <b>Adjustment for non-cash items</b>                       |       |                            |                            |
| Depreciation   | 12    | 50,110                     | 43,515                     |
| Amortisation of intangibles                                | 11    | 2,735                      | 2,808                      |
| Loss/(gain) on investments                                 | 15    | 486                        | (2,491)                    |
| (Increase)/decrease in stock                               |       | (150)                      | 47                         |
| Increase in debtors  |       | (7,970)                    | (20,462)                   |
| (Decrease)/increase in creditors                           |       | (1,741)                    | 18,720                     |
| (Decrease)/increase in pension provision                   | 30    | (68,174)                   | 85,328                     |
| Share of operating surplus in joint ventures               |       | 97                         | (2,000)                    |
| <b>Adjustment for investing and financing activities</b>   |       |                            |                            |
| Investment income  |       | (2,064)                    | (1,414)                    |
| Interest and other finance costs                           | 10    | 7,745                      | 6,514                      |
| New endowments   | 6     | (4,005)                    | (3,180)                    |
| Loss on the sale of fixed assets                           |       | 2,877                      | 86                         |
| Capital grant receipts                                     |       | (4,096)                    | (4,792)                    |
| <b>Net cash inflow from operating activities</b>           |       | <b>42,939</b>              | <b>50,951</b>              |
| <b>Cash flow from investing activities</b>                 |       |                            |                            |
| Disposal of non-current asset investments                  |       | 2,891                      | 3,708                      |
| Investment income  |       | 2,064                      | 3,338                      |
| Capital grants receipts                                    |       | 4,096                      | 4,792                      |
| Withdrawal of deposits                                     |       | 3,860                      | 32,332                     |
| New non-current asset investments                          |       | (5,520)                    | -                          |
| Payments made to acquire fixed assets                      | 12,13 | (430)                      | (600)                      |
| Payments made to acquire assets under construction         | 12    | (51,626)                   | (37,022)                   |
| Payments made to acquire intangible assets                 | 11    | (2,077)                    | (4,911)                    |
| <b>Net cash (outflow)/inflow from investing activities</b> |       | <b>(46,742)</b>            | <b>1,637</b>               |
| <b>Cash flow from financing activities</b>                 |       |                            |                            |
| Interest and other finance costs                           |       | (5,178)                    | (6,534)                    |
| New endowments   |       | 4,005                      | 3,180                      |
| New bank loans   |       | -                          | 13                         |
| Repayments of amounts borrowed                             |       | -                          | (101)                      |
| Capital element of finance lease                           |       | (15,807)                   | (15,675)                   |
| Lease premium received                                     |       | -                          | 30,730                     |
| <b>Net cash (outflow)/inflow from financing activities</b> |       | <b>(16,980)</b>            | 11,613                     |
| <b>(Decrease)/increase in cash and cash equivalents</b>    |       | <b>(20,783)</b>            | <b>64,201</b>              |
| Cash and cash equivalents at beginning of the year         |       | <b>107,277</b>             | <b>43,076</b>              |
| Cash and cash equivalents at end of the year               |       | <b>86,494</b>              | <b>107,277</b>             |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 1 TUITION FEES AND EDUCATION CONTRACTS

|   | Group                      |                            | University                 |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|   | £'000                      | £'000                      | £'000                      | £'000                      |
| Home and EU students                                  | 168,674                    | 160,272                    | 168,674                    | 160,272                    |
| International students                                | 95,861                     | 76,425                     | 95,861                     | 76,425                     |
| Research Training Support Grant                       | 6,860                      | 8,614                      | 6,860                      | 8,614                      |
| Non-credit bearing course fees and other tuition fees | 3,068                      | 2,587                      | 3,068                      | 2,587                      |
|   | <b>274,463</b>             | <b>247,898</b>             | <b>274,463</b>             | <b>247,898</b>             |

## NOTE 2 FUNDING BODY GRANTS

|                                      | Group                      |                            | University                 |                            |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                      | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|                                      | £'000                      | £'000                      | £'000                      | £'000                      |
| <b>Recurrent Grant</b>               |                            |                            |                            |                            |
| Office for Students – Teaching grant | 13,252                     | 12,567                     | 13,252                     | 12,567                     |
| Research England – Research grant    | 27,240                     | 24,403                     | 27,240                     | 24,403                     |
| <b>Specific Grants</b>               |                            |                            |                            |                            |
| Office for Students – Capital grants | 1,068                      | 1,710                      | 1,068                      | 1,710                      |
| UKRI – Capital grants                | 3,028                      | 3,082                      | 3,028                      | 3,082                      |
| Higher Education Innovation Fund     | 4,063                      | 3,952                      | 4,063                      | 3,952                      |
| Office for Students – Other grants   | 4,590                      | 1,292                      | 4,590                      | 1,292                      |
|                                      | <b>53,241</b>              | <b>47,006</b>              | <b>53,241</b>              | <b>47,006</b>              |

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

Research England oversees higher education research and knowledge exchange and provides grant funding in support of these areas.

## NOTE 3 RESEARCH INCOME

|   | Group                      |                            | University                 |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|   | £'000                      | £'000                      | £'000                      | £'000                      |
| Research Councils   | 38,791                     | 35,201                     | 38,791                     | 35,201                     |
| UK Research Charities   | 10,944                     | 9,616                      | 10,944                     | 9,616                      |
| UK Central Government, local authorities and health authorities | 12,547                     | 13,552                     | 12,547                     | 13,552                     |
| UK Industry and commerce  | 3,667                      | 3,805                      | 3,667                      | 3,805                      |
| European Union government                                       | 20,898                     | 17,346                     | 20,898                     | 17,346                     |
| European Union industry / other bodies                          | 2,466                      | 2,000                      | 2,466                      | 2,000                      |
| Other   | 3,839                      | 5,445                      | 3,839                      | 5,445                      |
| <b>Total Research Income</b>                                    | <b>93,152</b>              | <b>86,965</b>              | <b>93,152</b>              | <b>86,965</b>              |

**NOTE 4 OTHER INCOME**

|   | Group                      |                            | University                 |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|   | £'000                      | £'000                      | £'000                      | £'000                      |
| Residences, catering and conferences            | 14,123                     | 24,718                     | 14,032                     | 24,572                     |
| Service concession arrangement income (Note 14) | 11,526                     | 14,290                     | 11,526                     | 14,290                     |
| Other revenue grants                            | 2,071                      | 2,376                      | 2,120                      | 2,373                      |
| Coronavirus jobs retention scheme               | 2,453                      | -                          | 2,453                      | -                          |
| Other services rendered                         | 3,404                      | 2,688                      | 1,700                      | 1,518                      |
| Income from health authorities and trusts       | 4,634                      | 4,602                      | 4,634                      | 4,602                      |
| Sports and swimming pool income                 | 1,725                      | 2,302                      | 1,725                      | 2,302                      |
| Summer Schools, fair and degree day income      | 139                        | 411                        | 139                        | 411                        |
| ERASMUS income                                  | 1,154                      | 1,121                      | 1,154                      | 1,121                      |
| Rental income and room hire                     | 1,084                      | 1,769                      | 714                        | 1,141                      |
| Externally charged staff time                   | 1,864                      | 1,833                      | 2,291                      | 2,307                      |
| Supplies and services to external customers     | 3,057                      | 3,262                      | 4,634                      | 4,578                      |
| Library and IT related income                   | 97                         | 106                        | 97                         | 105                        |
| Family centre fees                              | 15                         | 417                        | 15                         | 417                        |
| Other income                                    | 2,645                      | 2,856                      | 2,634                      | 2,795                      |
|   | <b>49,991</b>              | <b>62,751</b>              | <b>49,868</b>              | <b>62,532</b>              |

**NOTE 5 INVESTMENT INCOME**

|  | Note | Group                      |                            | University                 |                            |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |      | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|  |      | £'000                      | £'000                      | £'000                      | £'000                      |
| Investment income on expendable endowments | 24   | 240                        | 93                         | 240                        | 93                         |
| Investment income on permanent endowments  | 23   | 604                        | 247                        | 604                        | 247                        |
| Other investment income                    |      | 1,220                      | 1,073                      | 1,219                      | 1,073                      |
|  |      | <b>2,064</b>               | <b>1,413</b>               | <b>2,063</b>               | <b>1,413</b>               |

**NOTE 6 ENDOWMENTS AND DONATIONS**

|                                       | Note | Group                      |                            | University                 |                            |
|---------------------------------------|------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                       |      | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|                                       |      | £'000                      | £'000                      | £'000                      | £'000                      |
| New expendable endowments             | 24   | 3,249                      | 3,162                      | 3,249                      | 3,162                      |
| New permanent unrestricted endowments | 23   | 756                        | 18                         | 756                        | 18                         |
| Restricted donations                  |      | 324                        | 33                         | 324                        | -                          |
| Unrestricted donations                |      | 404                        | 32                         | 1,179                      | 2,430                      |
|                                       |      | <b>4,733</b>               | <b>3,245</b>               | <b>5,508</b>               | <b>5,610</b>               |

# Notes to the Financial Statements

For the year ended 31 July 2020

**NOTE 7 STAFF COSTS**

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

|                       | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|-----------------------|----------------------------|----------------------------|
|                       | Number                     | Number                     |
| Academic              | 1,592                      | 1,487                      |
| Research              | 871                        | 823                        |
| Professional Services | 2,708                      | 2,629                      |
| <b>Total</b>          | <b>5,171</b>               | <b>4,939</b>               |

**Staff costs for the above persons:**

| Group                              | Note | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|------------------------------------|------|----------------------------|----------------------------|
|                                    |      | £'000                      | £'000                      |
| Salaries                           |      | 210,281                    | 192,439                    |
| Employer Taxes                     |      | 20,286                     | 18,911                     |
| Pension contributions              | 29   | 38,818                     | 30,961                     |
| <b>Direct staff costs</b>          |      | <b>269,385</b>             | <b>242,311</b>             |
| Severance payment                  |      | 764                        | 2,210                      |
| Movement on USS pension provision  |      | (66,634)                   | 86,780                     |
| Movement on ERBS pension provision |      | (1,539)                    | (902)                      |
| <b>Total staff costs</b>           |      | <b>201,976</b>             | <b>330,399</b>             |

<sup>9</sup> www.exeter.ac.uk/  
ourstrategy

**Vice Chancellor's Salary***University Context*

The University's current corporate strategy (Making the Exceptional Happen 2016-2021<sup>9</sup>) sets out ambitious plans to build research power to tackle global challenges, deliver an internationally excellent education, create an impact regionally, nationally and globally, support our people to make the exceptional happen, and make the most of our resources.

The University has set these challenging targets in an increasingly competitive environment both in the UK and internationally. There is significant global competition for the very best students and academic experts. We are also operating within an environment of considerable financial uncertainty, competing with other research-intensive universities for limited research funding, managing the uncertainties of Brexit and now the COVID-19 health pandemic.

The pandemic has had a significant effect on the University in the 2019/20 financial year. Its full impact is likely to be felt in 2020/21 and will probably continue for a number of years to come. The leadership of the University, working with its governing body, has established revised governance arrangements and action plans to steer the University through the challenges which the pandemic has caused. Inevitably, this has meant that some of our goals for 2019/20 and beyond have had to be modified, while continuing to aim for the overall trajectory set out in our University strategy.

We will continue to measure our progress towards the achievement of our aims within the UK and international markets using performance metrics.

**Institutional Performance 2019/20**

The University's achievement in 2019/10 are detailed in the "How we performed" section of the Annual Report.

**Justification for the Vice-Chancellor's Salary**

Professor Sir Steve Smith has led the University for the last 18 years since his appointment as Vice-Chancellor and Chief Executive in 2002. Through his outstanding leadership, the University has been one of the fastest growing and most successful higher education institutions in the UK. During the period of his leadership, the University has substantially increased its position in national and international league tables, has become one of the UK's leading research intensive universities and a member of the Russell Group. It has achieved a Gold rating for teaching excellence.

Since 2002 the University's turnover has increased from £85m to £478m and it has grown from an institution of 12,000 students and 2,500 staff to 25,260 students and 6,200 staff today. Significant in this growth has been the establishment of the Penryn campus in partnership with Falmouth University, with the enormously successful expansion of our activities in Cornwall and the establishment of the University of Exeter Medical School.

**NOTE 7 STAFF COSTS (continued)**

The role of Vice-Chancellor and Chief Executive of the institution is a complex and challenging one, requiring not only excellent administrative and people skills to deal with the wide range of stakeholders which exist in every university, but also a comprehensive insight into the future of higher education. Sir Steve has these skills in abundance and has been an outstanding leader.

His considerable leadership experience as one of the UK's longest serving Vice-Chancellors has enabled him to act as an ambassador for the University, and UK higher education in general, both within the UK and globally. In recognition of this he was appointed to the Government's University Research Sustainability Taskforce and subsequent to his retirement as the Government's International Education Champion. As a Board Member of both Universities UK and the Russell Group, he has contributed to the development of higher education in the UK. Locally, he is a Board Member of Heart of the South West Local Enterprise Partnership and chairs the Liveable Exeter Place Board. The University injects £1.1 billion into the local economy, creating 11,000 jobs, fuelling business and research, and sponsoring and supporting local schools.

Sir Steve's remuneration reflects his contribution as leader to the success of the University, his higher education leadership experience and his consistent outstanding performance.

**Remuneration Decisions**

Decisions on the reward of the Vice-Chancellor are made by the University's Remuneration Committee (which is comprised of independent members of the University's Governing Body) taking account of his leadership of the University, the achievement of strategic goals, the institution's national and international rankings and his performance against key performance metrics. He has not had any increase to his base salary since 2015.

As can be seen from the table below, his annual remuneration in the year ended 31 July 2020 was £33,000 lower than in the previous year, principally because he, as well as his colleagues on his Executive Group, volunteered to reduce their remuneration by an amount equal to 20% of their total potential reward for 4 months through a reduction in their performance reward payments in light of the potential financial difficulties the University faced as a result of the COVID-19 pandemic. The Remuneration Committee resolved that he had earned 17% of a possible 20% under the Executive Performance Reward Scheme. This would have resulted in a payment of £53,550 but was reduced by the amount of £25,200.

However in July 2020, the Vice-Chancellor was also entitled to a payment earned over a seven year period under his Long-Term Incentive Scheme. This scheme was put in place in 2013 by the Remuneration Committee in order to secure Sir Steve's continued exceptional leadership of the University through a period of major development and change to cover the period up to his retirement. This provided for an additional payment of up to 10% of his salary each year, subject to his achieving challenging targets over the period 2013-2020 and remaining in office until his retirement. The maximum potential payment he was eligible to receive was £210,000. In July 2020, the Remuneration Committee conducted a

careful and detailed review of performance against each of the targets and agreed to make a payment of £185,200 (87.5% of the eligible payment) recognising Sir Steve's exceptional level of performance over the seven year period.

Sir Steve retired on 31 August 2020 after 18 years leading the University as Vice-Chancellor.

| <b>Emoluments of the Vice-Chancellor</b>                             | <b>2019-20<br/>(£000)</b> | 2018-19<br>(£000) |
|--|---------------------------|-------------------|
| Salary and allowances  | 315                       | 315               |
| Performance related remuneration 2019/20                             | 28                        | 52 <sup>10</sup>  |
| Pension contributions and payments in lieu of pension contributions. | 51                        | 51                |
| Other taxable benefits   | 5                         | 2                 |
| Other non-taxable benefits (note)                                    | -                         | 12                |
| Total emoluments   | <b>399</b>                | <b>432</b>        |
| Long-term retention and performance incentive scheme                 | 185                       | N/A               |

The University pays an annual subscription to provide space for business meetings held by the Vice-Chancellor when he is in London. It is necessary for the subscription to be in the name of the Vice-Chancellor and HM Revenue and Customs require this to be taxed. The cost to the University in the financial year 2019/20 was £2,133.

During 2019/20, the Committee agreed to waive the contractual requirement to occupy accommodation on the University campus. In previous years this has been reported as a non-taxable benefit. Following a change in HMRC policy, from April 2019 this is now treated as a benefit in kind. The University decided to meet the additional tax charge at a cost of £3,180.

**Pay Ratios**

The Office for Students has amended its methodology for calculating pay ratios for the 2019/20 reporting year. It is now necessary to include anyone paid during the financial year, including workers engaged on an occasional basis and both leavers and their replacements, irrespective of how long they worked during the year. The figures for 2018/19 have been re-calculated on this revised methodology. Total pay includes employer pension contributions/allowance in lieu of employer pension contributions and taxable benefits. Pay for part-time and hourly paid workers have been pro-rated up to the full-time equivalent. Unlike some other higher education institutions, the University of Exeter has not contracted out services on a significant scale. Based on the OFS methodology:

- The ratio between the Vice-Chancellor's basic salary and the median basic salary of all other persons employed by the University in the 2019/20 financial year, including workers engaged on an occasional basis, is 10.5. (2018/19: 8.9);
- The ratio between the Vice-Chancellor's total reward in 2019/20 (which includes payment of the Long-Term Performance Incentive Scheme for 2013-2020) and the median total reward of all other persons employed by the University in the 2019/20 financial year, including workers engaged on an occasional basis, is 17.0. (2018/19: 12.1). When the Long-Term Performance Incentive Scheme is excluded, the figure is 11.8 (2018/19: 12.1).

<sup>10</sup> At the time the financial statement for 2018/19 was agreed and published, the Remuneration Committee had made an interim payment to members of the Vice-Chancellor's Executive Group for the achievement of institutional performance targets in 2018/19 under the Executive Performance Reward Scheme. A later meeting of the Remuneration Committee agreed a final level of award which was paid after the financial statement had been published. The figure for total emoluments in 2018/19 in the table shows the amended figure.

<sup>11</sup> The prior year's data has been re-stated to reflect the updated calculation method and enable comparability with 2019/20.

# Notes to the Financial Statements

For the year ended 31 July 2019

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

- The ratio between the Vice-Chancellor's basic salary and the median basic salary of all other persons employed by the University in the 2019/20 financial year is 8.8. (2018/19: 9.8);
- The ratio between the Vice-Chancellor's total reward in 2019/20 and the median total reward of all other persons employed by the University in the 2019/20 financial year is 14.1. (2018/19: 11.4).

**Compensation for loss of Office**

The total amount of any compensation for loss of office paid by the University for the year ended 31 July 2020 was £764k and relates to 122 posts (£2,210k for 175 posts to 31 July 2019). The University ran a voluntary severance scheme in 2017/18 and 2018/19 to facilitate restructuring, and these figures include employees who have left, or will leave in the next 12 months, under this

scheme, as well as statutory redundancy payments and payments in lieu of notice.

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Such persons have been defined as members of the Vice-Chancellors, Executive Group. Remuneration of key management personnel, excluding employer's pension contributions, was £3,937k for 18 posts for the year ended 31 July 2020 (£3,534k excluding employer's pension contributions) (£3,399k for 17 posts to 31 July 2019 excluding employer's pension contributions).

Remuneration of higher paid staff, excluding employer's pension contributions (except where this is part of a salary sacrifice scheme) and partner institutions in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are excluded in the University's Statement of Comprehensive Income is reported in the following table<sup>11</sup>:

|                   | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2020 | Restated                   |                            |
|-------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                   |                            |                            | Year Ended<br>31 July 2019 | Year ended<br>31 July 2019 |
|                   | Headcount                  | FTE                        | Headcount                  | FTE                        |
| £100,000-£104,999 | 20                         | 19                         | 25                         | 22                         |
| £105,000-£109,999 | 27                         | 23                         | 22                         | 18                         |
| £110,000-£114,999 | 19                         | 17                         | 22                         | 20                         |
| £115,000-£119,999 | 12                         | 11                         | 14                         | 13                         |
| £120,000-£124,999 | 18                         | 13                         | 13                         | 12                         |
| £125,000-£129,999 | 18                         | 11                         | 15                         | 9                          |
| £130,000-£134,999 | 1                          | 1                          | 4                          | 4                          |
| £135,000-£139,999 | 4                          | 4                          | 5                          | 5                          |
| £140,000-£144,999 | 3                          | 3                          | 2                          | 2                          |
| £150,000-£154,999 | 2                          | 1                          | 3                          | 2                          |
| £155,000-£159,999 | 3                          | 3                          | 3                          | 2                          |
| £160,000-£164,999 | -                          | -                          | 1                          | 1                          |
| £165,000-£169,999 | 1                          | 1                          | 1                          | 1                          |
| £170,000-£174,999 | 1                          | 1                          | 1                          | 1                          |
| £175,000-£179,999 | -                          | -                          | 1                          | 1                          |
| £180,000-£184,999 | 1                          | 1                          | -                          | -                          |
| £185,000-£189,999 | 1                          | 1                          | 1                          | 1                          |
| £200,000-£204,999 | -                          | -                          | 1                          | 1                          |
| £210,000-£214,999 | 2                          | 2                          | -                          | -                          |
| £220,000-£224,999 | 1                          | 1                          | 1                          | 1                          |
| £230,000-£234,999 | 1                          | 1                          | 1                          | 1                          |
| £300,000-£349,999 | 1                          | 1                          | 1                          | 1                          |
|                   | <b>136</b>                 | <b>115</b>                 | <b>137</b>                 | <b>117</b>                 |

This table excludes the Vice-Chancellor's remuneration, which is detailed on page 69.

Independent members do not receive payment, apart from reimbursement of expenses for fulfilling their role as members of the governing body. Reimbursement of expenses amounted to £3,938 for 9 trustees (2019: £8,107 for 10 trustees). An additional £10,328 was paid directly by the University for travel, accommodation and subsistence for Council members (2019: £18,905).

**Council Members**

The University Council members are the charitable trustees. Due to the nature of the University's operations

and the composition of the University Council (with members being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. Details of the organisations in which members of Council have an interest are published online at:

[www.exeter.ac.uk/about/organisation/council/whoware](http://www.exeter.ac.uk/about/organisation/council/whoware)

Further information on related party transactions is included in Note 31.

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 8 OTHER OPERATING EXPENSES

|  | Group                      |                            | University                 |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|  | £'000                      | £'000                      | £'000                      | £'000                      |
| Residences, catering and conferences                       | 8,463                      | 9,004                      | 8,431                      | 8,942                      |
| Rents and rates  | 1,247                      | 1,604                      | 1,828                      | 1,998                      |
| Light, heat, power and water                               | 5,649                      | 6,100                      | 5,625                      | 6,074                      |
| Repairs and general maintenance                            | 6,624                      | 9,237                      | 6,556                      | 9,208                      |
| Research   | 19,877                     | 18,353                     | 19,877                     | 18,353                     |
| Sport  | 1,343                      | 1,447                      | 1,343                      | 1,447                      |
| Penryn campus costs  | 6,645                      | 6,312                      | 6,645                      | 6,312                      |
| Laboratory equipment and consumables                       | 3,320                      | 3,235                      | 3,320                      | 3,235                      |
| IT hardware, software and licences                         | 4,663                      | 3,404                      | 4,607                      | 3,343                      |
| Other equipment (including loss on disposal of equipment)  | 6,493                      | 6,641                      | 6,491                      | 6,640                      |
| Books and periodicals                                      | 5,528                      | 6,346                      | 5,528                      | 6,346                      |
| Agency, seconded staff and staff support costs             | 3,547                      | 3,951                      | 3,547                      | 3,951                      |
| Publicity, publications and student recruitment            | 8,215                      | 5,708                      | 8,215                      | 5,701                      |
| Travel and subsistence                                     | 6,968                      | 12,325                     | 6,967                      | 12,324                     |
| Scholarships, prizes and student support                   | 34,232                     | 32,161                     | 34,180                     | 31,988                     |
| Auditors remuneration                                      | 106                        | 112                        | 95                         | 81                         |
| Auditors remuneration in respect of non-audit services     | 42                         | 41                         | 42                         | 41                         |
| Other expenses   | 24,444                     | 16,280                     | 24,237                     | 16,272                     |
|  | <b>147,406</b>             | 142,261                    | <b>147,534</b>             | 142,257                    |
| Included within other operating expenses are:              |                            |                            |                            |                            |
| Internal audit costs (within other expenses) <sup>12</sup> | 162                        | 129                        | 162                        | 129                        |
| External audit costs (within Auditors remuneration)        | 106                        | 112                        | 95                         | 81                         |
| Operating lease expenses                                   | 428                        | 505                        | 356                        | 433                        |

<sup>12</sup> Internal and external audit costs are shown net of the Value Added Tax

## NOTE 9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

| Group                                | Staff          | Other                 | Depreciation<br>and Impairment | Interest<br>Payable | 2020<br>Total  | 2019<br>Total  |
|--------------------------------------|----------------|-----------------------|--------------------------------|---------------------|----------------|----------------|
|                                      | Costs          | Operating<br>Expenses |                                |                     |                |                |
|                                      | £'000          | £'000                 | £'000                          | £'000               | £'000          | £'000          |
| Academic colleges                    | 130,744        | 28,278                | 2,770                          | -                   | 161,792        | 148,855        |
| Academic services                    | 25,262         | 6,116                 | 1,315                          | -                   | 32,693         | 34,913         |
| Administration and central services  | 55,165         | 64,515                | 3,325                          | -                   | 123,005        | 103,866        |
| Premises                             | 10,464         | 20,158                | 25,510                         | 5,565               | 61,697         | 57,874         |
| Residences, catering and conferences | 5,126          | 8,463                 | 17,138                         | -                   | 30,727         | 30,337         |
| Research grants and contracts        | 43,388         | 19,876                | 2,787                          | -                   | 66,051         | 62,824         |
| Pensions adjustment                  | (68,173)       | -                     | -                              | 2,180               | (65,993)       | 86,828         |
|                                      | <b>201,976</b> | <b>147,406</b>        | <b>52,845</b>                  | <b>7,745</b>        | <b>409,972</b> | <b>525,497</b> |

## NOTE 10 INTEREST AND OTHER FINANCE COSTS

| Group and University                  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|---------------------------------------|----------------------------|----------------------------|
|                                       | £'000                      | £'000                      |
| Loan interest                         | 5,551                      | 5,550                      |
| Other finance costs                   | 14                         | 14                         |
| Finance costs relating to refinancing | -                          | -                          |
| Net charge on pension schemes         | 2,180                      | 950                        |
|                                       | <b>7,745</b>               | <b>6,514</b>               |

## NOTE 11 INTANGIBLE ASSETS

| Group and University         | Software      | Assets under<br>construction | Total         |
|------------------------------|---------------|------------------------------|---------------|
| Cost                         | £'000         | £'000                        | £'000         |
| As at 1 August 2019          | 18,624        | 3,374                        | 21,998        |
| Additions                    | 108           | 1,969                        | 2,077         |
| Disposals                    | (309)         | (2,688)                      | (2,997)       |
| Transfers to tangible assets | -             | (84)                         | (84)          |
| Transfers                    | 289           | (289)                        | -             |
| <b>As at 31 July 2019</b>    | <b>18,712</b> | <b>2,282</b>                 | <b>20,994</b> |
| <b>Depreciation</b>          |               |                              |               |
| As at 1 August 2019          | 10,061        | -                            | 10,061        |
| Charge for the year          | 2,735         | -                            | 2,735         |
| Written back on revaluation  | -             | -                            | -             |
| Disposals                    | (287)         | -                            | (287)         |
| <b>As at 31 July 2019</b>    | <b>12,509</b> | <b>-</b>                     | <b>12,509</b> |
| <b>Net Book Value</b>        |               |                              |               |
| <b>At 31 July 2020</b>       | <b>6,203</b>  | <b>2,282</b>                 | <b>8,485</b>  |
| At 31 July 2019              | 8,563         | 3,374                        | 11,937        |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 12 TANGIBLE FIXED ASSETS

| Group                                    | Land and buildings |                | Service concession arrangement<br>(Note 14) | Equipment      | Assets under construction | Total          |
|--|--------------------|----------------|---|----------------|---------------------------|----------------|
|  | Freehold           | Long Leasehold |   |                |                           |                |
|  | £'000              | £'000          | £'000                                       | £'000          | £'000                     | £'000          |
| <b>Deemed Cost</b>                       |                    |                |   |                |                           |                |
| At 1 August 2019                         | 650,091            | 104,717        | 14,862                                      | 91,883         | 19,374                    | 880,927        |
| Additions                                | -                  | -              | 25,352                                      | 430            | 51,626                    | 77,408         |
| Disposals                                | -                  | -              | (14,862)                                    | (1,756)        | (139)                     | (16,757)       |
| Transfers between categories             | -                  | -              | -   | -              | 84                        | 84             |
| Transfers from assets under construction | 24,671             | 7,037          | -   | 11,375         | (43,083)                  | -              |
| Transfer from investment property        | 82                 | -              | -   | -              | -                         | 82             |
| Impairment charge                        | -                  | -              | -   | -              | (4,656)                   | (4,656)        |
| <b>At 31 July 2020</b>                   | <b>674,844</b>     | <b>111,754</b> | <b>25,352</b>                               | <b>101,932</b> | <b>23,206</b>             | <b>937,088</b> |
| <b>Depreciation</b>                      |                    |                |   |                |                           |                |
| At 1 August 2019                         | 85,240             | 14,192         | -   | 67,738         | -                         | 167,170        |
| Charge for the year                      | 18,256             | 3,471          | 14,862                                      | 8,865          | -                         | 45,454         |
| Disposals                                | -                  | -              | (14,862)                                    | (1,734)        | -                         | (16,596)       |
| <b>At 31 July 2020</b>                   | <b>103,496</b>     | <b>17,663</b>  | <b>-</b>                                    | <b>74,869</b>  | <b>-</b>                  | <b>196,028</b> |
| <b>Net book value</b>                    |                    |                |   |                |                           |                |
| <b>At 31 July 2020</b>                   | <b>571,348</b>     | <b>94,091</b>  | <b>25,352</b>                               | <b>27,063</b>  | <b>23,206</b>             | <b>741,060</b> |
| At 31 July 2019                          | 564,851            | 90,525         | 14,862                                      | 24,145         | 19,374                    | 713,757        |

## NOTE 12 TANGIBLE FIXED ASSETS (continued)

| University                               | Land and buildings |                | Service concession arrangement<br>(Note 14) | Equipment      | Assets under construction | Total          |
|--|--------------------|----------------|---|----------------|---------------------------|----------------|
|  | Freehold           | Long Leasehold |   |                |                           |                |
|  | £'000              | £'000          | £'000                                       | £'000          | £'000                     | £'000          |
| <b>Deemed Cost</b>                       |                    |                |   |                |                           |                |
| At 1 August 2019                         | 649,579            | 104,717        | 14,862                                      | 91,621         | 19,374                    | 880,153        |
| Additions                                | -                  | -              | 25,352                                      | 430            | 51,626                    | 77,408         |
| Disposals                                | -                  | -              | (14,862)                                    | (1,756)        | (139)                     | (16,757)       |
| Transfers between categories             | -                  | -              | -   | -              | 84                        | 84             |
| Transfers from assets under construction | 24,671             | 7,037          | -   | 11,375         | (43,083)                  | -              |
| Transfer from investment property        | 594                | -              | -   | -              | -                         | 594            |
| Impairment charge                        | -                  | -              | -   | -              | (4,656)                   | (4,656)        |
| <b>At 31 July 2020</b>                   | <b>674,844</b>     | <b>111,754</b> | <b>25,352</b>                               | <b>101,670</b> | <b>23,206</b>             | <b>936,826</b> |
| <b>Depreciation</b>                      |                    |                |   |                |                           |                |
| At 1 August 2019                         | 85,240             | 14,192         | -   | 67,476         | -                         | 166,908        |
| Charge for the year                      | 18,256             | 3,471          | 14,862                                      | 8,865          | -                         | 45,454         |
| Disposals                                | -                  | -              | (14,862)                                    | (1,734)        | -                         | (16,596)       |
| <b>At 31 July 2020</b>                   | <b>103,496</b>     | <b>17,663</b>  | <b>-</b>                                    | <b>74,607</b>  | <b>-</b>                  | <b>195,766</b> |
| <b>Net book value</b>                    |                    |                |   |                |                           |                |
| <b>At 31 July 2020</b>                   | <b>571,348</b>     | <b>94,091</b>  | <b>25,352</b>                               | <b>27,063</b>  | <b>23,206</b>             | <b>741,060</b> |
| At 31 July 2019                          | 564,339            | 90,525         | 14,862                                      | 24,145         | 19,374                    | 713,245        |

a) As a result of COVID-19 budget mitigation actions a number of capital projects have been paused. Costs of £4.6m that were previously capitalised have now been impaired and charged to the Income and Expenditure Account.

b) At 31 July 2020, freehold land and buildings included £87.2m (2019: £88.7m) in respect of freehold land which is not depreciated.

c) Included in the cost of freehold land and buildings is £1.1m (2019: £1.1m) bank loan interest payable that has been capitalised. This has been calculated at the loan interest rate of 5.88%. These finance costs are directly attributable to the construction of student residences and were capitalised as part of the cost of those assets whilst they were in the course of construction. There has been no capitalisation of interest payable in the current or prior years.

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

e) Long leasehold land and buildings comprise the University owned buildings on the Penryn Campus, which were acquired under a 125 lease (108 years remaining), and the Research, Innovation, Learning and Development ("the RILD") buildings on the Royal Devon and Exeter Hospital (Wonford) site in Exeter, which was completed in 2013/14. The RILD buildings are held under a finance lease arrangement which has been fully paid in advance.

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 12 TANGIBLE FIXED ASSETS (continued)

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

|   | Note | Year Ended<br>31 July 2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 |
|---|------|-------------------------------------|-------------------------------------|
| Debtors: Amounts falling due within one year            | 17   | 134                                 | 134                                 |
| Debtors: Amounts falling due after more than one year   | 17   | 15,658                              | 15,792                              |
| Creditors: Amounts falling due within one year          | 19   | (134)                               | (134)                               |
| Creditors: Amounts falling due after more than one year | 20   | (15,658)                            | (15,792)                            |

Of the amounts falling due after more than one year, £134k is due within one to two years, £400k is due within two to five years, and £15,124k is due after more than five years. (2019: £133k; £400k; £15,258k respectively)

## NOTE 13 HERITAGE ASSETS

| Group and University      | Special<br>Collections<br>£'000 | Fine Art<br>Collection<br>£'000 | Total<br>£'000 |
|---------------------------|---------------------------------|---------------------------------|----------------|
| <b>Cost/Valuation</b>     |                                 |                                 |                |
| As at 1 August 2019       | 3,119                           | 5,974                           | 9,093          |
| Revaluation surplus       | -                               | (5)                             | (5)            |
| <b>As at 31 July 2019</b> | <b>3,119</b>                    | <b>5,969</b>                    | <b>9,088</b>   |

| History of heritage assets<br>Year-ended 31 July | 2020<br>£'000 | 2019<br>£'000 | 2018<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Acquisition of heritage assets                   | -             | 78            | -             | -             | 108           |
| Donated heritage assets                          | -             | 9             | -             | -             | 40            |
| Revaluation surplus                              | (5)           | 1,847         | -             | -             | 75            |

### Library special collection

Special Collections manages unique and distinct collections of archives, manuscripts and rare books. The collections are used extensively in University teaching and research programmes across a range of disciplines and are particularly strong in twentieth-century literary papers by writers associated with the South West of England, Arab and Islamic Studies and religious archive and book collections. Recent acquisitions have included new archive material relating to Daphne du Maurier.

### Fine art and furniture collection

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

Both the library and fine art collection were professionally valued as at 31 July 2019 by external Fine Art Auctioneers and Valuers, Messrs. Bearnes Hampton and Littlewood, on an open market value basis.

### Bill Douglas Cinema Museum

The Bill Douglas Cinema Museum holds a collection of books, prints, artefacts and ephemera relating to the history and pre-history of cinema. The initial collection was donated to the Exeter University Foundation in 1991 but since then other collections have also been donated. No value is reported in the Group's Statement of Financial Position as no reliable cost or valuation can be attributed to this unique and irreplaceable collection. These assets are managed by the curator and his staff to ensure their cataloguing, safe keeping and preservation and are insured against accidental damage or loss at the University's expense. The museum was opened to the public in 1997 and is free of charge.

## NOTE 14 SERVICE CONCESSION ARRANGEMENTS

The University has three service concession arrangements with University Partnerships Programme Limited (UPP) for the provision of student residential accommodation services.

In September 2009 the University entered into a 42 year contract with UPP for the provision of residential accommodation services, providing accommodation for 2,569 students. The assets and liabilities relating to this contract are recognised on the University's Statement of Financial Position to the extent that the University is required to fulfil nomination commitments at each 31 July. At the end of the contract term the buildings will revert back to the University. The University has the right to nominate rooms each January for the following academic year. This commits the University to pay for these rooms in the following year only. It is anticipated that student rents received will fully fund this obligation.

In June 2018 the University entered into a 52 year contract with UPP for the demolition, development and operation of residential services, providing accommodation for 382 students at Spreytonway and Moberly on the Streatham campus. These facilities are now complete and available for the start of the 2020/21 academic year.

In January 2019 the University entered into a 52 year contract with UPP for development and operation of student accommodation, providing 1,182 rooms in two phases on East Park, part of the Streatham campus. Phase one is now completed with 604 rooms available for the start of the 2020/21 academic year. Phase 2 facilities are

currently under construction and a further 578 rooms will be available for the start of the 2021/22 academic year.

### Service Concession Arrangement assets

The asset value of the service concession in the Statement of Financial Position as at 31 July 2020 is £25.3m (2019: £14.9m).

### Service Concession Arrangement liabilities

The total liabilities relating to the service concession included in the Statement of Financial Position as at 31 July 2020 were £25.3m (2019: £14.9m), representing the present value of lease obligations for the following academic year.

### Future Commitments

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

|                      | Payable<br>within<br>1 year<br>£'000 | Payable<br>within<br>2–3 years<br>£'000 |
|----------------------|--------------------------------------|---|
| Liability repayments | 21,471                               | 3,857                                   |
| Service charge       | 24                                   | -                                       |
|                      | <b>21,495</b>                        | <b>3,857</b>                            |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 15 NON-CURRENT INVESTMENTS

| Group                             | Endowment Funds<br>£'000 | Investment Property<br>£'000 | Subsidiary companies<br>£'000 | Other investments<br>£'000 | Total 2020<br>£'000 | Total 2019<br>£'000 |
|-----------------------------------|--------------------------|------------------------------|-------------------------------|----------------------------|---------------------|---------------------|
| <b>At 1 August 2019</b>           | <b>35,283</b>            | <b>2,735</b>                 | <b>-</b>                      | <b>55</b>                  | <b>38,073</b>       | <b>41,998</b>       |
| Paid in/(withdrawn)               | 2,747                    | -                            | -                             | -                          | 2,747               | (3,512)             |
| Investment income                 | 844                      | -                            | -                             | -                          | 844                 | 335                 |
| Fees                              | (119)                    | -                            | -                             | -                          | (119)               | (198)               |
| Transfer to Tangible Fixed Assets | -                        | (81)                         | -                             | -                          | (81)                | (3,041)             |
| Revaluation gain                  | (115)                    | (370)                        | -                             | -                          | (485)               | 2,491               |
|                                   | 3,357                    | (451)                        | -                             | -                          | 2,906               | (3,925)             |
| <b>At 31 July 2020</b>            | <b>38,640</b>            | <b>2,284</b>                 | <b>-</b>                      | <b>55</b>                  | <b>40,979</b>       | <b>38,073</b>       |
| <b>University</b>                 |                          |                              |                               |                            |                     |                     |
| <b>At 1 August 2019</b>           | <b>35,283</b>            | <b>3,248</b>                 | <b>210</b>                    | <b>47</b>                  | <b>38,788</b>       | <b>42,641</b>       |
| Paid in/(withdrawn)               | 2,747                    | -                            | -                             | -                          | 2,747               | (3,512)             |
| Investment income                 | 844                      | -                            | -                             | -                          | 844                 | 335                 |
| Fees                              | (119)                    | -                            | -                             | -                          | (119)               | (198)               |
| Transfer to Tangible Fixed Assets | -                        | (594)                        | -                             | -                          | (594)               | (2,969)             |
| Revaluation gain                  | (115)                    | (370)                        | -                             | -                          | (485)               | 2,491               |
|                                   | 3,357                    | (964)                        | -                             | -                          | 2,393               | (3,853)             |
| <b>At 31 July 2020</b>            | <b>38,640</b>            | <b>2,284</b>                 | <b>210</b>                    | <b>47</b>                  | <b>41,181</b>       | <b>38,788</b>       |

### Endowment Funds

The University holds an investment portfolio to invest part of its endowment funds, which are managed in line with the University Investment Policy. The investment objective of endowment funds is to achieve an absolute rate of return that deemed achievable in the market place and sufficient to fulfil the charitable objectives of the donation, taking into account risks and any requirements to preserve capital. For more details on the endowment funds see Notes 23 and 24.

### Investment Property

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

## NOTE 15 NON-CURRENT INVESTMENTS (continued)

### Subsidiary companies

The investment in subsidiary undertakings, as consolidated in the Financial Statements, comprises the following:

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

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

The activities of The Exeter University Foundation ("the Foundation"), a registered charity, are consolidated on the grounds that the University has a controlling influence over its activities. From 2015/16 the University is the sole

corporate trustee of the Foundation. The Foundation supports the collections of The Bill Douglas Cinema Museum. It does not actively solicit donations, but will accept donations from those who prefer to donate to the Foundation rather than the University. The Foundation shares a year-end of 31 July with the University.

### Other investments

Other investments of the University comprise the following:

| Name                              | Holding                       |
|-----------------------------------|-------------------------------|
| Attomarker Limited                | 765 Ordinary £1 shares        |
| Biosystems Technology Limited     | 270 Ordinary £0.50 shares     |
| ChocEdge Limited                  | 10 Ordinary £1 shares         |
| Concrene Ltd                      | 2,350 Ordinary £0.01 shares   |
| Cotton Mouton Diagnostics Limited | 132,800 Ordinary £0.01 shares |
| Disigi Limited                    | 12 Ordinary £1 shares         |
| Full Scales Dynamics Limited      | 1,600 Ordinary £1 shares      |
| Health Behaviour Group            | Limited by Guarantee          |
| Industrial Tomography Systems Plc | 249,564 Ordinary £0.01 shares |
| Isca Diagnostics Limited          | 2,500 Ordinary £1 shares      |
| MAXLLG                            | 200 Ordinary £0.00001 shares  |
| Myco Sciences Limited             | 125 Ordinary £1 shares        |
| Neuronostics Ltd                  | 1 Ordinary £1 shares          |
| One Health Ventures Ltd           | 499,909 Ordinary £1 shares    |
| Trireme Systems Limited           | 29,617 Ordinary £1 shares     |
| Theta Technologies Ltd            | 1,579 Ordinary £1 shares      |

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

Shares in Exeter Science Park Ltd are held at nil value, reflecting the uncertainty and remoteness of a return on

investment. The development of the Science Park is being funded in part from the Heart of the South West Local Enterprise Partnership loan facility, for further details on the loan see Note 28.

**NOTE 16 INVESTMENT IN JOINT VENTURES****Falmouth Exeter Plus Ltd Group (FX+ Ltd)**

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

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

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

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

**INTO University of Exeter LLP**

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

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

**Jointly controlled entities**

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

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

|                                       |      | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 |
|---------------------------------------|------|--|-------------------------------------|
| Share of operating surplus/ (deficit) | FX + | (1,690)                                      | (67)                                |
|                                       | INTO | 1,593  | 2,067                               |
|                                       |      | <b>(97)</b>                                  | <b>2,000</b>                        |
| Share of total comprehensive income   | FX + | (3,177)                                      | (1,101)                             |
|                                       | INTO | -  | 2,067                               |
|                                       |      | <b>(3,177)</b>                               | <b>966</b>                          |
| Share of gross assets                 | FX + | 41,289                                       | 43,471                              |
|                                       | INTO | 7,919  | 8,999                               |
|                                       |      | <b>49,208</b>                                | <b>52,470</b>                       |
| Share of gross liabilities            | FX + | (33,832)                                     | (31,150)                            |
|                                       | INTO | (6,329)                                      | (8,239)                             |
|                                       |      | <b>(40,161)</b>                              | <b>(39,389)</b>                     |
| Share of net assets                   | FX + | 7,457  | 12,321                              |
|                                       | INTO | 1,590  | 760                                 |
|                                       |      | <b>9,047</b>                                 | <b>13,081</b>                       |

# Notes to the Financial Statements

For the year ended 31 July 2020

**NOTE 17 TRADE AND OTHER RECEIVABLES**

|  | <b>Group</b>                                 |                                     | <b>University</b>                            |                                     |
|--|--|-------------------------------------|--|-------------------------------------|
|  | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 |
| <b>Amounts falling due within one year</b> |  |                                     |  |                                     |
| Accrued research grant income              | 30,174                                       | 24,054                              | 30,174                                       | 24,054                              |
| Prepayments                                | 15,816                                       | 17,893                              | 15,610                                       | 17,529                              |
| Other receivables                          | 18,392                                       | 16,454                              | 18,895                                       | 15,927                              |
| Amounts due from subsidiary companies      | -  | -                                   | 13   | 748                                 |
| Amounts due from group undertakings        | (24)   | 20                                  | (24)   | 20                                  |
|  | <b>64,358</b>                                | <b>58,421</b>                       | <b>64,668</b>                                | <b>58,278</b>                       |
| <b>Amounts falling due after one year</b>  |  |                                     |  |                                     |
| Operating lease                            | 2,097  | -                                   | 2,097  | -                                   |
| Finance lease prepayment                   | 15,658                                       | 15,792                              | 15,658                                       | 15,792                              |
|  | <b>17,755</b>                                | <b>15,792</b>                       | <b>17,755</b>                                | <b>15,792</b>                       |

**NOTE 18 CURRENT ASSET INVESTMENTS**

|                              | <b>Group</b>                                 |                                     | <b>University</b>                            |                                     |
|------------------------------|--|-------------------------------------|--|-------------------------------------|
|                              | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 |
| Short-term deposits          | 10,219                                       | 10,146                              | 10,219                                       | 10,146                              |
| Other short-term investments | 15,195                                       | 19,128                              | 15,195                                       | 19,128                              |
|                              | <b>25,414</b>                                | <b>29,274</b>                       | <b>25,414</b>                                | <b>29,274</b>                       |

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

At 31 July 2020 the weighted average interest rate of these fixed rate deposits was 0.65% (31 July 2019: 1.50%)

per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 173 days (31 July 2019: 231 days).

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

**NOTE 19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <b>Group</b>                                 |                                     | <b>University</b>                            |                                     |
|--|--|-------------------------------------|--|-------------------------------------|
|  | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 | <b>Year Ended<br/>31 July 2020<br/>£'000</b> | Year Ended<br>31 July 2019<br>£'000 |
| Other payables                             | 14,173                                       | 10,698                              | 14,162                                       | 10,698                              |
| Obligations under finance leases           | 868  | 133                                 | 868  | 133                                 |
| Trade payables                             | 22,447                                       | 11,235                              | 22,368                                       | 9,915                               |
| Service Concession Arrangement             | 21,495                                       | 14,862                              | 21,495                                       | 14,862                              |
| Social security and other taxation payable | 6,249  | 5,580                               | 6,249  | 5,580                               |
| Accruals and deferred income               | 24,623                                       | 37,894                              | 24,508                                       | 38,794                              |
| Research grants received on account        | 46,082                                       | 48,061                              | 46,082                                       | 48,061                              |
|  | <b>135,937</b>                               | <b>128,463</b>                      | <b>135,732</b>                               | <b>128,043</b>                      |

# Notes to the Financial Statements

For the year ended 31 July 2020

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

|                                 | Group                      |                            | University                 |                            |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|                                 | £'000                      | £'000                      | £'000                      | £'000                      |
| Bank loans                      | 209,552                    | 209,538                    | 209,552                    | 209,538                    |
| Obligations under finance lease | 15,658                     | 15,792                     | 15,658                     | 15,792                     |
| Deferred income                 | 39,156                     | 40,704                     | 39,156                     | 40,704                     |
| Service Concession Arrangement  | 3,857                      | -                          | 3,857                      | -                          |
| Other creditors                 | 1,876                      | 3,329                      | 1,876                      | 3,151                      |
|                                 | <b>270,099</b>             | <b>269,363</b>             | <b>270,099</b>             | <b>269,185</b>             |

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

| Analysis of bank loans<br>Group and University | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|--|----------------------------|----------------------------|
|  | £'000                      | £'000                      |
| Due within one year (Note 19)                  | -                          | -                          |
| Due within one and two years                   | -                          | -                          |
| Due within two and five years                  | -                          | -                          |
| Due in five or more years                      | 209,552                    | 209,538                    |
| <b>Total secured and unsecured loans</b>       | <b>209,552</b>             | <b>209,538</b>             |

Included within the total balance above is the following:

| Lender                          | Facility | Interest<br>Rate % | Repayment | Maturity | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|---------------------------------|----------|--------------------|-----------|----------|----------------------------|----------------------------|
|                                 | £'000    |                    |           |          | £'000                      | £'000                      |
| Northwestern Mutual Life        | 35,000   | 2.58               | Bullet    | 2038     | 34,927                     | 34,924                     |
| Prcoa Capital Group             | 60,000   | 2.61               | Bullet    | 2043     | 59,873                     | 59,868                     |
| Prcoa Capital Group             | 90,000   | 2.68               | Bullet    | 2048     | 89,806                     | 89,801                     |
| Macquarie Investment Management | 25,000   | 2.68               | Bullet    | 2048     | 24,946                     | 24,945                     |
|                                 |          |                    |           |          | <b>209,552</b>             | <b>209,538</b>             |

In January 2018 the University issued Loan Notes of £210m to three lenders at fixed interest rates.

Transaction fees of £482k are being amortised over the duration of the Loan Notes and charged to Other Finance costs.

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

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

## NOTE 21 ANALYSIS OF CHANGES IN NET DEBT

| Group                     | At 1 August<br>2019 | Cash flow<br>in year | Change in<br>creditor | At 31 July<br>2020 |
|---------------------------|---------------------|----------------------|-----------------------|--------------------|
|                           | £'000               | £'000                | £'000                 | £'000              |
| Cash and cash equivalents | 107,277             | (20,783)             | -                     | 86,494             |
| Current asset investments | 29,274              | (3,860)              | -                     | 25,414             |
|                           | <b>136,551</b>      | <b>(24,643)</b>      | <b>-</b>              | <b>111,908</b>     |
| Bank loan and borrowings  |                     |                      |                       |                    |
| Due within 1 year         | -                   | -                    | -                     | -                  |
| Due after 1 year          | (209,538)           | -                    | (14)                  | (209,552)          |
|                           | <b>(209,538)</b>    | <b>-</b>             | <b>(14)</b>           | <b>(209,552)</b>   |
|                           | <b>(72,987)</b>     | <b>(24,643)</b>      | <b>(14)</b>           | <b>(97,644)</b>    |

## NOTE 22 FINANCIAL INSTRUMENTS

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

| Financial instruments  | Group                      |                            | University                 |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|  | £'000                      | £'000                      | £'000                      | £'000                      |
| <b>Financial assets</b>  |                            |                            |                            |                            |
| <i>Financial assets at fair value through Statement of Comprehensive Income</i>      |                            |                            |                            |                            |
| Listed investments   | 38,640                     | 35,283                     | 38,640                     | 35,283                     |
| Investment properties  | 2,284                      | 2,735                      | 2,284                      | 3,248                      |
| <i>Financial assets that are equity instruments measured at cost less impairment</i> |                            |                            |                            |                            |
| Other investments  | 55                         | 55                         | 47                         | 47                         |
| <i>Financial assets that are debt instruments measured at amortised cost</i>         |                            |                            |                            |                            |
| Cash and cash equivalents  | 86,494                     | 107,277                    | 85,485                     | 106,535                    |
| Other investments  | 25,414                     | 29,274                     | 25,414                     | 29,274                     |
| Other debtors  | 66,297                     | 56,320                     | 66,813                     | 56,541                     |
| <b>Financial liabilities</b>   |                            |                            |                            |                            |
| <i>Financial liabilities measured at amortised cost</i>                              |                            |                            |                            |                            |
| Loans  | 209,552                    | 209,538                    | 209,552                    | 209,538                    |
| Service concessions  | 25,352                     | 14,862                     | 25,352                     | 14,862                     |
| Finance leases   | 16,526                     | 15,925                     | 16,526                     | 15,925                     |
| Trade creditors  | 22,447                     | 11,235                     | 22,368                     | 9,915                      |
| Other creditors  | 1,876                      | 3,329                      | 1,876                      | 3,151                      |

Listed investments are the University's endowment funds invested in securities actively traded on the Stock Exchange and regularly valued at open market value.

Investment properties are valued annually by an accredited professional valuer on the basis of the open market value

for their existing use or depreciated replacement cost. The assumptions applied in determining fair value are:

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

## NOTE 22 FINANCIAL INSTRUMENTS (continued)

### Nature and Extent of Risks Arising from Financial Instruments

The University's activities expose it to a variety of financial risks. The Council oversees the management of these risks by reviewing and agreeing policies and ensuring conformity. The main risks to the University's activities are presented below.

#### Credit and Counterparty Risk

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

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

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

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

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

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

#### Liquidity/Refinancing Risk

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

Within a treasury management function a comprehensive cash flow management system is operated to ensure that cash is available as needed. Cash investments are made with outlook for the forecasted cash requirements for operational and capital spending. Short-term deposits are made with suitable counterparties, and it has become more frequent under current market conditions that call accounts are used.

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

#### Market Risk

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

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

The University has an undrawn £50m (2019: £50m) revolving credit facility which has a variable interest rate.

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

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

As far as investments are concerned, the University seeks to optimise returns commensurate with its objectives of security and liquidity. With the UK Bank Rate increasing from 0.5% to 0.75% during 2018-2019, short-term money market rates remained at very low levels, having a significant impact on investment income. Some call accounts offered yields in excess of those by offering time deposits up to twelve months, which meant that it was beneficial to use these facilities, not just for liquidity and yield, but in mitigating counterparty and interest rate risks.

#### Foreign Exchange Risk

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

#### Political Risk

University funding could suffer as a result of political factors. In May 2019 an official review panel, commissioned by the UK government, recommended that the tuition fee should be cut by 19% and maintenance grants should be reintroduced. There are also political talks about abolishing student fees completely which would likely mean caps to student numbers.

It is currently unclear how the government will react to the panel's report. The Council closely monitor the political situation, conducts assessment of potential impact and reviews the University's strategic direction accordingly.

#### COVID-19 Risk

COVID-19 has resulted in market volatility of equity markets and in having impact on discount rates affecting valuations driven by discounted cashflows.

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 23 PERMANENT ENDOWMENT RESERVES

| Group and University   | Restricted permanent endowment<br>£'000 | Unrestricted permanent endowment<br>£'000 | 2020 Total<br>£'000 | 2019 Total<br>£'000 |
|--|---|---|---------------------|---------------------|
| <b>Balances at 1 August:</b>                                       |   |   |                     |                     |
| Original gift  | 8,880                                   | 1,868                                     | 10,748              | 10,730              |
| Unapplied total return   | 15,850                                  | 467                                       | 16,317              | 15,772              |
|  | <b>24,730</b>                           | <b>2,335</b>                              | <b>27,065</b>       | <b>26,502</b>       |
| New endowments   | 756                                     | -   | 756                 | 18                  |
| Investment income  | 553                                     | 51  | 604                 | 247                 |
| Expenditure  | (1,732)                                 | (82)                                      | (1,814)             | (1,174)             |
| (Decrease)/increase in market value of investments                 | (94)                                    | (17)                                      | (111)               | 1,472               |
| Transfer from expendable endowment                                 | 77                                      | -   | 77                  |                     |
|  | <b>(440)</b>                            | <b>(48)</b>                               | <b>(488)</b>        | <b>563</b>          |
| <b>Total permanent endowment comprehensive income for the year</b> | <b>24,290</b>                           | <b>2,287</b>                              | <b>26,577</b>       | <b>27,065</b>       |
| <b>Balances at 31 July</b>   |   |   |                     |                     |
|  | <b>24,290</b>                           | <b>2,287</b>                              | <b>26,577</b>       | <b>27,065</b>       |

#### Analysis by asset

|                           | £'000         | £'000         |
|---------------------------|---------------|---------------|
| Investment portfolio      | 26,566        | 27,180        |
| Cash and cash equivalents | 11            | (115)         |
|                           | <b>26,577</b> | <b>27,065</b> |

#### Analysis by type of purpose

|  |               |               |
|--|---------------|---------------|
| Institute for Arab and Islamic Studies | 18,140        | 19,376        |
| Exeter Forever Fund                    | 2,287         | 2,334         |
| Devon Research Scholarships            | 918           | 907           |
| Sir Steve Smith Scholars Fund          | 833           | -             |
| Special Collections                    | 808           | 798           |
| Other permanent funds                  | 3,591         | 3,650         |
|  | <b>26,577</b> | <b>27,065</b> |

#### Fund Descriptions

- The Institute for Arab and Islamic Studies (IAIS) Fund provides financial support for academic chairs within the Institute.
- The Exeter Forever Fund is a permanent unrestricted endowment. All legacies donated to the University (except those with specific restrictions) are allocated to the Exeter Forever Fund.
- The University hold funds for research scholarships for specific awards for residents of Devon and Cornwall.
- The Special Collections fund is held to fund future additions to the Heritage Asset investments.
- Steve Smith Scholars Fund – Fundraising Appeal commenced 2019 to link with retirement of Vice-Chancellor Sir Steve Smith. Aim is to create permanent endowment capable of supporting one widening participation student per college annually.
- The remaining permanent funds comprise 78 separate funds that are used for scholarships, prizes and general educational support.

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 24 EXPENDABLE ENDOWMENT RESERVES

| Group and University  | 2020           | 2019           |
|---|----------------|----------------|
|   | Total<br>£'000 | Total<br>£'000 |
| <b>Balances at 1 August</b>   |                |                |
| Original gift   | 13,216         | 11,317         |
| Accumulated income  | 445            | 409            |
|   | <b>13,661</b>  | <b>11,726</b>  |
|   |                |                |
| New endowments  | 3,249          | 3,162          |
| Investment income   | 240            | 93             |
| Expenditure   | (2,162)        | (1,696)        |
| (Decrease)/increase in market value of investments                  | (6)            | 376            |
| Transfers to permanent endowments                                   | (77)           | -              |
| <b>Total expendable endowment comprehensive income for the year</b> | <b>1,244</b>   | <b>1,935</b>   |
| <b>Balances at 31 July</b>  | <b>14,905</b>  | <b>13,661</b>  |
| <b>Represented by</b>   |                |                |
| Original gift   | 14,345         | 13,216         |
| Accumulated income  | 560            | 445            |
|   | <b>14,905</b>  | <b>13,661</b>  |
|   |                |                |
| <b>Analysis by asset</b>  | <b>£'000</b>   | <b>£'000</b>   |
| Investment Portfolio  | 12,074         | 7,966          |
| Cash and cash equivalents   | 2,831          | 5,695          |
|   | <b>14,905</b>  | <b>13,661</b>  |
|   |                |                |
| <b>Analysis by type of purpose</b>                                  |                |                |
| HRH Prince Al-Waleed Al Saud Awards                                 | 1,637          | 1,673          |
| Ines Barroso  | 1,265          | -              |
| J Oldacre Foundation  | 1,025          | 1,041          |
| The Carlotta Palmer Legacy  | 640            | 769            |
| Vandervell  | 638            | 633            |
| Other expendable endowments   | 9,700          | 9,545          |
|   | <b>14,905</b>  | <b>13,661</b>  |

### Fund Descriptions

- The HRH Prince Al-Waleed Al Saud scholarships are for IAIS students who are citizens of countries outside the Arab world. The scholarships are intended to support IAIS students in their University of Exeter assessments, by contributing to the cost of visiting Arab countries to undertake a recognised Arabic language course, or undertake research for a dissertation.
- Ines Barroso – Balance of funding originally received by The University of Cambridge from the Wellcome Sanger Institute in support of epidemiology work carried out by Professor Ines Barroso, who is transferring from Cambridge to Exeter.
- John Oldacre Foundation gift of £1m was received for funding John Oldacre Foundation research fellow between 2019 and 2023 with subsequent creation of a permanent endowment fund for funding PhD students.
- The Vandervell fund holds non-restricted grants awarded from the Vandervell Foundation, primarily for medical research.
- The Carlotta Palmer Legacy funds were left to the University by the donor to be utilised within science disciplines. These funds are used to support a minimum of 9 studentships across three colleges.
- The remaining expendable funds comprise 332 separate funds which were donated for a specified purpose, with no restriction to retain as capital, all of which are restricted. The University does not hold expendable unrestricted endowments.

## NOTE 25 UNRESTRICTED RESERVE

| Income and expenditure reserve                                   | Group                               |                                     | University                          |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | Year Ended<br>31 July 2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 | Year Ended<br>31 July 2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 |
| <b>Balances at 1 August</b>                                      | <b>398,753</b>                      | <b>478,278</b>                      | <b>399,301</b>                      | <b>477,864</b>                      |
| Surplus/(deficit) from the income and expenditure statement      | 66,678                              | (76,699)                            | 67,418                              | (76,511)                            |
| Other comprehensive income                                       | (15,240)                            | (3,086)                             | (12,064)                            | (2,052)                             |
| Transfers between revaluation and income and expenditure reserve | 370                                 | 260                                 | -                                   | -                                   |
| <b>Total comprehensive income/ (expenditure) for the year</b>    | <b>51,808</b>                       | <b>(79,525)</b>                     | <b>55,354</b>                       | <b>(78,563)</b>                     |
| <b>Balances at 31 July</b>                                       | <b>450,561</b>                      | <b>398,753</b>                      | <b>454,655</b>                      | <b>399,301</b>                      |

## NOTE 26 REVALUATION RESERVE

| Revaluation reserve<br>Group                  | Freehold<br>land and<br>buildings<br>£'000 | Fixed asset<br>investment<br>£'000 | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|---|--|------------------------------------|------------------------|------------------------|
|   | <b>Balances at 1 August</b>                | <b>13,713</b>                      | <b>9,574</b>           | <b>23,287</b>          |
| Revaluation in year                           | -  | (378)                              | <b>(378)</b>           | <b>2,440</b>           |
| Transfers from revaluation to general reserve |  |                                    |                        |                        |
| Depreciation on re-valued assets              | (370)                                      | -                                  | <b>(370)</b>           | <b>(260)</b>           |
| <b>Total reserve movement for the year</b>    | <b>(370)</b>                               | <b>(378)</b>                       | <b>(748)</b>           | <b>2,180</b>           |
| <b>Balances at 31 July</b>                    | <b>13,343</b>                              | <b>9,196</b>                       | <b>22,539</b>          | <b>23,287</b>          |
|   |  |                                    |                        |                        |
| Revaluation reserve<br>University             | Freehold<br>land and<br>buildings<br>£'000 | Fixed asset<br>investment<br>£'000 | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
| <b>Balances at 1 August</b>                   |  | <b>9,574</b>                       | <b>9,574</b>           | <b>7,134</b>           |
| Revaluation in year                           | -  | (378)                              | <b>(378)</b>           | <b>2,440</b>           |
| Transfers from revaluation to general reserve |  |                                    |                        |                        |
| Depreciation on re-valued assets              | -  | -                                  | -                      | -                      |
| <b>Total reserve movement for the year</b>    | <b>-</b>                                   | <b>(378)</b>                       | <b>(378)</b>           | <b>2,440</b>           |
| <b>Balances at 31 July</b>                    | <b>-</b>                                   | <b>9,196</b>                       | <b>9,196</b>           | <b>9,574</b>           |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 27 CAPITAL COMMITMENTS

| Group and University                     | Year Ended    | Year Ended    |
|--|---------------|---------------|
|  | 31 July 2020  | 31 July 2019  |
|  | £'000         | £'000         |
| Commitments contracted at 31 July        | 20,853        | 38,408        |
| Authorised but not contracted at 31 July | 35,037        | 52,251        |
| <b>Total</b>                             | <b>55,890</b> | <b>90,659</b> |

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

## NOTE 28 FINANCIAL COMMITMENTS

| Operating Leases                    | Year Ended   | Year Ended   |
|-------------------------------------|--------------|--------------|
|                                     | 31 July 2020 | 31 July 2019 |
|                                     | £'000        | £'000        |
| Expiring within one year            | 377          | 356          |
| Expiring between two and five years | 279          | 288          |
| <b>Total</b>                        | <b>656</b>   | <b>644</b>   |

### Guarantees

Exeter Science Park Ltd

| Year Ended   | Year Ended   |
|--------------|--------------|
| 31 July 2020 | 31 July 2019 |
| £'000        | £'000        |
| <b>2,400</b> | <b>2,400</b> |

The Heart of the South West Local Enterprise Partnership (LEP) has provided a loan facility to Exeter Science Park Limited (ESPL) for the development of the Science Park Centre. The University, jointly with Devon County Council, has provided a loan guarantee facility for up to 50% of the debt outstanding on the loan expiration date. The University has prudently provided for this guarantee to be called upon, setting aside £2,400k in the event that the University is required to fund its repayment to the LEP. The liability becomes payable on 31 October 2023. The £2,400k provided for is based on the likelihood of interim loan repayments by ESPL to the LEP, according to their Business Plans, discounted to present value.

### Other Liabilities

In addition to the liabilities recognised in these Financial Statements, the University also has financial guarantees and commitments with third parties which are not quantified as the likelihood of them being realised is remote. The two key commitments in place as at 31 July 2020 are:

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

## NOTE 29 PENSION SCHEMES

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

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

On the 30 November 2016 the University of Exeter Retirement Benefits Scheme (ERBS) was closed to future accrual and the University of Exeter Retirement Savings Scheme was opened in place of it. ERSS is a defined contribution scheme which is open to all staff on grades B–D.

The USS and ERBS are both defined-benefit schemes the assets of which are held in separate trustee administered funds.

Costs for the schemes, included within the staff costs (Note 7) were:

| Pension Contributions | Year Ended    | Year Ended    |
|-----------------------|---------------|---------------|
|                       | 31 July 2020  | 31 July 2019  |
|                       | £'000         | £'000         |
| USS                   | 32,958        | 26,727        |
| ERSS                  | 2,650         | 1,890         |
| ERBS                  | 2,000         | 1,601         |
| Other pension schemes | 1,210         | 743           |
| <b>Total</b>          | <b>38,818</b> | <b>30,961</b> |

### (i) Universities Superannuation Scheme

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

Because of the mutual nature of the scheme, the assets are not attributed to individual participants 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. The University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income 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) and therefore increase or decrease in the liability is recognised in the Consolidated Statement of Comprehensive Income.

The total decrease of the liability attributable to USS of £64.5m (2019: increase £87.7m) is reflected in the Consolidated Statement of Comprehensive Income.

### Scheme Assets and Liabilities

|                              | 2020    | 2019    |
|------------------------------|---------|---------|
| Scheme assets                | £63.7bn | £60.0bn |
| Total Scheme liabilities     | £67.3bn | £67.5bn |
| FRS 102 total Scheme deficit | £3.6bn  | £7.5bn  |
| FRS 102 total funding level  | 95%     | 89%     |

The latest available complete actuarial valuation of the scheme is at 31 March 2018 (the valuation date), which was carried out using the projected unit method with the assumptions determined by the Trustee of the Scheme. A valuation as at 31 March 2020 is underway but not yet complete. Early indications are that the scheme deficit has materially deteriorated, partly as a result of COVID-related market factors among others. This may result in increased future funding requirements and increased pension liabilities to be accounted for under a new deficit recovery plan. All stakeholders are engaged in reviewing assumptions, scheme affordability and future benefits which will all have an impact on the valuation outcome. The valuation is due to be completed by 30 June 2021.

Since the institution cannot identify its share of USS pension scheme 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 USS 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%:

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 29 PENSION SCHEMES (continued)

### Key Sources of Estimation Uncertainty

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

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

The key financial assumptions used in the 2019 valuation are described below:

|                               |  |
|-------------------------------|--|
| Discount rate (forward rates) | Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73%<br>Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55%<br>Years 21 +: CPI + 1.55% |
| Pension increase (CPI)        | CPI assumptions (for both pre and post 2011 benefits)  |

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:

|                                  | 2018 valuation   |
|----------------------------------|--|
| Mortality base table             | <i>Pre-retirement:</i><br>71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females<br><br><i>Post-retirement:</i><br>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% p.a. for males and 1.6% p.a. for females   |

The current life expectancies on retirement at age 65 are:

|                                   | 2020 | 2019 |
|-----------------------------------|------|------|
| Males currently aged 65 (years)   | 24.4 | 24.6 |
| Females currently aged 65 (years) | 25.9 | 26.1 |
| Males currently aged 45 (years)   | 26.3 | 26.6 |
| Females currently aged 45 (years) | 27.7 | 27.9 |

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% | 1.62% |
| Pensionable salary growth | 0%    | 3%    |

## NOTE 29 PENSION SCHEMES (continued)

### (ii) University of Exeter Retirement Benefit Scheme (ERBS)

The University operated a final salary defined benefit pension scheme that non-academic employees of the University could participate in, called the University of Exeter Retirement Benefit Scheme. The Scheme is externally funded and is contracted out of the S2P of pension provision. The Exeter Retirement Benefits Scheme closed to future accrual with effect from November 2016. A replacement defined contribution scheme, the University of Exeter Retirement Savings Scheme (ERSS) was effective from 1 December 2016.

The last formal triennial actuarial valuation of the ERBS scheme was performed as at 5 April 2018 by a professionally qualified actuary. This valuation continued to show that the funds held by the Scheme were insufficient to meet anticipated future commitments. The University has set a revised target of 14 years and four months from April 2015, to eliminate this deficit and increased employers' contributions temporarily to 22.5% (from 19%) from 1 August 2013 in order to fund the projected shortfall. This rate reduced to 20% from 1 December 2016.

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

|   | 2020 | 2019 |
|---|------|------|
| Discount rate   | 1.4% | 2.1% |
| Inflation assumption (RPI)                                | 2.9% | 3.4% |
| Inflation assumption (CPI)                                | 2.3% | 2.4% |
| Pension payment increase for ERBS members – pre 01/08/10  | 2.3% | 2.4% |
| Pension payment increase for ERBS members – post 01/08/10 | 2.0% | 2.1% |

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used (in years from date of retirement):

|                                 | 2020 | 2019 |
|---------------------------------|------|------|
| Males currently aged 65 years   | 21.1 | 20.9 |
| Females currently aged 65 years | 23.0 | 22.8 |
| Males currently aged 45 years   | 22.1 | 21.9 |
| Females currently aged 45 years | 24.2 | 24.0 |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 29 PENSION SCHEMES (continued)

### (ii) University of Exeter Retirement Benefit Scheme (ERBS) (continued)

#### Scheme assets and expected rate of return for ERBS

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

|                                     | 2020  |                  | 2019  |                  |
|-------------------------------------|-------|------------------|-------|------------------|
|                                     | £'000 |                  | £'000 |                  |
| Equities                            | 18.7% | 28,510           | 19.3% | 28,089           |
| Corporate Bonds                     | 10.9% | 16,589           | 10.8% | 15,772           |
| Government Bonds                    | 65.3% | 99,463           | 66.7% | 97,065           |
| Cash/Other                          | 5.1%  | 7,770            | 3.2%  | 4,696            |
| <b>Total</b>                        |       | <b>152,332</b>   |       | <b>145,622</b>   |
| <br>                                |       |                  |       |                  |
| Present value of scheme liabilities |       | <b>(167,693)</b> |       | <b>(150,379)</b> |
| <br>                                |       |                  |       |                  |
| Pension liability                   |       | <b>(15,361)</b>  |       | <b>(4,757)</b>   |

#### Actual return on Scheme Assets

|                                 | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|---------------------------------|----------------------------|----------------------------|
|                                 | £'000                      | £'000                      |
| Actuarial (loss)/gain on assets | 12,059                     | (3,899)                    |
| Interest income                 | (3,024)                    | 3,597                      |
|                                 | <b>(9,035)</b>             | <b>(302)</b>               |

#### Analysis of the amount charged to the Statement of Comprehensive Income

|  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|--|----------------------------|----------------------------|
|  | £'000                      | £'000                      |
| Past service costs                                       | -                          | (500)                      |
| Scheme expenses  | (460)                      | (524)                      |
| Interest income on assets                                | 3,024                      | 3,597                      |
| Interest cost on defined benefit obligations             | (3,108)                    | (3,645)                    |
| <b>Total charge to Statement of Comprehensive Income</b> | <b>(544)</b>               | <b>(1,072)</b>             |

## NOTE 29 PENSION SCHEMES (continued)

### Analysis of movements

#### Movement in the scheme deficit

|   | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|---|----------------------------|----------------------------|
|   | £'000                      | £'000                      |
| <b>Opening deficit</b>                          | <b>(4,757)</b>             | <b>(3,212)</b>             |
| Past service cost                               | -                          | (500)                      |
| Contributions paid                              | 1,999                      | 3,426                      |
| Scheme expenses                                 | (460)                      | (524)                      |
| Interest income on assets                       | 3,024                      | 3,597                      |
| Interest cost on defined benefit obligations    | (3,108)                    | (3,645)                    |
| Actuarial (loss)                                | (12,059)                   | (3,899)                    |
| <b>Deficit on scheme at the end of the year</b> | <b>(15,361)</b>            | <b>(4,757)</b>             |

#### Movement in the fair value of scheme assets

|  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|--|----------------------------|----------------------------|
|  | £'000                      | £'000                      |
| <b>Opening fair value of assets</b>                | <b>145,622</b>             | <b>134,191</b>             |
| Interest income                                    | 3,024                      | 3,597                      |
| Actuarial gain on assets                           | 6,897                      | 9,740                      |
| Employers' contributions                           | 1,999                      | 3,426                      |
| Scheme expenses                                    | (460)                      | (524)                      |
| Actual benefit payments                            | (4,750)                    | (4,808)                    |
| <b>Fair value of assets at the end of the year</b> | <b>152,332</b>             | <b>145,622</b>             |

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

#### Movement in the present value of ERBS Defined Benefit Obligations

|  | Year Ended<br>31 July 2020 | Year Ended<br>31 July 2019 |
|--|----------------------------|----------------------------|
|  | £'000                      | £'000                      |
| <b>Opening Defined Benefit Obligations</b> | <b>150,379</b>             | <b>137,403</b>             |
| Past service cost                          | -                          | 500                        |
| Interest cost                              | 3,108                      | 3,645                      |
| Actuarial losses                           | 18,956                     | 13,639                     |
| Actual benefit payments                    | (4,750)                    | (4,808)                    |
| <b>Closing Defined Benefit Obligations</b> | <b>167,693</b>             | <b>150,379</b>             |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 30 PROVISIONS FOR LIABILITIES

|                          | Obligation to fund deficit on USS pension<br>£'000 | Defined Benefit Obligations on ERBS pension<br>£'000 | Total pensions provision<br>£'000 | Other provisions<br>£'000 | Total provisions 31 July 2020<br>£'000 | Total provisions 31 July 2019<br>£'000 |
|--------------------------|--|--|-----------------------------------|---------------------------|--|--|
| At 1 August 2020         | 129,412  | 4,757  | 134,169                           | 2,400                     | 136,569                                | 47,343                                 |
| Utilised in year         | -  | (1,539)  | (1,539)                           | -                         | (1,539)                                | (4,487)                                |
| Actuarial losses/(gains) | -  | 12,059   | 12,059                            | -                         | 12,059                                 | (3,899)                                |
| 2019/20 movement         | (64,538)   | 84   | (64,454)                          | -                         | (64,454)                               | 97,612                                 |
| <b>At 31 July 2020</b>   | <b>64,874</b>                                      | <b>15,361</b>  | <b>80,235</b>                     | <b>2,400</b>              | <b>82,635</b>                          | <b>136,569</b>                         |

### Pension provisions

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out in Note 29(i).

### Change in assumptions at 31 July 2020

|  |         |
|--|---------|
| 0.5% p.a. decrease in discount rate                  | (1,483) |
| 0.5% p.a. increase in salary inflation over duration | 1,535   |
| 0.5% p.a. increase in salary inflation year 1 only   | 324     |
| 0.5% increase in staff changes over duration         | 1,535   |
| 0.5% increase in staff changes year 1 only           | 324     |
| 1% increase in deficit contributions from April 2021 | 8,460   |
| 1 year increase in term                              | (746)   |

### Other Provisions

£2.4m of the other provision is in relation to the guarantee held over Exeter Science Park Limited. See Note 28 for more details.

### Sensitivity analysis

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

### Impact: increase/(decrease) of USS provision £'000

|  |         |
|--|---------|
| 0.5% p.a. decrease in discount rate                  | (1,483) |
| 0.5% p.a. increase in salary inflation over duration | 1,535   |
| 0.5% p.a. increase in salary inflation year 1 only   | 324     |
| 0.5% increase in staff changes over duration         | 1,535   |
| 0.5% increase in staff changes year 1 only           | 324     |
| 1% increase in deficit contributions from April 2021 | 8,460   |
| 1 year increase in term                              | (746)   |

## NOTE 31 RELATED PARTY TRANSACTIONS

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

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

| Year ended 31 July 2020                        | Recognised Income<br>£'000 | Recognised Expenditure<br>£'000 | Balance due to/(from) the University<br>£'000 |
|--|----------------------------|---------------------------------|---|
| Browne Jacobson                                | 1                          | -                               | -   |
| Camborne School of Mines Trust                 | 96                         | -                               | 3   |
| Cornwall and Isles of Scilly LEP               | -                          | -                               | (1)   |
| Exeter College                                 | 55                         | 8                               | 31  |
| Exeter Mathematics School                      | 4                          | 3                               | 2   |
| Exeter Science Park Ltd                        | 2                          | 561                             | 53  |
| FX + Ltd                                       | 30                         | 8,294                           | (125)   |
| Global City Futures Limited                    | -                          | 9                               | -   |
| Institution of Structural Engineers            | 1                          | -                               | -   |
| INTO University of Exeter                      | 1,352                      | 682                             | 130   |
| Exeter Northcott theatre                       | 69                         | 413                             | 30  |
| One Health Ventures Limited                    | 4                          | -                               | 4   |
| Royal Academy of Engineering                   | 77                         | -                               | 5   |
| St Luke's Foundation                           | 1                          | -                               | -   |
| University College London (UCL)                | 35                         | 691                             | 19  |
| Universities Central Admissions Service (UCAS) | -                          | 35                              | -   |
| University of Exeter Student Guild             | 143                        | 2,100                           | 24  |
| University of Huddersfield                     | -                          | 12                              | -   |
| Veale Wasbrough Vizards LLP                    | -                          | 175                             | 17  |
| Willis Tower Watson plc                        | 74                         | -                               | 15  |
| FXU  | 11                         | 392                             | -   |

### Year ended 31 July 2019

| Year ended 31 July 2019                        | Recognised Income<br>£'000 | Recognised Expenditure<br>£'000 | Balance due to/(from) the University<br>£'000 |
|--|----------------------------|---------------------------------|---|
| BSW Consulting                                 | -                          | 2                               | -   |
| Camborne School of Mines Trust                 | 25                         | -                               | 5   |
| Cornwall and Isles of Scilly LEP               | 2                          | -                               | -   |
| Exeter College                                 | 80                         | 1                               | -   |
| Exeter Mathematics School                      | 14                         | 1                               | -   |
| FX + Ltd                                       | 14                         | 6,876                           | (368)   |
| Global City Futures Limited                    | -                          | 9                               | -   |
| INTO University of Exeter                      | 1,043                      | 559                             | 52  |
| Exeter Northcott theatre                       | 103                        | 221                             | -   |
| One Health Ventures Limited                    | 66                         | -                               | -   |
| Oxygen House Limited                           | 1                          | -                               | -   |
| St Luke's Foundation                           | 4                          | -                               | -   |
| Universities Central Admissions Service (UCAS) | 5                          | 59                              | -   |
| University of Exeter Student Guild             | 335                        | 1,948                           | 110   |
| Willis Group Holdings plc                      | 45                         | -                               | -   |
| FXU  | -                          | 357                             | -   |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 31 RELATED PARTY TRANSACTIONS (continued)

- Browne Jacobson LLP is a national law firm with offices in Birmingham, Exeter, London, Manchester and Nottingham. One council member is a director.
- The Camborne School of Mines Trust funds research and teaching. The school merged with the University of Exeter in 1993. One Council member is a Trustee.
- INTO University of Exeter LLP is a limited liability partnership between Exeter ISC Limited, a wholly owned subsidiary of the University, and INTO Exeter Limited, a wholly owned subsidiary of INTO University Partnerships Limited.
- The Institution of Structural Engineers is a professional body for structural engineering based in the United Kingdom. One council member is a member of The Ethics Committee.
- The Exeter Mathematics School is a state funded sixth form college, jointly sponsored by the University of Exeter and Exeter College.
- One Health Ventures Limited is a research and development company. The University has significant control over the entity.
- The University of Huddersfield is a public research university located in Huddersfield, West Yorkshire. One council member is an Industrial Visiting Professor.
- UCAS is a sector shared service, providing an undergraduate application and admission service. One Council member is Chair of the Board and its Remuneration and Nominations Committee.
- The annually elected Student President of the University of Exeter Student Guild is a Council Member.
- Willis Tower Watson plc (former Willis Group Holdings plc) is a multinational risk advisor, insurance brokerage and reinsurance brokerage company. One Council member is a non-executive director.
- Cornwall and Isles of Scilly LEP is a partnership between public and private sectors established to drive the economic strategy for the area. One Council member is a Board Member.
- Exeter Science Park Ltd is a business park on the outskirts of the city Exeter in the United Kingdom for companies specialising in science and technology. One council member is a director.
- FX + Ltd is the service delivery partner of Falmouth University and the University of Exeter which provides shared Higher Education services and facilities.
- Global City Futures Limited is a consultancy that partners with local authorities and institutional leaders to co-create lasting solutions to urbanisation and establish sustainable, 21st Century cities. One Council member is a Director of the company.
- Exeter Northcott theatre is a registered charity in England and Wales and Company limited by guarantee. The University is one of core funders of the company. One Council member is a Trustee of the company.
- The Royal Academy of Engineering (RAEng) is the UK's national academy of engineering. One council member is a member of the Enterprise Committee and Selection Committee for Enterprise Fellowships.
- St Luke's Foundation supports the advancement of further and higher education in Religious Education and Theology. One Council member is a trustee of the foundation.
- The Falmouth and Exeter Student's Union (FXU) is a membership-led charity for Falmouth and Exeter Universities' students.
- Veale Wasbrough Vizards is a full service law firm with experienced lawyers and solicitors in London, Watford, Bristol and Birmingham. One council member is an employee-partner.
- University College London, officially known as UCL since 2005, is a public research university located in London, England. One council member is a visiting professor.
- The University of Exeter Retirement Benefit Scheme (ERBS) is a post-employment benefit plan for the benefit of the University employees. Details of transactions with ERBS are provided in Note 29.

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

### FX + Ltd

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

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

- A loan from Lloyds TSB Bank plc of £18.6m for 30 years at a fixed rate of 5.215% which was drawn down in September 2004.
- A loan from Lloyds TSB Bank plc for £10m for a term of 30 years at a fixed rate of 5.065% which was drawn down in December 2006.
- A loan from Barclays Bank Plc of £20.5m for new residences. The loan is repayable over 30 years, at a fixed rate of 2.5%, and was drawn down in July 2010.
- A loan of £8m for new residences, £4m from the European Investment Bank (EIB) at a fixed rate of 2.4% and £4m from Lloyds TSB Bank at a fixed rate of 3.8%. The loan is repayable over 16 years. The EIB loan was drawn down in May 2012 and the Lloyds loan was drawn down in various stages from June 2012 – Oct 2013.
- The total FX + Ltd debt as at 31 July 2019 is £43.0m (2019: £45.4m). The University has guaranteed 50% of this balance, totalling £21.5 (2019: £22.7m).

The FX+ Limited has capital commitments as follows:

|   | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|---|------------------------------------|----------------------------|
|   | £'000                              | £'000                      |
| Commitments contracted at 31 July       | 821                                | 4,933                      |
| Authorised but not committed at 31 July | 278                                | 2,945                      |
|   | <b>1,099</b>                       | <b>7,878</b>               |

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

|  | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|--|------------------------------------|----------------------------|
|  | £'000                              | £'000                      |
| Income derived from the FX + Group       | 11                                 | 14                         |
| Expenditure incurred with the FX + Group | 392                                | 6,876                      |

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

|  | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|--|------------------------------------|----------------------------|
|  | £'000                              | £'000                      |
| Amount owing from the University to the FX + Group | 125                                | 368                        |

### INTO University of Exeter LLP / Exeter ISC Limited

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

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

|                                | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|--------------------------------|------------------------------------|----------------------------|
|                                | £'000                              | £'000                      |
| Income derived from INTO       | 1,352                              | 1,043                      |
| Expenditure incurred with INTO | 682                                | 559                        |

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

|  | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|--|------------------------------------|----------------------------|
|  | £'000                              | £'000                      |
| Amount due to the University from INTO | 130                                | 52                         |

# Notes to the Financial Statements

For the year ended 31 July 2020

## NOTE 32 NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL) INITIAL TEACHER TRAINING BURSARIES

NCTL training bursaries are available solely for students; the University acts only as paying agent. The training bursaries are therefore excluded from the Income and Expenditure Account.

|                           | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|---------------------------|------------------------------------|----------------------------|
|                           | £'000                              | £'000                      |
| Balance at 1 August       | 407                                | 141                        |
| NCTL Grants               | 4,744                              | 4,447                      |
|                           | <u>5,151</u>                       | <u>4,588</u>               |
| Disbursed to students     | (4,686)                            | (4,181)                    |
| <b>Balance at 31 July</b> | <b>465</b>                         | <b>407</b>                 |

## NOTE 33 REGULATORY DISCLOSURES

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

### Grant and Fee income

|  | <b>Year Ended<br/>31 July 2020</b> | Year Ended<br>31 July 2019 |
|--|------------------------------------|----------------------------|
|  | £'000                              | £'000                      |
| <b>Group and University</b>            |                                    |                            |
| Grant income from the OfS              | 18,910                             | 15,569                     |
| Grant income from other bodies         | 34,331                             | 31,437                     |
| Fee income for taught awards           | 251,131                            | 223,073                    |
| Fee income for research awards         | 20,264                             | 21,015                     |
| Fee income from non-qualifying courses | 3,068                              | 3,810                      |
| <b>Total grant and fee income</b>      | <b>327,704</b>                     | <b>294,904</b>             |

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

<sup>13</sup> [www.exeter.ac.uk/media/universityofexeter/aboutusresponsive/wideningparticipation/UniversityofExeter\\_APP\\_2019\\_2020.pdf](http://www.exeter.ac.uk/media/universityofexeter/aboutusresponsive/wideningparticipation/UniversityofExeter_APP_2019_2020.pdf)

### Access and Participation Expenditure

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

We enter into an Access and Participation Plan<sup>13</sup> with the Office for Students, setting out our plan to achieve our objectives and the detailed targets we are committed to delivering.

### Access Investment

In 2019/20 we spent £2.3m in supporting disadvantaged and underrepresented students to enter higher education. We work with around 4,000 pupils across the country through outreach activities as well as supporting larger numbers of pupils through partnerships and work with schools. A strand of our work focuses on supporting Black, Asian and Minority Ethnic students to progress into higher education as well as local engagement with schools which includes partnership with the Ted Wragg Trust – a consortium of 11 academies – and sponsorship of the Exeter Mathematics School. Within weeks of lockdown we replaced much of our schools' provision with a new digital programme, Discover University, which provided advice and guidance to pupils facing the extraordinary challenge of progressing from school to university in lockdown.

### Access and Participation

|   |              |
|---|--------------|
| Access Investment   | 2,325        |
| Financial Support   | 5,444        |
| Disability Support (excluding expenditure included in the two categories above) | 878          |
| Research and Evaluation   | <u>145</u>   |
| <b>Total</b>  | <b>8,792</b> |

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

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

- £2,593k of these costs are already included in the overall staff costs figures included in the financial statements (see Note 7);
- The published access and participation plan can be found here: [apis.officeforstudents.org.uk/accessplansdownloads/1920/UniversityofExeter\\_APP\\_2019-2020\\_V1\\_10007792.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/1920/UniversityofExeter_APP_2019-2020_V1_10007792.pdf)

### Financial Support

Funding pressures for low income students materially affect success at University. Our Access to Exeter Bursary has no application process and automatically supports all those who qualify to aid the retention of students with low household incomes – around 23% of our home undergraduate population. We grant tuition fee waivers for care leavers and Sanctuary Scholarships for refugees and asylum seekers. We provided emergency funding to all students affected by COVID-19, directly helping those in crisis.

### Disability Support

Increasing proportions of students present mental health issues and 16% declare a disability. We provide extensive support including working with students before they arrive to ensure they have a plan and facilities in place to support them succeed.

### Research and Evaluation

Research and evaluation is essential in building an evidence base to inform future policy. This has included establishing the University's Centre for Social Mobility, appointing the country's first Professor of Social Mobility.

Expenditure on Access and Participation related activities for the year ended 31 July 2020 is included in the Statement of Comprehensive Income and presented in the table below:

These pages do not form part of the Statutory Financial Statements

## FIVE YEAR SUMMARY ACCOUNTS

| INCOME AND EXPENDITURE   | 2019/20<br>£'000 | 2018/19<br>£'000 | 2017/18<br>£'000 | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Income</b>  |                  |                  |                  |                  |                  |
| Tuition fees and education contracts   | 274,463          | 247,898          | 232,065          | 219,237          | 203,549          |
| Funding body grants  | 53,241           | 47,006           | 45,795           | 44,019           | 46,261           |
| Research grants and contracts  | 93,152           | 86,965           | 76,073           | 70,241           | 61,853           |
| Other income   | 49,991           | 62,751           | 57,584           | 58,543           | 56,620           |
| Investment income  | 2,064            | 1,413            | 1,450            | 1,161            | 1,233            |
| Donations and endowments   | 4,733            | 3,245            | 2,522            | 3,855            | 1,600            |
| <b>Total income</b>  | <b>477,644</b>   | <b>449,278</b>   | <b>415,489</b>   | <b>397,056</b>   | <b>371,116</b>   |
| <b>Expenditure</b>   |                  |                  |                  |                  |                  |
| Direct staff costs   | 270,149          | 244,521          | 222,863          | 206,346          | 185,537          |
| Movement on pension provision  | (68,173)         | 85,878           | (285)            | 45               | (1,267)          |
| Other operating expenses   | 147,406          | 142,261          | 139,969          | 131,837          | 124,949          |
| Depreciation   | 52,845           | 46,323           | 41,594           | 41,350           | 37,869           |
| Interest and other finance costs   | 7,745            | 6,514            | 10,110           | 10,093           | 11,091           |
| <b>Total expenditure</b>   | <b>409,972</b>   | <b>525,497</b>   | <b>414,251</b>   | <b>389,671</b>   | <b>358,179</b>   |
| <b>Surplus/(deficit) before other gains losses and share of joint ventures</b> | <b>67,672</b>    | <b>(76,219)</b>  | <b>1,238</b>     | <b>7,385</b>     | <b>12,937</b>    |
| (Loss)/gain on investments   | (486)            | 2,491            | 1,404            | 2,821            | (63)             |
| Share of operating (deficit)/surplus in joint venture                          | (97)             | 2,000            | 1,092            | 1,117            | 1,650            |
| Curtailment gain on Defined Benefit Pension Scheme                             | -                | -                | -                | 6,884            | -                |
| <b>Surplus/(deficit) before tax</b>  | <b>67,089</b>    | <b>(71,728)</b>  | <b>3,734</b>     | <b>18,207</b>    | <b>14,524</b>    |
| Taxation   | -                | -                | -                | -                | (14)             |
| <b>Surplus/(deficit) for the year</b>  | <b>67,089</b>    | <b>(71,728)</b>  | <b>3,734</b>     | <b>18,207</b>    | <b>14,510</b>    |
| <b>University EBITDA</b>   | <b>42,401</b>    | <b>44,858</b>    | <b>42,356</b>    | <b>42,265</b>    | <b>43,683</b>    |

| STATEMENT OF FINANCIAL POSITION        | 2019/20<br>£'000 | 2018/19<br>£'000 | 2017/18<br>£'000 | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Tangible and intangible assets         | 749,545          | 725,694          | 711,669          | 698,376          | 696,693          |
| Heritage assets                        | 9,088            | 9,093            | 7,244            | 7,244            | 7,244            |
| Investments                            | 40,979           | 38,073           | 41,998           | 44,592           | 42,039           |
| Investment in joint venture            | 9,047            | 13,081           | 14,374           | 12,823           | 13,050           |
| Net current assets                     | 58,740           | 82,807           | 50,660           | 63,257           | 62,270           |
| Creditors: due after one year          | (270,099)        | (269,363)        | (240,972)        | (246,689)        | (268,456)        |
|  | <b>597,300</b>   | <b>599,145</b>   | <b>584,973</b>   | <b>579,963</b>   | <b>552,840</b>   |
| Pension liability and other provisions | (82,635)         | (135,569)        | (47,343)         | (70,674)         | (77,319)         |
| <b>Total net assets</b>                | <b>514,665</b>   | <b>462,816</b>   | <b>537,630</b>   | <b>509,289</b>   | <b>475,521</b>   |
| Represented by:                        |                  |                  |                  |                  |                  |
| Endowment reserve                      | 41,482           | 40,726           | 38,228           | 37,213           | 32,533           |
| Income and expenditure reserve         | 450,644          | 398,803          | 478,295          | 450,684          | 421,233          |
| Revaluation reserve                    | 22,539           | 23,287           | 21,107           | 21,392           | 21,755           |
| <b>Total reserves</b>                  | <b>514,665</b>   | <b>462,816</b>   | <b>537,630</b>   | <b>509,289</b>   | <b>475,521</b>   |

<sup>14</sup> EBITDA is defined in the business review for the relevant year, and reflect the results per the Financial Statements adjusted for material non-repeat items.

<sup>15</sup> (Staff costs per Note 7, excluding movement in pension provisions and severance costs, as a % of total income).

| Finance Strategy KPIs                       | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|---|---------|---------|---------|---------|---------|
| EBITDA as a % of Total Income <sup>14</sup> | 8.8%    | 10.0%   | 10.2%   | 10.6%   | 11.8%   |
| Staff cost ratio <sup>15</sup>              | 56.5%   | 54.0%   | 53.3%   | 52.0%   | 49.9%   |



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