

Financial Statements
for the year ended
31 July 2022

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Key management personnel, Board of Governors and professional advisers

Key management personnel are defined as members of the University Senior Leadership Team (SLT) and were represented by the following in 2021/22:

Paul Fieldsend-Danks, Interim Principal, CEO, Accounting officer (wef 1 August 2021); Principal, CEO, Accounting officer (wef 26 January 2022); Vice Chancellor, CEO, Accounting officer (wef 20 May 2022)
Mark Taylor, Director of Finance (until 7 July 2022)
Rich Watson, Chief Operating Officer (wef 11 July 2022)
Steve Trotter, University Registrar
Jacqui Moore, Director of Communications (until 7 June 2022); Director of External Relations (wef 8 June 2022)
Mark Kerrigan, Director of Learning, Teaching and Enhancement (until 1 October 2021)
Stephen Felmingham, Academic Dean (wef 1 August 2021); Pro Vice-Chancellor (Academic) (wef 27 May 2022)

Board of Governors

A full list of Governors is given on pages 15 to 16 of these financial statements.

Professional advisers:

External auditors:

Bishop Fleming
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth

Internal auditors:

UNIAC
4th Floor, St. James' Building
Oxford Street
Manchester

Solicitors:

Michelmores Solicitors
Woodwater House
Pynes Hill
Exeter

Wolferstans Solicitors
Deptford Chambers
60/66 North Hill
Plymouth

Bankers:

Barclays Bank plc
19 Princess Street
Plymouth

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

CONTENTS

	Page Number
Strategic Report	4
Statement of Corporate Governance and Internal Control	13
Board of Governors' statement on the University's regularity, propriety and compliance with Funding body terms and conditions of funding	19
Statement of Responsibilities of the Board of Governors	20
Independent Auditors' Report to the Board of Governors of Arts University Plymouth	21
Statement of Comprehensive Income	24
Statement of Changes in Reserves	25
Balance Sheet	26
Cash Flow Statement	27
Notes to the Accounts	28

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Strategic Report

Nature, objectives and strategies

The Board of Governors present the annual report and the audited financial statements for the year ended 31 July 2021.

Legal status

The Board of Governors was established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of Arts University Plymouth. On 4 July 2014, the Secretary of State for Business, Innovation and Skills, in exercise of powers conferred under the Education Reform Act 1988, transferred the University to the higher education sector.

Public Benefit Statement

The University is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Office for Students (OfS). The members of the Board of Governors, who are trustees of the charity, are disclosed on pages 13 to 15.

In setting out this Public Benefit Statement, the Governing Body has referred to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education, through promoting, sustaining and increasing individual and collective knowledge and understanding in the study, skills acquisition and expertise in the creative arts.

The specific aims and objectives of the University are set out in the following pages.

The students of the University are the primary beneficiaries, and the University is committed to the advancement of their education through the delivery of high quality courses that equip them with the knowledge, skills, and attributes to prepare them for employment in the creative industries. Other members of the public benefit by being able to attend educational events organised by the University as well as attend courses put on by the University outside normal university hours.

Strategic Plan 2018-23 - Aims

| 1 | CREATIVE LEARNING

AUP will be internationally regarded as an influential and progressive new model Arts University for the 21st century, whose distinctiveness, across the full continuum of creative learning from early years to the third age, can be authenticated:

- in the high quality of the learner experience and their graduate attributes;
- in the University's leadership ethos and values;
- in the quality of studentship and citizenship;
- in our curriculum offer and specialist learning environments.

| 2 | SOCIAL JUSTICE

AUP will be a catalyst for transformation in the lives, opportunities and professional horizons of our students across the full learning continuum.

We will foster civic leadership and innovation through the purposeful mutual partnership, the outward engagement of the University, and the creative agency of our staff and students.

We will influence the city's agenda for place-making through the social, cultural and economic impact of our work.

Highlights of the Academic Year 2021-22

The following provides a highlight summary taken from the final Vice-Chancellor's report of the reporting year 2021-22 to members of the Board. July's report was the first under our new identity as Arts University Plymouth and presented an opportunity to acknowledge the significant work undertaken by all members of the University community, our governing body, stakeholders and friends who had supported this incredible journey along the way.

In light of the above, it was with equal satisfaction that we were voted as the winner of Best Small Specialist University at the WhatUni awards in June. As an award that is voted for by students, this was particularly

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Strategic Report

pleasing given the company (Arts University Bournemouth, Norwich University of the Arts and the Dyson Institute of Engineering, amongst others).

Of particular significance this year was the excellent performance in the NSS 2022. The overall NSS result for the University was extremely positive with the headline being an Overall satisfaction score of 81, an increase of 12 on the score in 2021. This score was above the national average of 76 and put the University ahead of all its specialist arts competitors. As was the case last year, it is hard to ignore the fact that this survey was carried out under the backdrop of the Covid-19 pandemic.

We have been further encouraged by a significant percentage rise in our graduate outcomes data that has seen an increase in progression to employment/further study that overtakes some of our sector competitors along with a 10% increase in progression to highly skilled employment. Graduates in work or further study has risen to 88% (82% last year), while those in highly skilled employment has risen more modestly to 53% (43% last year).

As part of our commitment to reimagine our estate and the look and feel of our workplace, it was a privilege to welcome the acclaimed artist Kurt Jackson to our campus in June. The Lord Mayor of Plymouth Councillor Sue Dann officially unveiled Jackson's 'Plym Stone' sculpture on the Green at Tavistock Place on Thursday 16 June. Representing the history and geological make-up of Plymouth, the Plym Stone is made up of locally sourced granite and limestone, featuring bronze and recycled Plymouth Gin bottle glass fruits.

July presented a full schedule of summer show activity, and we were delighted to see graduates presenting physical work to the city after a lull during the pandemic. An archive of events can be found on the AUP website at <https://www.plymouthart.ac.uk/class-of-2022>.

In Pre-Degree, students took part in **Destination Pilot** with the South West Careers Hub. The first year of the pilot focused on progression from Schools to AUP to understand much more about the subjects, learning styles and characteristics of applicants before they enrol as our learners. This included Skills, Hobbies, SEN, Mental Health and home life.

A review of student numbers and retention led to a decision by SLT to not recruit a Yr 1 cohort to **IBCP, L2 Diploma and ED PPA** from Sept 2022. The decision to suspend these courses was driven in part by the additional workloads and expenditure that would be created by new Government Guided Learning Hours within Further Education.

In Higher Education, the **StudioLab for Embodied Media (StudioLab)** hosted its second Artist Fellow, Keiken Collective, at AUP between 30 May - 1 July. Two members of Keiken travelled from London and from Berlin to give a cross-University talk in the cinema and led an Augmented Reality (AR) workshop for staff and students utilising our newly acquired HoloLens kit. This residency was funded through our iMayflower funds and the Visiting Lecturer budget. The outcome of their Artist Fellowship will be a commissioned AR art work to be exhibited simultaneously with British Art Show 9 in autumn 2022.

HoS Stephanie Owens has been working with artist and AUP Research Fellow Mohini Chandra to develop the **Empire and Place** research centre focused on decolonising art and design curricula. The first 'Empire and Place' roundtable event took place on Thursday 23rd June at AUP.

2021-22 has delivered some notable success through the curriculum for undergraduate study. **Platforms of Exchange (Unit 404)**, the first collaborative unit of the new Common Unit Framework (CUF), concluded in June with groups presenting their final work for a public audience. The arts group (Crafts, PD&P, Fine Art) developed "Anatomy of a Banquet", a series of shared exhibitions exploring the notions of food justice, the culture of food systems and production. The Media group (Animation & Games, Film & Screen Arts/DMP and Photography) worked in collaboration with the University of Plymouth's 'Living Lab' project which uses environmental sensors and environmental data to develop initiatives to encourage better use of Plymouth's green spaces around the city.

The School of Arts and Media has launched a new **graduate artist residency** for BA Fine Art graduates in partnership with Karst Contemporary Art in Plymouth. The 6-month artist residency will be awarded to a Year 3 BA Fine Art graduate through an application process led by a review panel with members from AUP and Karst. The residency will be shared with a Year 3 graduate from Fine Art from Bath Spa University and be supported by input from Karst curator Ben Borthwick and staff. Additionally HoS Stephanie Owens led the

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Strategic Report

AUP Venice Fellowship Programme sponsored and run in partnership with the British Council to fund an AUP student to work at the British Pavilion during the Venice Art and Architecture biennales.

BA Animations & Games have developed a new mini, portable immersive dome for undergraduate students to demonstrate and develop immersive media projects intended for the Market Hall dome through a new institutional partnership with Real Ideas. The dome will also be accessible to BA Creative Technologies students next academic year.

BA (Hons) Fashion, Media and Marketing students took part in **London-based studio visits and a location fashion shoot** with Fashion Photographer Holly McGlynn. Year 3 students also had the opportunity of a portfolio review event, with 18 students having 1-2-1 portfolio reviews with industry guests including a senior commissioning editor at ID Magazine and a number of photographic agencies.

Six graduates from **BA (Hons) Film & Screen Arts** won 'Best Drama' for their beautifully shot and genuinely scary film, 'Can You Hear the Choir?' at Royal Television Society Devon & Cornwall Student Television Awards 2022. Held at Europe's first immersive dome at The Market Hall in Devonport, the Royal Television Society's (RTS) ceremony made a return after Covid forced a two year absence. 2022 saw Plymouth College of Art students and graduates win four awards at this year's ceremony in several highly competitive categories.

BA Crafts & Material Practice students took part in a range of external, professional events in June, with representation at the Bovey Tracey Craft Festival, New Designers at the Business Design Centre in London and at Mount Edgumbe.

Five of our third year BA (Hons) Fashion, Media and Marketing students attended London to shoot for the official **Graduate Fashion Week (GFW)** look book, with BA (Hons) Fashion students' final collection featuring in the GFW Shoot. Students participated in the shoot and were interviewed for Drapers, the business-to-business magazine and website covering the fashion retail sector. Successes for the course included being shortlisted for the Children's Wear Award.

A new **Neurodiversity guide** for staff has been completed and was launched during the Learning and Teaching Day on July 13th. The aim of the guide is to benefit the individual and the college community as a whole, allowing for a meaningful critical discussion about established or emerging practice, also recognising and celebrating the challenges and creative problem solving that is an integral part of higher education.

In research activity, momentum is building as Plymouth starts to prepare for **British Art Show 9** in October 2022. Mirror at AUP will be an exhibition venue for BAS9. The development of our Knowledge Exchange activity has benefited significantly over the year following the distribution of the **Research England KE £200K Funding**. AUP's KE Working group identified 3 key work packages within the funding for completion of projects in the next reporting period.

At the Graduation ceremony in November 2021 held at the Theatre Royal Plymouth, AUP awarded **Honorary Fellowships** to the internationally-celebrated Hungarian filmmaker Béla Tarr, and to New York based artist, performer, author, and educator Pablo Helguera.

Strategic Report

Student performance indicators

	2021/22	2020/21	2019/20
Number of full-time (FT) undergraduate (UG) home/EU students enrolled	940	1,043	1,146
Number of FT UG international students enrolled	19	17	15
Number of UG part-time students enrolled	29	39	35
Full-time equivalent (FTE) number of masters students enrolled	69	50	54
Number of pre-degree students, excluding apprenticeships	475	488	472

Estates developments in the year

Improvements have continued cross the campus in line with maintenance, sustainability and carbon reduction plans to ensure we meet our targets of being a zero carbon campus by 2030. This is in line with our 5 Year Estates Strategy.

Maintenance works have included replacing the roof coverings of the Central building at Tavistock Place, The centre building roof at Tavistock Place was identified as being past its life and was in poor condition which was causing the roof to leak. The work consisted of installing a Garland specified StressPly Flex– Bituminous Waterproofing Warm Roof system. The works have a 25 Year Independent Single Point Garland (UK) Guarantee.

In terms of sustainability, inefficient and costly lighting has been replaced with LED lighting throughout the campus, to include workshops within the Charles Cross building, Tavistock place lower ground floors and 1st and 2nd floors.

A number of teaching spaces have been upgraded and extended to meet the requirements and needs of the University and its specialisms. These works have included the creation of additional seminar spaces throughout the campus but specifically within specialist teaching areas, such as the Tufting Room and Dye Labs. Improvements have also been made to the Palace Court student social space/canteen and the main reception area at Tavistock Place.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Strategic Report

Assessment of financial position

Financial results

The University monitors performance against the following financial targets, some of which are required by the Office for Students (OfS):

	Actual 2021/22	Actual 2020/21	Actual 2019/20
1 Five times EBITDA ¹ to exceed borrowing (currently £3.0 million)	£1.2m	£4.2m	£6.6m
2 Current ratio of at least 1.5:1 at year end	1.9:1	2.3:1	2.2:1
3 General reserve excluding pension reserve of at least 51% of income	82%	77%	74%
4 Maintain at least 37 cash days in hand ('net liquidity days')	102 days	121 days	124 days
5 External borrowing to be less than 50% of total income	23%	28%	31%
6 Staff costs (excluding FRS102 adjustment) as a % of total income to be no more than 58%	68%	68%	62%
7 Surplus as a % of total income to be greater than 3%	-20.9%	-12.7%	-4.7%

¹EBITDA = Earnings before interest, tax, depreciation and amortisation, and before pension provisions

In the year the University made an operating deficit of £2,662,000 (£1,779,000 deficit in 2021). This deficit is after the notional pensions charge of £2,109,000 (2021; £1,695,000), which the University is required to make under Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102) for potential pension liabilities. The increase in the pension service cost is due to the assumptions on the growth of salary rates through pay rises and increments across future years based on the number of active University members in the scheme. The calculation of the FRS102 adjustment is outside of the University's control, and has no immediate effect on cash flow.

There were some £9,000 of further staff costs in 2021/22 which related to additional restructuring and redundancies agreed before the end of the financial year (2020/21; £493,000)

Removing the notional pension scheme adjustments and these one-off staff costs, the University made an underlying shortfall of £544,000 (2021 surplus: £409,000), which would represent 4% of total income.

During the year the University had a cash outflow of £846,000 (2021; inflow of £30,000), giving a cash balance at 31 July 2022 of £4,091,000 (2021; £4,937,000). However, taking finance costs (interest and capital) of £1,098,000 into consideration, the University had a cash inflow of £252,000

Fixed asset additions during the year amounted to £101,000 (2021; £57,000) of which £31,000 (2021; £3,000) related to buildings, and £70,000 (2021; £54,000) related to plant and equipment.

The University has reserves of £7,618,000 (2021; net liabilities of £4,194,000). This is after £5,261,000 (2021; £17,618,000) pension liability calculated according to FRS102, and long term debt of £2,280,000 (2021; 3,405,000). The University is required to make the notional FRS102 provision. The movement in this liability is not a reflection of any contribution increase in the short term.

The University is coming from a position of good cash reserves and believes that there is no threat to its cash flow over the next year as a result of taking all necessary measures to reduce costs.

The University faces financial challenges due to the fall in student enrolments experienced over several years. A restructure took place in July 2021, with savings occurring from 2021/22. The University will continue to review all costs to make further savings where possible.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Strategic Report

Student recruitment activities additionally remain focussed on restoring financial health to ensure that the University maintains adequate resources to continue to maintain and protect its specialist arts education provision.

The Board will consider longer term structural and/or partnership options to secure the future of the University's specialist arts provision.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires universities, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 2021/22, the University paid 96% of its invoices within 30 days (2020/21: 97%). The University incurred no interest charges in respect of late payment for this period.

Key income streams

For degree and postgraduate work, the University principally relies on student fee income with a small proportion of income coming from the OfS, largely from recurrent grants. For Pre-Degree work the University has significant reliance on the Education and Skills Agency (ESFA). The table below shows the key income streams:

	2022	2021	2020
HE Fees	70%	71%	76%
ESFA Grants	21%	18%	15%
OfS Grants	3%	6%	5%
Other	6%	5%	4%
Total	100%	100%	100%

Treasury policies and objectives

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The university renegotiated its covenants during the year and was compliant with covenants existing at year-end.

The University has a separate treasury management policy in place.

Any short term borrowing for temporary revenue purposes would be authorised by the Principal. No such borrowings were required in 2021/22. Such arrangements are restricted by limits in the University's regulatory framework for higher education in England agreed with OfS. All other borrowing requires the authorisation of the Board of Governors and shall comply with the requirements of the regulatory framework for higher education in England.

Staff and student involvement

The University recognises the value and expertise of its staff as its key asset. Senior and middle management communications are effective and meetings take place regularly. In addition, a comprehensive programme of professional development is in place.

Both students and staff are represented on University committees including Academic Board and its Standing Committees, Student Experience Committee, Learning and Teaching Committee, Research and Enterprise Committee, Academic Standards and Quality Committee, Equality and Diversity Committee, HE and FE Award Boards. There are regular meetings between representatives of the Students' Union and the SLT as well as

Strategic Report

meetings between the Principal, SLT, Board of Governors Members and student representatives from all groups.

Future developments

The University will continue to develop its Pre-Degree, Undergraduate and Masters Programmes. In the next five years it is anticipated that the University can continue to accommodate planned growth in new student enrolments within the existing estate which will be particularly important post covid and following its transfer to University status.

Resources

The University has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main University site.

Reputation

The University has a high quality reputation locally and nationally. Maintaining a high quality brand is essential for the University's success at attracting students and external relationships.

Principal risks and uncertainties

The SLT regularly reviews the strategic risks to which the University is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the University. Internal controls are then implemented and the subsequent year's appraisal reviews effectiveness and progress against risk mitigation actions. The SLT also considers risks which may arise as a result of new areas of work being undertaken by the University, and responds immediately and effectively to unforeseen events.

The register of strategic risks is reviewed at each meeting of the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the University and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The University has a very high degree of reliance on continued government funding through tuition fee loans, the OfS and the ESFA for grant funding. A high proportion of the University's revenue is therefore publicly funded, a large proportion of it albeit through student fees from the Student Loans Company. This level of requirement is expected to continue. There can be no assurance that government policy or practice will remain unchanged or that public funding will continue at the same levels or on the same terms.

The key risks which may affect future operations and planned objectives are:

- The ability to recruit sufficient numbers of students. The achievement of the target income is dependent upon the University's annual student enrolment numbers;
- The ability of the University to operate within current bank covenants;
- The increase in the pension scheme service cost and overall pension deficit

These risks are mitigated in a number of ways:

- Through conservative planning and budgeting arrangements;
- Through continuing to maintain a healthy level of working capital resulting in no material reductions in year-end cash balances;
- By focusing the University's student recruitment strategy to maintain/increase offer conversion factors and increase the number of applications;
- By ensuring the University is rigorous in delivering high quality education and training;
- Ensuring the University is focused on those priority sectors which will continue to benefit from public funding;
- Through negotiation and dialogue with the University bankers to ensure that bank loan arrangements and associated covenants can be put on a sustainable footing.

Strategic Report

Stakeholder relationships

In line with other universities and colleges, the University has many stakeholders. These include:

- Students;
- Funding councils;
- Staff;
- Local employers (with specific links);
- Local authorities;
- The local community;
- Trade unions;
- Professional bodies;
- Barclays Bank plc;
- Makers HQ (community interest company).

The University recognises the importance of these relationships and engages in regular communication with them through the University internet site and by meetings.

Equality and Diversity Statement

The University aims to create a community where all its members (both existing and potential students and staff) are treated on the basis of their merits, abilities and potential, without regard (except where the law makes special provision) to:

- Ethnicity;
- Age;
- Gender;
- Marital status or family circumstances;
- Disability or learning difficulty;
- Trade Union membership or activity;
- Criminal record;
- Socio-economic background;
- Religious or political beliefs;
- Sexual orientation.

Disability Statement

The University seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the University reviews its access audit. Experts in this field last conducted a full access audit in September 2014, and the results of this form the basis of funding minor capital projects aimed at improving access, which have since been completed for the main site.
- b) The University has an Access Coordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the University can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the University charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The University has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in University prospectuses, and achievements and destinations are recorded and published in the standard University format.
- g) Counselling and welfare services are described in the University Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Strategic Report

Employment of disabled persons

The University considers all applications of employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the University continues and that reasonable adjustments are made. The University's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical for other employees.

Disclosure of information to auditors

The members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Approved by order of the Board of Governors on 22 November 2022 and signed on its behalf by:

Signed:

A handwritten signature in black ink, appearing to read 'S Brownlow', written over a horizontal line.

Dr S Brownlow, Chair

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the University to obtain a better understanding of its governance and legal structure.

The University endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance from the Committee of University Chairs in The Higher Education Code of Governance; and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the higher education sector.

The University is committed to exhibiting best practice in all aspects of corporate governance. Following transfer to HEI status in July 2014, the Board of Governors formally adopted the HE Code of Governance in July 2015 following an assessment of compliance. In carrying out its responsibilities, the Board takes full account of each of the primary elements of the HE Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the higher education sector and best practice. In the opinion of the Members, the University complies with all the provisions of the Code insofar as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2022. The Board of Governors recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Members serving on the Board of Governors

The Members who served on the Board of Governors during the year and up to the date of signature of this report were as listed in the table below:

Name	Date of initial appointment	Current term of office	Date of resignation / retirement	Status of appointment	Committees served	Attendance at 21/22 Board meetings
David Noyce	21/10/2014	4 years	31/07/2022	Independent	Chair of Board of Governors & of Nominations & Governance (N&G) from 1 Aug 2018, member of Finance & Estates (F&E), Remuneration Committee (Rem Com), and Employment Committee.	100%
Paul Fieldsend-Danks	01/08/2021	Ex officio		Vice Chancellor	N&G, F&E and Employment Committee	86%
Tom Archer	24/03/2020	4 years	17/06/2022	Staff Member	-	100%

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Corporate Governance and Internal Control

Sue Brownlow	15/11/2016	4 years		Independent	Deputy Chair of Board, Chair of Rem Com, and Chair of Employment Committee, member of Audit, and N&G until 31 July 2022. From 1 August 2022 Chair of Board of Governors, Chair of N&G, member of F&E, member of Rem Com, and member of Employment Committee.	100%
Anna Corbett	01/05/2020	4 years		Independent	F&E until 31 July 2022. From 1 August 2022 Deputy Chair of the Board of Governors, Chair of Employment Committee, Chair of Rem Com, member of N&G and Audit Committee.	67%
Andrew Cooper-James	27/11/2019	4 years		Staff Member	-	100%
Mark Greaves	01/08/2018	4 years		Independent	Chair of F&E, Member of Rem Com, Employment Committee	82%
Kiran Haslam	15/11/2016	4 years	23/11/21	Independent	F&E	33%
Andrew Honey	23/03/2021	4 years		Independent	Member of Audit	100%
Fraizer James	01/08/2022	1 year		Student Member	Member of N&G, Rem Com and Employment Committee	-
Tim Jones	15/11/2016	4 years		Independent	Member of F&E	100%
Emm Kwann	29/03/2022	1 year	31/07/22	Student Member	-	67%
Harriet Moore	01/08/2020	1 year	31/07/22	Student Member	-	77%
Ian Parry	01/08/2018	4 years		Independent	Chair of Audit	100%
Janet Ritterman	15/11/2016	4 years		Independent	Audit N&G (from Feb 2021)	83%
Rachel Soundy	05/07/2022	4 years		Independent	Audit	100%

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Corporate Governance and Internal Control

Duncan Tringham	09/07/2013	1 year	31/07/2022	Independent	Member of Audit	89%
Ian Tunbridge	07/05/2021	4 years		Co-opted (until 4 July 2022) Independent (wef 5 July 2022)	Member of F&E	89%

Clerk to the Board of Governors: Liz Wiltshire-Meads; Deputy Clerk: Nadyne Ebbens

Corporate Governance

It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board of Governors meets at least four times a year.

The Board of Governors conducts its business through five committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are: Audit, Nominations and Governance, Finance and Estates, Remuneration and Employment. Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are available from the Clerk to the Board of Governors at Arts University Plymouth, Tavistock Place, Plymouth, PL4 8AT.

The Clerk to the Board of Governors maintains a register of financial and personal interests of Members. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to the Board of Governors, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board of Governors as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Board of Governors has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board of Governors considers that each of its non-executive Governors is independent of management, and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and the Vice Chancellor are separate.

Appointments to the Board of Governors and Nominations and Governance Committee

Any new appointments to the Board are a matter for the consideration of the Board of Governors as a whole. The Board of Governors has a Nominations and Governance Committee, consisting of five Governors, which is responsible for the selection and nomination of any new Governor for the Board's consideration.

The Committee ensures that the Board of Governors is able to manage all of its responsibilities by having an appropriate balance of knowledge, skills and diversity amongst its membership, and also ensures that governance structures and processes are fit for purpose.

The Board of Governors is responsible for ensuring that appropriate training is provided as required. All Governors are required to undertake the following mandatory training within three months of being appointed and for retraining every three years: safeguarding; Prevent; GDPR and cyber security.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Corporate Governance and Internal Control

Members of the Board of Governors are appointed for a term of office not exceeding four years although in certain circumstances a Governor could be re-appointed for further terms of office.

Remuneration Committee

Throughout the year ending 31 July 2022 the University's Remuneration Committee comprised the five Governors shown in the table above. This Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Vice Chancellor and other Senior Post-Holders, the Clerk and Deputy Clerk. The Committee operates in line with the HE Senior Staff Remuneration Code, and produces an Annual Report to the Board, which is published on the University website as a readily accessible annual statement.

Details of remuneration for the year ended 31 July 2022 are set out in notes 6 and 7 to the financial statements.

Employment Committee

The Employment Committee comprises six members of the Board of Governors including the Vice Chancellor and Chair. The Committee is responsible for, on behalf of the Board of Governors, providing overall assurance on employment matters including advising the Board on all policy and strategic matters relating to staffing, recruitment and employment.

Audit Committee

The Audit Committee comprises five members of the Board of Governors (excluding the Vice Chancellor and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Governors.

The Audit Committee meets at least once each term and provides a forum for reporting by the University's internal and external auditors, who have access to the Committee for independent discussion, without the presence of University management. The Committee also receives and considers reports from the OfS, as they affect the University's business.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board of Governors on the appointment of Internal and external auditors and their remuneration for both audit and non-audit work.

Finance and Estates Committee

The Finance and Estates Committee comprises seven Members of the Board of Governors (including the Vice Chancellor and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Governors.

The Finance and Estates Committee meets at least three times a year and has an overall watching-brief covering all financial aspects of University activity. In addition, it sets and monitors standards of financial performance, and oversees University management to address issues of actual or potential concern.

Statement of Corporate Governance and Internal Control

Internal control

Scope of responsibility

The Board of Governors is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Vice Chancellor, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the regulatory framework for higher education in England between Arts University Plymouth and OfS. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdown in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 and prioritise the risks to the achievement of University policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Arts University Plymouth for the year ended 31 July 2022 and up to the date of the approval of the Annual Report and Accounts.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the University is exposed, including an evaluation of likelihood and impact of risks becoming a reality, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period ending 31 July 2022 and up to the date of the approval of the Annual Report and Accounts. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Governors;
- regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Arts University Plymouth has an internal audit service, which operates in accordance with the requirements of the Office for Students' (OfS) *Audit Code of Practice*, and the regulatory framework for higher education in England. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee. At a minimum annually, the Head of Internal Auditors (HIA) provides the Board of Governors with a report on internal audit activity in the University. The report includes the HIA's independent opinion of the adequacy and effectiveness of the University's system of risk management, controls and governance process.

Statement of Corporate Governance and Internal Control

Review of Effectiveness

As Accounting Officer, the Vice Chancellor has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the University who have responsibility for the development and maintenance of the internal control framework;
- comments made by the University's external auditors in their management letters and other reports.

The Vice Chancellor has been advised on the implications of the result of review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditors, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

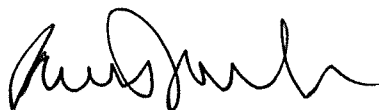
The SLT receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The SLT and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the SLT and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2022 meeting the Board of Governors carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the SLT and Internal Audit and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee, the Board of Governors is of the opinion that the University has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Approved by order of the Board of Governors on 22 November 2022 and signed on its behalf by:



Dr S Brownlow, Chair



Prof Paul Fieldsend-Danks, Vice Chancellor

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Board of Governors' statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Board of Governors has considered its responsibility to notify OfS of material irregularity, impropriety and non-compliance with OfS terms and conditions of funding, under the regulatory framework for higher education in England in place between the University and OfS. As part of its consideration the Board of Governors has had due regard to the requirements of the regulatory framework for higher education in England.

We confirm, on behalf of the Board of Governors, that to the best of its knowledge, the Board of Governors believes it is able to identify any material irregular or improper use of funds by the University, or material non-compliance with OfS's terms and conditions of funding under the University's regulatory framework for higher education in England.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to OfS.

Approved by order of the Board of Governors on 22 November 2022 and signed on its behalf by:



Dr S Brownlow, Chair



Prof Paul Fieldsend-Danks, Vice Chancellor

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Responsibilities of the Board of Governors

The Board of Governors are required to present audited financial statements for each financial year.

Within the terms and conditions of the regulatory framework for higher education in England agreed between OfS and the Board of Governors of the University, the Board of Governors, through its Vice Chancellor, is required to prepare financial statements for each financial year in accordance with the *Financial Reporting Standard 102, the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the *Accounts direction Guidance on preparing and publishing financial statements for accounting periods beginning on or after 1 August 2019*, issued by OfS on 25 October 2019, which gives a true and fair view of the state of affairs of the University and the result for that year.

In preparing the Financial Statements, the Board of Governors is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the University will continue in operation.

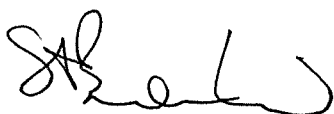
The Board of Governors is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the University.

The Board of Governors is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the University, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the University website is the responsibility of the Board of Governors of the University; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board of Governors is responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from OfS are used only in accordance with the regulatory framework for higher education in England with OfS and any other conditions that may be prescribed from time to time. The Board of Governors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the Board of Governors is responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by OfS are not put at risk.

Approved by order of the Board of Governors on 22 November 2022 and signed on its behalf by:



Dr S Brownlow, Chair



Prof Paul Fieldsend-Danks, Vice Chancellor

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Independent Auditors' Report to the Board of Governors of Plymouth College of Art

Opinion

We have audited the financial statements of Arts University Plymouth (the 'University') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the Office for Students Accounts Direction (OfS 2019.41).

In our opinion, the financial statements:

- Give a true and fair view of the state of the University's affairs as at 31 July 2022 and of the University's deficit of income against expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP and the Office for Students' Accounts Direction (OfS 2019.41).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Financial Statements for the Year Ended 31 July 2022, other than the financial statements and our auditor's report thereon. The Board of Governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Board of Governors of Plymouth College of Art

Opinion on other matters prescribed by the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion:

- Funds from whatever source administered by the University for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students ('OfS'), UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the University's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the University's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the University's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the University's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the University ensured it met its obligations arising from it being financed by and subject to the governance requirements of the OfS, and as such material compliance with these obligations is required to ensure the University will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal University specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the University for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Independent Auditors' Report to the Board of Governors of Plymouth College of Art

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the University operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Office for Students' Accounts Direction (OfS 2019.41) and the FE HE SORP.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the University's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of the University's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Board of Governors as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it 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 University's members, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

4 North East Quay, Sutton Harbour, Plymouth, PL4 0BN

24th November 2022

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Comprehensive Income for Year Ended 31 July 2022

	Notes	2022 £000	2021 £000
Income			
Tuition fees and education contracts	2	8,958	9,977
Funding body grants	3	3,325	3,325
Other income	4	426	718
Investment income	5	8	1
Total income		<u>12,717</u>	<u>14,021</u>
Expenditure			
Staff costs	6	10,525	11,020
Other operating expenses	8	3,676	3,532
Depreciation	11	795	915
Interest and other finance costs	9	383	333
Total expenditure		<u>15,379</u>	<u>15,800</u>
(Deficit) after depreciation of tangible fixed assets at and before other gains and tax		<u>(2,662)</u>	<u>(1,779)</u>
(Deficit) before tax		<u>(2,662)</u>	<u>(1,779)</u>
Taxation	10	-	-
(Deficit) for the year		<u>(2,662)</u>	<u>(1,779)</u>
Actuarial gain / (loss) in respect of pension schemes		<u>14,474</u>	<u>(217)</u>
Total comprehensive gain / (loss) for the year		<u>11,812</u>	<u>(1,996)</u>
Represented by :			
Revaluation reserve transferred in year		(103)	(104)
Unrestricted comprehensive gain / (loss) for the year		<u>11,933</u>	<u>(1,892)</u>
		<u>11,812</u>	<u>(1,996)</u>
(Deficit) for the year attributable to:			
University		<u>(2,662)</u>	<u>(1,779)</u>
Total comprehensive gain / (loss) for the year attributable to:			
University		<u>11,812</u>	<u>(1,996)</u>

All items of income and expenditure relate to continuing activities.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of Changes in Reserves for Year Ended 31 July 2022

	Income and expenditure account		Revaluation reserve	Total
	<i>Endowment</i> £000	<i>Unrestricted</i> £000	£000	£000
Balance at 1 August 2020	-	(4,903)	2,704	(2,199)
Loss from the income and expenditure statement	-	(1,779)	-	(1,779)
Other comprehensive income – actuarial gain/(loss)	-	(217)	-	(217)
Transfers between revaluation and income and expenditure reserve	-	104	(104)	-
Total comprehensive loss for the year	-	(1,892)	(104)	(1,996)
Balance at 1 August 2021	-	(6,794)	2,600	(4,194)
Loss from the income and expenditure statement	-	(2,662)	-	(2,662)
Other comprehensive income – actuarial gain/(loss)	-	14,474	-	14,474
Transfers between revaluation and income and expenditure reserve	-	103	(103)	-
Total comprehensive gain/(loss) for the year	-	11,915	(103)	11,812
Balance at 31 July 2022	-	5,121	2,497	7,618

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

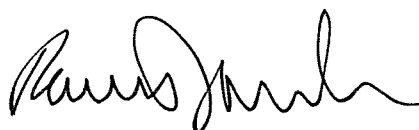
Balance Sheet as at 31 July

	Notes	2022 £000	2021 £000
Non-current assets			
Fixed assets	11	16,111	16,805
Total fixed assets		<u>16,111</u>	<u>16,805</u>
Current assets			
Trade and other receivables	13	613	500
Assets held for sale	11	-	381
Cash and cash equivalents	19	4,091	4,937
Total current assets		<u>4,704</u>	<u>5,818</u>
Less: Creditors: amounts falling due within one year	14	(2,486)	(2,484)
Net current assets		2,218	3,334
Total assets less current liabilities		<u>18,329</u>	<u>20,139</u>
Creditors: amounts falling due after more than one year	15	(5,329)	(6,558)
Provisions			
LGPS pension provision	21	(5,261)	(17,618)
Other provisions	17	(121)	(157)
Total net assets / (liabilities)		<u>7,618</u>	<u>(4,194)</u>
Unrestricted reserves			
Revaluation reserve	18	2,496	2,600
Income and expenditure account excluding pension reserve		10,383	10,824
Pension reserve	21	(5,261)	(17,618)
Total reserves		<u>7,618</u>	<u>(4,194)</u>

The financial statements on pages 24 to 46 were approved by the Board of Governors on 22 November 2022 and were signed on its behalf on that date by



Dr S Brownlow, Chair



Prof Paul Fieldsend-Danks, Vice Chancellor

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Statement of cash flows for Year Ended 31 July

	Notes	2022 £000	2021 £000
Cash inflow from operating activities			
(Deficit) for the year		(2,662)	(1,779)
Adjustment for non-cash items			
Depreciation	11	795	915
Increase in pension provision	21	2,117	1,704
(Increase) in debtors	13	(113)	(163)
(Decrease) / Increase in creditors due within one year (exc bank loans)	14	(128)	66
(Decrease) in creditors due after one year	15	(103)	(103)
(Decrease) / Increase in provisions	17	(36)	8
Adjustment for investing or financing activities			
Interest payable	9	102	114
Investment income	5	(8)	(1)
Net cash (outflow) / inflow from operating activities		<u>(36)</u>	<u>761</u>
Cash flows from investing activities			
Investment income		8	1
Payments made to acquire fixed assets	11	(101)	(57)
Sales of assets at net present value	11	381	-
		<u>288</u>	<u>(56)</u>
Cash flows from financing activities			
Other interest received			
Interest paid	9	(102)	(114)
Repayments of amounts borrowed	16	(996)	(561)
		<u>(1,098)</u>	<u>(675)</u>
Increase/(Decrease) in cash in the period		<u>(846)</u>	<u>30</u>
Reconciliation of net cash flow to movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year	19	4,937	4,906
Cash and cash equivalents at end of the year	19	4,091	4,937
Movement in net cash or cash equivalents in period		<u>(846)</u>	<u>30</u>

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts

1 Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the Accounts Direction and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102).

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

Basis of accounting

The Financial Statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going concern

The activities of the University, together with the factors likely to affect its future development and performance, and taking account of the Principal Risks and Uncertainties, are set out in the Strategic Report. The financial position of the University, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

From a position of net liabilities in 2021, the University's reserves are positive position following reduction in the pension liability of £12,357,000, which is calculated according to FRS102. The University is required to make the notional FRS102 provision and as a result this movement in liability is not reflected in a rise or fall in contributions in the short term.

The University currently has loans outstanding with Barclays Bank Plc secured by fixed and floating charges on University land and buildings. These are repayable within 4 years.

The University is coming from a good position of cash reserves and is committed to taking all necessary measures to reduce costs, whilst at the same time increasing its student recruitment activities in order to restore financial health and ensure that it maintains adequate resources to continue operations. These actions include maintaining current levels of cash balances at each year end, and ensuring that working capital is adequate in all months of the financial year.

For these reasons the University continues to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts

Grants from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Accounting for post-employment benefits

Post-employment benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term employment benefits

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

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Notes to the Accounts (continued)

Tangible fixed assets

- **Non-current assets - tangible fixed assets**

The University's buildings, aside from Russell Court, are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated historic cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Russell Court was acquired as an office space and was therefore valued on the basis of open market value. This building was sold subject to contract in the year so was moved from Fixed Assets to Current Assets, as an asset held for sale.

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the University of 20 to 50 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Less substantial adaptations to buildings are depreciated over a useful economic life of between 10 and 20 years.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the SOCIE.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

- **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the University, in which case it is capitalised and depreciated on the relevant basis.

- **Equipment**

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. All equipment is depreciated on a straight-line basis over its useful economic life as follows:-

- Computer equipment from 3 to 5 years
- Plant and machinery from 3 to 10 years.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

Non Tangible fixed assets

- **Investments and endowment assets**

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Investments in joint ventures

The investment in the joint venture is disclosed in the accounts at cost.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. For this reason, the University is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions and contingent liabilities

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event; it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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.

Notes to the Accounts (continued)

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

Agency arrangements

The University acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability.

2 Tuition fees and education contracts

	2022	2021
	£000	£000
Full time home and EU students	8,483	9,385
Part time home and EU students	134	341
Full time international students	251	217
Other higher education support fees	1	2
Other courses and education contracts	89	32
	<hr/> 8,958 <hr/>	<hr/> 9,977 <hr/>

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

3 Funding body grants

	2022	2021
	£000	£000
Recurrent grants		
Education and Skills Funding Agency	2,580	2,415
Office for Students	412	589
Specific grants		
Release of deferred capital grants - ESFA	103	103
Non recurrent grant - OfS	30	218
Research England – Other Grants	200	0
Total	3,325	3,325

Note: The source of grant and fee income included in notes 2 and 3 is as follows:

	2022	2021
	£000	£000
Grant income from the OfS	442	807
Grant income from other bodies	2,883	2,518
Fee income for taught awards (exclusive of VAT)	8,868	9,943
Fee income from non-qualifying courses (exclusive of VAT)	90	34
Total grant and fee income	12,283	13,302

4 Other income

	2022	2021
	£000	£000
Residences, catering and conferences	10	18
Other grant income	246	623
Income relating to student activities	17	-
Other income	153	77
Total	426	718

5 Investment income

	2022	2021
	£000	£000
Other investment income	8	1
Total	8	1

Notes to the Accounts (continued)

6 Staff costs

The average number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:

	2022	2021
	Number	Number
Teaching staff	65	69
Teaching Support	46	46
Non-teaching staff	90	100
Total	201	215

Staff costs for these persons:

	2022	2021
	£000	£000
Payroll Costs:		
Wages and salaries	6,935	7,072
Social security costs	673	670
Other pension costs	3,060	2,764
	10,668	10,506
Agency staffing	-	-
	10,668	10,506
Restructuring and redundancy costs	9	493
Holiday Pay accrued at 31st July	(152)	21
Total staff costs	10,525	11,020

A 1.5% pay award was made during the year (2021; nil%), which followed UCEA's recommendation.

7. Emoluments of key management personnel, the Principal and other higher paid staff

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, and are represented by the Senior Leadership Team, which in the financial year 2021/22 comprised the Principal, Director of Finance, Director of Communications, Academic Dean, Director of Learning, Teaching and Enhancement and the University Registrar. Staff costs include compensation paid to key management personnel. During the year the Senior Leadership Team was restructured with a reduction in number of members from six to five from October. Several office titles were renamed towards the end of the year and those shown above were the names applicable at the start of the year.

Emoluments of key management personnel, the Principal and other higher paid staff

	2022	2021
	No.	No.
The number of key management personnel including the Principal was:	5	6

No post-holders, other than the Principal, received emoluments, excluding pension contributions and employer's national insurance, but including benefits in kind, in excess of £100,000.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

Key management personnel compensation is made up as follows:

	2022	2021
	£000	£000
Salaries- gross of salary sacrifice and waived emoluments	403	523
Restructuring Costs	6	-
Employers National Insurance	52	66
Benefits in kind	-	-
	<u>461</u>	<u>589</u>
Pension contributions	68	109
	<u>68</u>	<u>109</u>
Total key management personnel compensation	<u>529</u>	<u>698</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

Head of institution's emoluments

The above compensation includes amounts payable to the Principal (who is also the highest paid officer) of:

	2022	2021
	£000	£000
Salaries	141	174
Benefits in kind	-	-
	<u>141</u>	<u>174</u>
Pension contributions	32	41
	<u>32</u>	<u>41</u>
Total head of institution's emoluments	<u>173</u>	<u>215</u>

The pension contributions in respect of the Principal relate to employer's contributions to the Teacher's Pension Scheme and are paid at the same rate as for other employees.

The head of the provider's basic salary is 4.4 times the median pay salary of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff (2021; 5.7 times).

The head of the provider's total remuneration is 4.8 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff (2021; 6.0 times).

In the year ended 31 July 2022, the Remuneration Committee carried out a review of senior post-holders' salaries and the salaries were set accordingly.

The members of the Board of Governors other than the Principal and the staff members did not receive any payment from the University other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

8a Other operating expenses

	2022	2021
	£000	£000
Academic departments	937	811
Academic service	187	183
Central administration	455	440
General educational	1,052	1,166
Staff and student services	74	60
Premises costs	971	872
Total	3,676	3,532

Other operating expenses include:

	2022	2021
	£000	£000
Auditors' remuneration:		
External audit	23	18
Non-audit services	17	17
Internal audit	14	20
Operating leases and property rentals	71	62

8b Access and Participation

	2022	2021
	£000	£000
Access Investment	346	326
Financial Support	216	396
Disability Support	126	109
Research and Evaluation	30	30

Access Investment comprises 88% staff costs (87% in 2020/21); Disability Support comprises 95% staff costs (100% in 2020/21); and Research and Evaluation comprises 95% staff costs (95% in 2020/21). There are no staff costs included within the costs associated with Financial Support. These staff costs are featured in Note 6 of the accounts, with the overall plan being available via the link below:

https://pca.objects.frb.io/production/files/Footer/Access_and_Participation_Plan_2020-25.pdf

Financial Support comprises payment of hardship funds and hardship bursaries. The reduction against the prior year follows the reduction in support from the Office for Students with additional funding being provided in 2020/21 as a result of Covid-19.

9 Interest payable

	2022	2021
	£000	£000
On bank loans, overdrafts and other loans	104	114
	104	114
Net interest on defined pension liability (note 21)	279	217
Pension finance costs - enhanced pension provision (note 17)	-	2
Total	383	333

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

10 Taxation

The Board of Governors do not believe the University was liable for any corporation tax arising out of its activities during the year.

11 Tangible fixed assets

	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost or valuation			
At 1 August 2021	25,255	2,713	27,968
Additions	31	70	101
Transfers	-	-	-
Disposals	(89)	(977)	(1,066)
At 31 July 2022	25,197	1,806	27,003
Depreciation			
At 1 August 2021	8,655	2,508	11,163
Charge for year	698	97	795
Elimination in respect of transfers	-	-	-
Elimination in respect of disposals	(89)	(977)	(1,066)
At 31 July 2022	9,264	1,628	10,892
Net book value at 31 July 2022	15,933	178	16,111
Net book value at 31 July 2021	16,600	205	16,805
Inherited	2,808	-	2,808
Financed by capital grant	3,477	-	3,477
Other	9,648	178	9,826
Net book value at 31 July 2022	15,933	178	16,111

The net book value of tangible fixed assets includes an amount of £nil (2021 - £nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2021 - £nil). At the end of the prior year the university held assets with a purchase cost of £381,000 which had been sold, subject to contract.

12 Investment in joint venture

The University holds a 50% share of Makers HQ, a community interest company, owned equally by the University and Millfields Trust, who have each invested £1. The investment in the joint venture is disclosed in the accounts at cost.

The Company was incorporated in February 2018, but did not commence trading until August 2018.

In order to obtain funding the University acted as a guarantor to a loan from Plymouth City Council. Therefore, a contingent liability exists which is calculated at 50% of the balance outstanding at 31 July 2022, with the 50% equating to £21k (2021; £21k).

Notes to the Accounts (continued)

13 Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year		
Trade debtors	33	51
Prepayments and accrued income	580	449
Total	613	500

14 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Bank loans	690	561
Trade creditors	333	232
Other creditors	363	405
Other taxation and social security	152	167
Accruals and deferred income	658	860
Deferred income - government capital grants	103	103
Amounts owing to the ESFA	187	156
Total	2,486	2,484

15 Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Bank loans	2,280	3,405
Deferred income - government capital grants	3,049	3,153
Total	5,329	6,558

Notes to the Accounts (continued)

16 Borrowings

	2022	2021
	£000	£000
Bank loans		
Bank loans are repayable as follows:		
In one year or less or on demand	690	961
Between one and two years	690	561
Between two and five years	1,590	2,445
In five years or more		-
Total	<u>2,970</u>	<u>3,967</u>

The bank loans are secured on part of the freehold property of the University.

Following a variation to the agreements, which became effective in July 2022, one loan is repayable by instalments falling due between August 2022 and July 2025 at an interest rate of 1.95% over LIBOR. The outstanding capital amount at 31 July 2022 was £1,792k (2021: £2,698k). In relation to this loan an additional £435k was paid during the year following the sale of a property. The other loan is repayable by instalments falling due between August 2022 and July 2025 at a fixed interest rate of 4.09%. The outstanding capital amount at 31 July 2022 was £1,178k (2021: £1,269k).

17 Provisions for liabilities and charges

	Enhanced Pensions
	£000
At 1 August 2021	157
Expenditure in the period	(11)
Interest	2
Actuarial gain	(27)
At 31st July 2022	<u>121</u>

The enhanced pension provision related to the cost of staff who have already left the University's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

18 Revaluation Reserve

	2022	2021
	£000	£000
At 1 August	2,600	2,704
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(104)	(104)
At 31 July	<u>2,496</u>	<u>2,600</u>

19 Cash and cash equivalents

	At 1 August 2021	Cash flows	At 31 July 2022
	£000	£000	£000
Cash and cash equivalents	4,937	(846)	4,091
Total	<u>4,937</u>	<u>(846)</u>	<u>4,091</u>

Notes to the Accounts (continued)

20 Reconciliation of Net Debt

	At 1 August 2021 £000	Cash flows £000	At 31 July 2022 £000
Cash and cash equivalents	4,937	(846)	£4,091
Loans falling due within one year	(561)	(129)	(690)
Loans falling due after more than one year	<u>(3,405)</u>	<u>1,125</u>	<u>(2,280)</u>
Total	<u>971</u>	<u>150</u>	<u>1,121</u>

21 Pension and similar obligations

The University's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council. Both are defined benefit plans.

Total pension cost for the year

	2022 £000	2022 £000	2021 £000	2021 £000
Teachers' Pension Scheme: contributions paid		644		672
Local Government Pension Scheme:				
Contributions paid	613		595	
FRS 102 charge	<u>1,830</u>		<u>1,478</u>	
Charge to the Statement of Comprehensive Income (staff costs)		3,087		2,073
Enhanced pension (credit) / charge to Statement of Comprehensive Income		(27)		19
Total pension cost for the year within staff costs		<u>3,060</u>		<u>2,764</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest available formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS was 31 March 2019.

Contributions of £141,000 (2021 £145,000) were payable to the two scheme as at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

Notes to the Accounts (continued)

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation and the subsequent consultation are:

- employer contribution rates are set to rise to 23.68% from 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 7.3% of pensionable pay will be applied to future valuations.

The new employer contribution rate for the TPS was implemented in September 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2017 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2017.

The pension costs paid to TPS in the year amounted to £644,000 (2021: £672,000).

FRS 102

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit plan, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2022 was £934,000 (2021; £883,000) of which employer's contributions totalled £688,000 (2021; £645,000) and employees' contributions totalled £246,000 (2021; £238,000). The employee contribution rate ranges from 5.5% to 12.5%, dependent on full time equivalent salary rate. The agreed employer contribution rate for 2021/22 is 14.2% (2020/21: 14.2%).

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2022	2021
	£000	£000
Amounts included in staff costs		
Service cost	2,518	2,123
Total	2,158	2,123
Amounts included in interest and other finance costs		
	2022	2021
	£000	£000
Net interest expense	279	217
Administration expenses	8	9
Total	287	226
Amount recognised in Other Comprehensive Income		
	2022	2021
	£000	£000
Return on pension plan assets in excess of interest	(210)	1,911
Other actuarial losses on assets	-	-
Changes in financial assumptions	13,215	(3,002)
Change in demographic assumptions	1,556	335
Experience gain on defined benefit obligation	(87)	539
Amounts recognised in Other Comprehensive Income	14,474	(217)

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	2022	2021
	£000	£000
Fair value of plan assets	14,643	14,028
Present value of plan liabilities	(19,904)	(31,646)
Net pensions liability	(5,261)	(17,618)

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

Movement in net defined benefit liability during year

	2022	2021
	£000	£000
Net defined benefit liability in plan at 1 August	(17,618)	(15,697)
Movement in year:		
Current service cost	(2,389)	(2,041)
Past service cost	(129)	(82)
Employer Contributions	688	645
Net interest on the defined liability	(279)	(217)
Administration expenses	(8)	(9)
Actuarial (loss)/gain	14,474	(217)
Deficit in plan at 31 July	<u>(5,261)</u>	<u>(17,618)</u>

Asset and Liability Reconciliation

	2022	2021
	£000	£000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	31,646	27,083
Current service cost	2,389	2,041
Interest cost	508	380
Contributions by plan participants	246	238
Changes in financial assumptions	(13,215)	3,002
Experience loss/(gain) on defined benefit obligation	87	(539)
Change in demographic assumptions	(1,556)	(335)
Past service cost	129	82
Estimated benefits paid, net of transfers in	(330)	(306)
Liabilities at end of period	<u>19,904</u>	<u>31,646</u>

Changes in fair value of plan assets

Fair value of assets at start of period	14,028	11,386
Return on assets	(210)	1,911
Interest on assets	229	163
Contributions by employer	688	645
Contributions by plan participants	246	238
Administration expenses	(8)	(9)
Other actuarial (losses) on assets	-	-
Estimated benefits paid	(330)	(306)
Fair value of assets at end of period	<u>14,643</u>	<u>14,028</u>

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

	31 July 2022		31 July 2021	
Gilts	2,677	18%	1,728	12%
UK Equities	1,198	8%	1,562	11%
Overseas equities	6,326	43%	7,362	52%
Property	1,515	10%	1,100	8%
Infrastructure	987	7%	520	4%
Target return portfolio	1,391	10%	1,329	9%
Cash	213	1%	146	1%
Other bonds	344	2%	280	2%
Alternative assets	(8)	0%	1	1%
Private equity			-	-
Total (bid value)	14,643	100%	14,028	100%
Present value of plan liabilities	<u>(19,904)</u>		<u>(31,646)</u>	
(Deficit) in the plan	<u>(5,261)</u>		<u>(17,168)</u>	

The financial assumptions used in the valuation are as follows:

	At 31 July 2022	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.75%	3.80%	3.20%
Rate of increase for pensions in payment / inflation	2.75%	2.80%	2.20%
Discount rate for scheme liabilities	3.40%	1.60%	1.40%
CPI Increases	2.75%	2.80%	2.20%

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

	At 31 July 2022	At 31 July 2021
<i>Retiring today</i>		
Males	21.7	22.7
Females	22.9	24.0
<i>Retiring in 20 years</i>		
Males	23.0	24.0
Females	24.3	25.4

Arts University Plymouth - Financial Statements for the Year Ended 31 July 2022

Notes to the Accounts (continued)

Sensitivity analysis

	£000	£000	£000
	+0.1%	0.0%	-0.1%
Adjustment to discount rate			
Present value of total obligations	19,397	19,904	20,424
Projected service cost	1,038	1,084	1,132
Adjustment to long term salary increase			
Present value of total obligations	19,933	19,904	19,875
Projected service cost	1,085	1,084	1,083
Adjustment to pension increases and deferred revaluation			
Present value of total obligations	20,398	19,904	19,422
Projected service cost	1,132	1,084	1,037
Adjustment to life expectancy assumptions			
Present value of total obligations	20,581	19,904	19,250
Projected service cost	1,125	1,084	1,044

The estimated value of employer contributions for the year ended 31 July 2023 is £642,000 (2022; estimated at £643,000).

22 Capital Commitments

	2022	2021
	£000	£000
Commitments contracted for at 31 July	-	-

23 Financial Commitments

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Future minimum lease payments due		
Land and Buildings:		
Not later than one year	42	42
Later than one year and not later than five years	169	168
Later than five years	8	25
	<u>219</u>	<u>235</u>
Other:		
Not later than one year	29	19
Later than one year and not later than five years	26	41
Later than five years	-	-
	<u>55</u>	<u>60</u>
Total lease payments due	<u>274</u>	<u>295</u>

Notes to the Accounts (continued)

24 Related party transactions

Owing to the nature of the University's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisation in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. There were no transactions with these parties that would require disclosure under FRS 102.

The total expenses paid to or on behalf of the Governors during the year was £2,297 (2021; £178). This represents travel and subsistence and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payment from the University during the year (2021; £nil).

Transactions with the funding bodies are detailed in notes 3 and 14.

25 Amounts disbursed as agent - learner support funds

	2022	2021
	£000	£000
Funding body grants – residential bursaries	48	48
Other funding bodies' grants	137	125
	<hr/>	<hr/>
Total funding	185	173
Disbursed to students	(128)	(153)
Administration costs	(6)	(3)
Unspent balance	<hr/> 51	<hr/> 17
Unspent balances brought forward at start of year included in creditors	156	178
Clawback of previous years' unspent grants	<hr/> (19)	<hr/> (39)
Unspent balances carried forward at end of year included in creditors	<hr/> 188	<hr/> 156

These grants are available solely for students. The University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.